orchard

ORCHARD FUNDING GROUP PLC

Admission Document

Placing and Admission to trading on AIM

PANMURE GORDON & CO
INTEGRITY IN INVESTMENT BANKING SINCE 1876

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or the action you should take, you should consult a person authorised under the FSMA who specialises in advising on the acquisition of shares and other securities. This document, which comprises an AIM admission document, has been drawn up in accordance with the AIM Rules and has been issued in connection with the application for admission to trading on AIM of the entire issued share capital of the Company. This document does not constitute an offer or constitute any part of an offer to the public within the meaning of sections 85 and 102B of FSMA. Accordingly, this document does not constitute a prospectus under the Prospectus Rules published by the FCA and has not been approved by or filed with the FCA.

The Company, whose registered office appears on page 6, and the Directors, whose names appear on page 6, accept responsibility for the information contained in this document, including individual and collective responsibility for the Company's compliance with the AIM Rules. To the best of the knowledge and belief of the Company and the Directors (each of whom have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on AIM on 1 July 2015.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. The London Stock Exchange has not itself examined or approved the contents of this document. The rules of AIM are less demanding than those of the Official List. The Ordinary Shares are not traded on any other recognised investment exchange and no application has been made for the Ordinary Shares to be listed on any other recognised investment exchange.

Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers.

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Your attention is drawn in particular to the risk factors set out in Part II of this document; however, the whole text of this document should be read.

Orchard Funding Group PLC

(a company incorporated in England and Wales under the Companies Act 2006 with company number 09618919

Placing of 10,416,667 Ordinary Shares at 96 pence per share

Admission to trading on AIM

Nominated Adviser and Broker

PANMURE GORDON & CO

Ordinary Share capital immediately following Admission

	Issued and Fully Paid	
	Number	*Amount*
Ordinary shares of one penny each	21,354,167	£213,542

Panmure Gordon, which is regulated by the FCA, is acting as nominated adviser and broker to the Company and will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this document or any transaction or arrangement referred to herein. Panmure Gordon has not authorised the contents of any part of this document for the purposes of the AIM Rules. The responsibilities of Panmure Gordon as the Company's nominated adviser and broker under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or any Director, Shareholder or any other person in respect of a decision to subscribe for Ordinary Shares in the Company. Panmure Gordon is not making any representation or warranty, express or implied, as to the contents of this document.

This document does not constitute an offer to sell or issue, or the solicitation of an offer to subscribe for or buy, securities in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for distribution into the United States of America, Canada, Australia, Japan or the Republic of South Africa. The Ordinary Shares have not been and will not be registered under the United States Securities Act 1933 (as amended) (the "US Securities Act") or qualified for sale under the securities laws of any state of the Unites States nor under the applicable securities laws of Canada, Australia, Japan or the Republic of South Africa, nor in any country or territory where to do so may contravene local securities laws or regulations and will not be made to any national, resident or citizen of the United States of America, Canada, Australia, Japan or the Republic of South Africa. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

In making any investment decision in respect of the Ordinary Shares, no information or representation should be relied upon other than as contained in this document. No person has been authorised to give any information or make any representation other than that contained in this document and, if given or made, such information or representation must not be relied upon as having been authorised.

Neither the Company nor the Directors are providing prospective investors with any representations or warranties or any legal, financial, business, tax or other advice. Prospective investors should consult with their own advisers as needed to assist them in making their investment decision and to advise them whether they are legally permitted to purchase the Ordinary Shares.

IMPORTANT INFORMATION

Investment in the Company carries risk. There can be no assurance that the Group's strategy will be achieved and investment results may vary substantially over time. Investment in the Company is not intended to be a complete investment programme for any investor. The price of the Ordinary Shares and any income from Ordinary Shares can go down as well as up and Investors may not realise the value of their initial investment. Prospective Shareholders should carefully consider whether an investment in the Ordinary Shares is suitable for them in light of their circumstances and financial resources and should be able and willing to withstand the loss of their entire investment (see further under "Part II – Risk Factors").

Potential investors contemplating an investment in the Ordinary Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant upon the performance of the Group. No assurance is given, express or implied, that Shareholders will receive back the amount of their investment in the Ordinary Shares.

If you are in any doubt about the contents of this document you should consult a person authorised under FSMA, who specialises in advising on the acquisition of shares and other securities.

Investment in the Company is suitable only for financially sophisticated individuals and institutional investors who have taken appropriate professional advice, who understand and are capable of assuming the risks of an investment in the Company and who have sufficient resources to bear any losses which may result therefrom.

Potential Shareholders should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Potential Shareholders should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption, conversion or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares that they might encounter; and (c) the income and other tax consequences that may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares. Potential Shareholders must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

This document should be read in its entirety before making any investment in the Company.

Certain statements contained herein are forward-looking statements and are based on current expectations, estimates and projections about the potential returns of the Group and industry and markets in which the Group will operate, the Board's beliefs and the assumptions made by the Board. Words such as "expects", "anticipates", "should", "intends", "plans", "believes", "seeks", "estimates", "projects", "pipeline", "aims", "may", "targets", "would", "could" and variations of such words and similar expressions are intended to identify such forward-looking statements and expectations. These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. Therefore, actual outcomes and results may differ materially from what is expressed in such forward-looking statements or expectations. Among the factors that could cause actual results to differ materially are: the general economic climate, competition, interest rate levels, loss of key personnel, the result of legal and commercial due diligence, the availability of financing on acceptable terms and changes in the legal or regulatory environment. These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules.

MARKET AND FINANCIAL INFORMATION

The data, statistics and information and other statements in this document regarding the markets in which the Company operates, or the Company's position therein, are based on or the Company's records or are taken or derived from statistical data and information derived from the sources described in this document.

In relation to these sources, such information has been accurately reproduced from the published information, and, so far as the Directors are aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading.

Unless otherwise indicated, financial information in this document, the audited historical financial information of Orchard Funding Limited for the three years ended 31 July 2014 and unaudited interim historical financial information for the six months ended 31 January 2015, the audited historical financial information of Bexhill UK Limited for the three years ended 31 March 2014 and unaudited interim historical financial information for the 10 months ended 31 January 2015, and the notes to the historical financial information, have been prepared in accordance with International Financial Reporting Standards. The Company was incorporated on 2 June 2015 and has not yet commenced operations and has no material assets or liabilities, therefore, no historical financial information has been prepared as at the date of this document.

Various figures, financial data and percentages in tables in this document have been rounded and accordingly may not total.

All times referred to in this document are, unless otherwise stated, references to London time.

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EXPECTED TIMETABLE FOR THE PLACING AND ADMISSION

Publication of Admission Document	24 June 2015
Admission becoming effective and dealings in the Enlarged Share Capital expected to commence on AIM	8.00 a.m. on 1 July 2015
Expected date for CREST accounts credited (where applicable)	1 July 2015
Despatch of definitive share certificates (where applicable)	8 July 2015

The times and dates in the above timetable are indicative only and are subject to change. Reference to time in this document are to London time unless otherwise stated.

PLACING STATISTICS

Placing Price	96 pence
Number of Existing Ordinary Shares	10,937,500
Number of New Ordinary Shares to be issued pursuant to the Placing	10,416,667
Number of Ordinary Shares in issue at Admission	21,354,167
Percentage of Enlarged Share Capital represented by New Ordinary Shares	48.78 per cent.
Gross proceeds of the Placing receivable by the Group	£10.0 million
Estimated net proceeds of the Placing receivable by the Group	£8.7 million
Expected market capitalisation of the Company at the Placing Price immediately following Admission	£20.5 million
TIDM	ORCH
ISIN	GB00BYZFM569
SEDOL	BYZFM56

DIRECTORS, COMPANY SECRETARY AND ADVISERS

Directors	David Andrew Clark *(Non-executive Chairman)* Rabinder ("Ravi") Singh Takhar *(Chief Executive Officer)* William ("Liam") Leo McShane *(Part-time Chief Financial Officer)* Jonathan Paul David Shearman *(Non-executive Director)*
Company Secretary	William ("Liam") McShane
Registered Office	960 Capability Green Luton Bedfordshire LU1 3PE
Website	www.orchardfundinggroupplc.com
Financial Adviser, Nominated Adviser and Broker	Panmure Gordon (UK) Limited One New Change London EC4M 9AF
Reporting accountant	Baker Tilly Corporate Finance LLP 25 Farringdon Street London EC4A 4AB
Auditor to the Group	Baker Tilly UK Audit LLP 25 Farringdon Street London EC4A 4AB
Legal counsel to the Group	Michelmores LLP 48 Chancery Lane London WC2A 1JF
Legal counsel to the Nominated Adviser and Broker	K & L Gates LLP One New Change London EC4M 9AF
Public Relations Adviser	Novella Communications 19 Buckingham Gate London SW1E 6LB
Registrar	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen B63 3DA

DEFINITIONS

"Act" or **"Companies Act"**	the Companies Act 2006 as amended, modified or supplemented from time to time;
"Admission"	admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules for Companies;
"AIM"	AIM, a market operated by the London Stock Exchange;
"AIM Rules"	the AIM Rules for Companies and the AIM Rules for Nominated Advisers, as amended, as appropriate;
"AIM Rules for Companies"	the rules for AIM companies published by the London Stock Exchange;
"AIM Rules for Nominated Advisers"	the rules for nominated advisers to AIM companies published by the London Stock Exchange;
"Articles"	the articles of association of Orchard Funding Group PLC, a summary of which is set out in paragraph 6 of Part VI of this document;
"Barclays"	Barclays Bank Plc;
"Bexhill"	Bexhill UK Limited, a company incorporated in England and Wales with registration number 3987793 and a wholly owned subsidiary of the Company;
"Board"	the board of directors of the Company, including a duly constituted committee of such directors;
"Bracken"	Bracken Holdings Limited, a company managed by Octopus Investments;
"certificated" or in **"certificated form"**	a share or security which is not in uncertificated form *i.e.* not held in CREST;
"City Code" or **"Takeover Code"**	The City Code on Takeovers and Mergers issued and administered by the Panel, as amended, modified or supplemented from time to time;
"Close Brothers"	Close Brothers Group Plc;
"Company"	Orchard Funding Group PLC, a company incorporated in England and Wales with registration number 09618919, which is the holding company of the Group;
"Corporate Governance Guidelines"	the Corporate Governance Guidelines for Small and Mid-size Quoted Companies published by the QCA in May 2013, as amended, modified or supplemented from time to time;
"CREST"	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear UK & Ireland is the operator (as defined in the Uncertificated Securities Regulations 2001);
"CREST Regulations"	the Uncertificated Securities Regulations 2001, including (i) any enactment or subordinate legislation which amends or supersedes those regulations; and (ii) any applicable rules made

	under those regulations or any such enactment or subordinate legislation for the time being in force;
"Directors" or **"Board"**	the board of directors of the Company as at the date of this document, whose names are set out on page 6;
"Disclosure and Transparency Rules" or **"DTR"**	the Disclosure and Transparency Rules published by the FCA from time to time in its capacity as the UKLA under Part VI of FSMA, as amended, and contained in the UKLA publication of the same name;
"EIS"	Enterprise Investment Scheme under the provisions of Part 5 of the Income Tax Act 2007;
"Enlarged Share Capital"	the issued share capital of the Company immediately following Admission;
"Executive Directors"	the executive directors of the Company as at the date of this document, namely Mr Ravi Takhar and Mr Liam McShane;
"Existing Ordinary Shares"	the 10,937,500 Ordinary Shares of one penny each in issue after the completion of the Share Exchange Agreement as set out in paragraph 4.2 of Part VI of this document;
"FCA"	the Financial Conduct Authority of the United Kingdom or any successor body;
"FSMA"	the Financial Services and Markets Act 2000, as amended, modified or supplemented from time to time;
"Group" or **"Orchard Funding Group"**	the Company and its subsidiaries;
"ISIN"	international security identification number;
"LIBOR"	London interbank offered rate;
"Lock-in Agreement"	the lock-in agreement between the Company, Panmure Gordon and The Major Shareholder, summary details of which are set out in paragraph 10.4 of Part VI of this document;
"London Stock Exchange"	London Stock Exchange Plc;
"Major Shareholder"	Mr Ravi Takhar;
"Nominated Adviser and Broker Agreement"	the agreement between the Company and Panmure Gordon dated 1 July 2015 pursuant to which the Company has appointed Panmure Gordon to act as nominated adviser and broker to the Company, summary details of which are set out in paragraph 10.3 of Part VI of this document;
"Non-executive Directors"	the non-executive directors of the Company as at the date of this document, namely David Clark and Jonathan Shearman;
"Official List"	the Official List of the UKLA;
"Orchard"	Orchard Funding Limited, a company incorporated in England and Wales with registration number 6656377 and a wholly owned subsidiary of the Company;
"Ordinary Shares"	ordinary shares of one penny each in the share capital of the Company;
"Panel"	the UK Panel on Takeovers and Mergers;

"Panmure Gordon"	Panmure Gordon (UK) Limited, a company incorporated in England and Wales (registered number 4915201) whose registered office is at One New Change, London, EC4M 9AF;
"PCL"	Premium Credit Limited;
"Placees"	those persons who have agreed to subscribe for the Placing Shares;
"Placing"	the conditional placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement;
"Placing Agreement"	the conditional agreement dated 24 June 2015 between Panmure Gordon, the Company and the Directors relating to the Placing, further details of which are set out in paragraph 10.2 of Part VI of this document;
"Placing Price"	96 pence per Placing Share;
"Placing Shares"	the 10,416,667 new Ordinary Shares to be issued by the Company pursuant to the Placing;
"Prohibited Territories"	the United States, Canada, Australia, Japan and the Republic of South Africa;
"Prospectus Rules"	the prospectus rules of the Financial Conduct Authority made under Part VI of FSMA;
"Pound Sterling", **"£"** or **"pence"**	the lawful currency of the United Kingdom;
"QCA"	Quoted Companies Alliance;
"Registrar"	Neville Registrars Limited of Neville House, 18 Laurel Lane, Halesowen B63 3DA;
"Relationship Agreement"	the relationship agreement dated 24 June 2015 between the Company, the Major Shareholder and Panmure Gordon, details of which are set out in paragraph 10.5 of Part VI of this document;
"Share Exchange Agreement"	the agreement dated 23 June 2015 under which the Company acquired the entire issued share capital of Bexhill and the entire issued share capital of Orchard, details of which are set out in paragraph 10.6 of Part VI of this document;
"Shareholder"	a holder of Ordinary Shares;
"SME"	small-medium enterprise;
"UK" or **"United Kingdom"**	the United Kingdom of Great Britain and Northern Ireland;
"UKLA"	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
"uncertificated" or **"in uncertificated form"**	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST; and
"United States"	the United States of America, each state of the United States and the District of Columbia, its territories and possessions.

PART I

INFORMATION ON THE GROUP AND THE PLACING

1. Overview

Orchard Funding Group, through its wholly-owned subsidiaries Bexhill and Orchard, is a finance company which specialises in insurance premium finance and the professional fee funding market. The Group is profitable, having lent £45.6 million in the 12 months to 31 July 2014 and £24.0 million in the six months to 31 January 2015. On an aggregated basis, the Group generated profit before tax of £1.0 million for the 12 months to 31 July 2014 and £662,000 for the six months to 31 January 2015[1].

The Group provides finance to clients of insurance brokers to spread the cost of their insurance premiums and to clients of professional firms in order to spread the costs of their professional fees, typically over 10 months. All finance provided by Orchard Funding Group is guaranteed by the introducing professional firm or insurance broker. Therefore, the Directors believe that the finance provided by the Group is of high quality given no arrears or losses on the lending book of the Group over the last seven years.

There are over 3,800 insurance broker firms in the UK regulated by the Financial Conduct Authority. Based on figures extrapolated from the largest lenders in the insurance premium finance market, the Directors estimate that the insurance premium finance market is currently worth over £8.5 billion and over the next five years it is expected by management to grow to over £11.6 billion per year. The Group currently has contractual relationships with over 100 insurance brokers.

There are over 37,000 accountancy firms in the UK according to data published by the Annual Survey of the Office of National Statistics. There are over 300,000 members of the seven UK accountancy bodies according to the Financial Reporting Council. The Directors estimate that the working capital requirements of the accountancy profession are over £3 billion per year. The Group currently has contractual relationships with over 400 accountancy firms.

The Group has been trading since 2002 and operates an efficient business model, with 11 experienced staff in addition to the Directors. The Group has developed its own bespoke software, the Orchard Funding Management ("OFM") system, to enable it to conduct day-to-day funding operations. The software is proven, having been used by the Group for over eight years. The Group was shortlisted as finalist for "Business Partner of the Year 2013" by *Insurance Times* and shortlisted "Service Provider of the Year 2013" by *British Insurance Awards*.

On an aggregated basis, in the 12 months to 31 July 2014, the Group generated revenue of approximately £3.0 million and operating profit of approximately £1.0 million[1]. The Group's professional lending book was £7.4 million and insurance lending book was £11.5 million as at 31 January 2015[1]. As the Group is cash generative. It is the Directors' intention to implement a progressive dividend strategy upon Admission subject to the discretion of the Board and subject to the Group having appropriate distributable reserves.

The Company has conditionally raised £10.0 million (before expenses) by the issue of 10,416,667 Placing Shares at the Placing Price pursuant to the Placing. The net proceeds of the Placing will primarily be used to provide capital for lending to its clients and to optimise the Company's existing capital structure through the repayment of an expensive debt facility of *circa* £5.0 million. Application has been made to the London Stock Exchange for Admission of the Enlarged Share Capital to trading on AIM and it is expected that trading will commence in the Ordinary Shares on 1 July 2015.

2. History and Background

Orchard Funding Group consists of two subsidiaries; Bexhill, which provides financing for insurance premiums for clients of insurance brokers and Orchard, which provides financing for professional fees for clients of professional service firms such as accountants and lawyers. The Group enables clients to spread the cost of their insurance premiums or professional fees over an extended period, typically 10 months, rather than paying a lump sum upfront. The clients of the Group are introduced by insurance brokers and professional service firms, who guarantee the repayment of all finance provided.

1 On the basis set out in Part IV of this document

Bexhill was established in 2002 and has operated in the insurance premium finance market since that date. Bexhill experienced consistent revenue growth between 2002 and 2007. However, due to the global financial crisis, Bexhill's funding became significantly restricted in 2008. Bexhill continued to trade through the global financial crisis despite limitations on its business due to the scarcity of capital available. Bexhill has over 100 insurance broker clients. In the financial year ended 31 March 2014, Bexhill had a loan book, revenue and profit after tax of £10 million, £1.8 million and £871,000, respectively. Although the Directors believe that Bexhill's recent trading has been encouraging, it is still constrained in its growth aspirations by its current funding structure.

Orchard Funding Limited was established in 2010 in order to exploit the withdrawal of one of the largest funders in the market for smaller professional practices. Orchard's lending book has been able to grow despite its limited and expensive capital base. Orchard has over 400 professional firm clients as at January 2015, most of which are accountancy firms. Orchard's client list has grown consistently year-on-year and in the financial year ended 31 July 2014, Orchard had a loan book, revenue and profit after tax of £8 million, £1.2 million and £191,000, respectively. Orchard's growth is also currently constrained by its existing funding structure.

The Group operates out of its headquarters in Luton, United Kingdom and currently employs 11 members of staff in addition to the Directors.

The Directors, who together have over 50 years of relevant industry experience, have identified an opportunity to create and then continue to expand a service-led financial product offering within the market. To date, the Group's business has been primarily financed by the founder and Chief Executive Officer, Mr Ravi Takhar, with the support of debt from banks and other financial institutions. Since 2002, the Group through its subsidiaries has lent over £300 million and it is currently lending over £45 million per year (based on year ended 31 July 2014), with annual advances from Bexhill and Orchard at approximately £30 million and approximately £16 million respectively. By comparison, the 2014 advances / revenue for the market leader in insurance premium finance and professional fee finance were £3.1 billion / £108 million and £305 million / £10 million respectively. The Group achieved an unaudited profit before tax of approximately £1.0 million in the financial year to 31 July 2014, on an aggregated basis[2].

The repayment of all finance provided by the Group is guaranteed by the introducing insurance broker or professional firm. Therefore, the lending has multiple layers of credit protection, resulting in no arrears or losses in the current debtor book of the Group over the last seven years. The Directors believe the Group's lending structure to be an innovative business model that facilitates the provision of reasonably priced, unsecured short-term credit to individuals and business, whilst at the same time ensuring an excellent arrears and loss history in its lending book.

The Group's key objective is to position itself as a leading provider of professional fee finance and insurance premium finance and to double the size of its lending book within the next three years.

3. Key Strengths

The Directors believe that the Group's core strengths lie in the following areas:

Attractive Market

The Group lends into two attractive credit markets.

The insurance premium finance market is a large and active market, which is driven by the general insurance market. The general insurance market is estimated to be currently worth over £40 billion per year and is projected to grow over the next five years to approximately £50 billion. The insurance premium finance market is estimated to be worth over £8.5 billion per year, increasing in line with the general insurance market to £11.6 billion per year over the next five years.

The accountancy fee finance market is currently estimated to be worth £300 million and is expected to grow as the total working capital requirements of professional firms is currently estimated by Directors to be over £3 billion per annum.

2 On the basis set out in Part IV of this document

High Quality Assets

The Directors believe that the Group lends into a relatively safe credit market as borrowers from the Group are strongly motivated to meet their credit obligations. Failure to pay insurance premium finance obligations may leave the borrower uninsured and therefore unable to operate essential day-to-day activities in its business. Similarly, firms are required to satisfy their accountancy fee obligations in order to file important documentation, such as tax returns.

Longevity of Relationships

The Group, through its subsidiaries, has been successfully operating in its market since 2002. It has strong and established relationships with approximately 100 insurance brokers and approximately 400 accountancy firms.

Scalable Processing Platform

The Group has a stable and scalable processing platform which has been developed and improved over the last 13 years. The platform currently processes hundreds of thousands of transactions for thousands of borrowers and has the capacity to scale for the future business projections of the Group. In addition, the system has robust disaster recovery and security protections in place.

Stable Funding Structure

The Group has been able to attract third party bank facilities for its operation because of the short-term and high credit quality of its lending. The Group intends to maintain and expand its banking relationships with its new and strengthened capital base.

Strong Financial Performance and Cash Generation

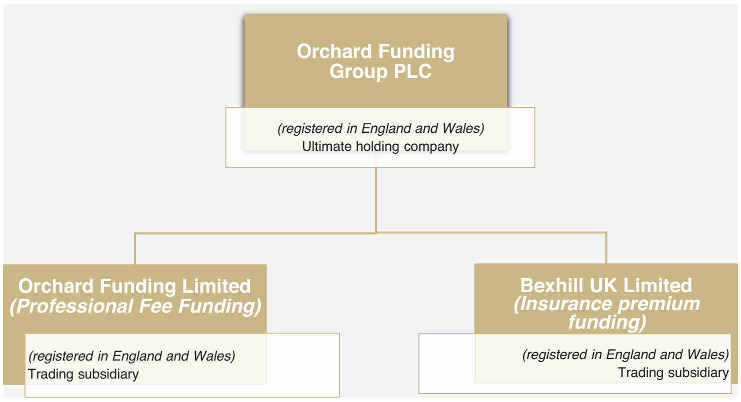
The Group continued to lend throughout the financial crisis period of 2007 to 2009, and throughout the period when third party bank funding to the Group was constrained. Since then, despite historic constraints in liquidity, the Group has expanded and strengthened its operations. On an aggregated basis, in the 12 months to 31 July 2014, the Group generated revenue of approximately £3.0 million and operating profit of approximately £1.0 million[3]. It is the Directors' intention to implement a progressive dividend strategy upon Admission subject to the discretion of the Board and subject to the Group having appropriate distributable reserves.

Experienced and Proven Management Team

The management team of the Group has been built up by its founder, Mr Ravi Takhar over a number of years and has a range of experience and backgrounds. The team has considerable experience in the credit market industry both within the Group and, previously, with its competitors. The Directors believe that this experience has helped to facilitate the continued profitable growth of the business of the Group.

4. Corporate Structure

Orchard Funding Group PLC was incorporated in 2015 as the new holding company for the Group, with Bexhill UK Limited and Orchard Funding Limited as the 100 per cent. owned subsidiaries.



3 On the basis set out in Part IV of this document

5. Operating Overview

5.1. *Business Model*

The Group has two main businesses:

- Bexhill provides credit to limited companies, partnerships and consumers to enable such parties to spread the cost of their insurance premiums; and
- Orchard provides credit to limited companies, partnerships and consumers to enable such parties to spread the cost of their professional fees.

Bexhill

Bexhill is able to borrow up to 75 per cent. of the amount advanced to each of its clients from Barclays Bank Plc. The balance is provided by Bexhill from its capital resources and reserves, which were £2.1 million as at 31 January 2015.

Bexhill obtained its funding from Barclays in 2002 and has continued working with them to date. Whilst it is typical in the market for the facility to be for a 12 month term, Barclays has renewed Bexhill's facility each year since 2002. Bexhill's current facility is £10.0 million and has recently been extended to 31 July 2016.

Barclays performs regular internal audits and requires an external audit of Bexhill to be conducted by an independent auditor every six months. Therefore, Bexhill has operated within a disciplined lending environment since its inception. The management of the Group sets insurance broker limits based on the financial accounts returned and obtains credit reports as part of the underwriting process. In addition to this, the Group performs an annual review process including regulatory permissions and credit checks and monitors exposure to each broker monthly.

The Directors believe that increasing Bexhill's capital base should enable its business to increase its borrowing capabilities and, in turn, extend its lending book. Bexhill's cost of finance ranged from approximately 2 per cent. to approximately 10 per cent. in the financial year to 31 March 2014. In addition, it is the Directors' belief that the introduction of further equity capital should allow Bexhill to raise additional finance at more competitive rates from new sources, as well as its existing banks and lenders.

In its last seven years of lending, Bexhill has not suffered any arrears or losses on its lending book.

The table below shows summary financial information for Bexhill UK Limited for the periods shown prepared in accordance with IFRS. The table below has been extracted or calculated from the financial information set out in Sections E and F of Part III of this document and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised version. In accordance with IAS34 Interim Financial Information, a balance sheet has not been prepared at 31 January 2014.

	Year ended 31 March 2012 (audited) £'000	*Year ended 31 March 2013 (audited) £'000*	*Year ended 31 March 2014 (audited) £'000*	*10 months ended 31 January 2014 (unaudited) £'000*	*10 months ended 31 January 2015 (unaudited) £'000*
Revenue[4]	1,703	1,716	1,782	1,475	1,644
% growth	*n/a*	*0.8%*	*3.9%*	*n/a*	*11.5%*
Gross profit[5]	1,250	1,301	1,418	1,177	1,267
% margin	*73.4%*	*75.8%*	*79.6%*	*79.8%*	*77.1%*
Operating profit	436	673	871	737	764
% margin	*25.6%*	*39.2%*	*48.9%*	*50.0%*	*46.5%*
Profit before tax	435	673	871	737	764
% margin	*25.5%*	*39.2%*	*48.9%*	*50.0%*	*46.5%*
Cash inflow/(outflow) from operating activities	470	1,694	326	(112)	(473)
Cash and cash equivalents/(overdrafts)	1	(56)	(41)	N/A	(27)
Borrowings	7,668	6,596	8,060	N/A	9,199
Net assets	1,991	2,247	1,605	N/A	2,109

4 Interest income

5 Net interest income

Orchard

Orchard is able to borrow up to 80 per cent. of the amount advanced to each of its clients from Bracken Holdings Limited. The remainder is provided by Orchard from its capital resources and reserves, which were approximately £325,000 as at 31 January 2015. Bracken's lending is similarly protected by performing regular audits of the Orchard business, which has also led to Orchard developing a highly disciplined approach. The management of the Group also sets professional firm limits and obtains credit reports as part of the underwriting process. In addition, the Group performs an annual review process and monitors exposure to each accountancy and professional firm monthly.

The Directors believe that the cost of funding provided by Bracken is expensive at *circa* 12 per cent. in the financial year to 31 July 2014. The Group intends to repay the outstanding Bracken facility shortly after Admission with part of the Placing proceeds. The Directors also believe that as Orchard increases its capital base, it will be able to increase its borrowing capabilities, enabling it to further expand its lending book. Similarly to Bexhill, it is the Directors' belief that the introduction of further equity capital will allow Orchard to raise additional finance at more competitive rates, from new sources of finance. Orchard has already received term sheets from a number of well-known banking institutions for the future financing of its business.

Since it commenced business in 2010, Orchard has not suffered any arrears or losses on its lending book.

The table below shows summary financial information for Orchard Funding Limited for the periods shown prepared in accordance with IFRS. The table below has been extracted or calculated from the financial information set out in Section B and C of Part III of this document and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised version. In accordance with IAS34 Interim Financial Information, a balance sheet has not been prepared at 31 January 2014.

	Year ended 31 July2012 (audited) £'000	*Year ended 31 July 2013 (audited) £'000*	*Year ended 31 July 2014 (audited) £'000*	*Six months ended 31 January 2014 (unaudited) £'000*	*Six months ended 31 January 2015 (unaudited) £'000*
Revenue[6]	983	1,165	1,165	558	643
% growth	*n/a*	*18.5%*	*nil*	*n/a*	*15.2%*
Gross profit[7]	385	555	614	265	336
% margin	*39.2%*	*47.6%*	*52.7%*	*47.5%*	*52.3%*
Operating profit	59	154	191	75	135
% margin	*6.0%*	*13.2%*	*16.4%*	*13.4%*	*21.0%*
Profit before tax	59	154	191	75	135
% margin	*6.0%*	*13.2%*	*16.4%*	*13.4%*	*21.0%*
Cash (outflow)/inflow from operating activities	(1,053)	(222)	743	1,258	(799)
Cash and cash equivalents	80	27	17	N/A	11
Borrowings	6,101	6,342	5,633	N/A	6,424
Net assets	49	104	250	N/A	385

5.2. ***Customers***

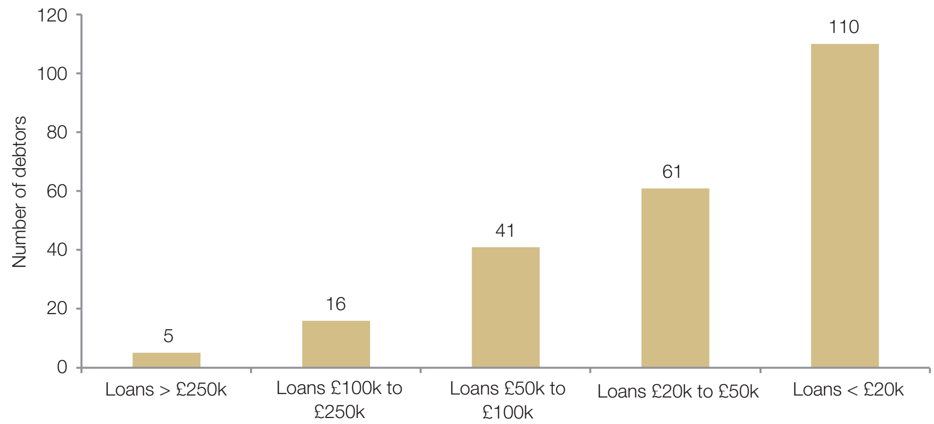
The Group's customers are primarily insurance brokers and professional services firms, who are then able to offer credit to their clients. The Group has trading agreements with over 100 insurance brokers and 400 accountants and, as at January 2015, the Group's debtor book comprised of *circa* 3,000 borrowers. These borrowers were split between Bexhill, which had approximately 550 borrower agreements and Orchard which had approximately 2,500. In the event that a customer of an insurance broker or professional firm fails to meet its obligations to the Group, the introducing insurance broker or professional firm is financially responsible for the repayment of finance. This has resulted in no arrears or losses on the current lending book of the Group for the last seven years.

As at 31 March 2014, Bexhill had 233 loans, representing a total trade debtor value of £10.0 million and an average of approximately £43,000 per loan. The largest five debtors accounted for £1.5 million, which

6 Interest income
7 Net interest income

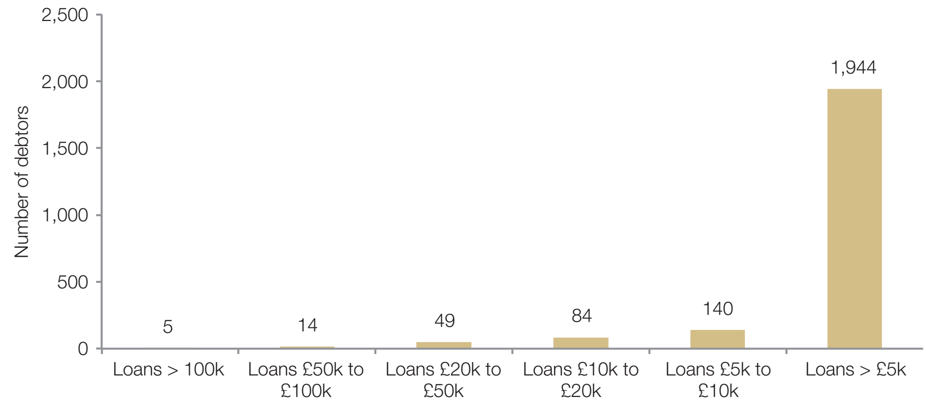
equates to 15 per cent. of Bexhill's total book and the largest five brokers were responsible for £4.9 million or 49.7 per cent. of total trade debtors. The breakdown of trade debtors by size as at 31 March 2014 is given in the Chart 1 below.

Chart 1: Bexhill's trade debtor book at 31 March 2014



As at 31 July 2014, Orchard had 2,236 trade debtors representing a total loan value of £8.0 million and an average of approximately £4,000 per loan. The largest five trade debtors account for £0.9 million or 12 per cent. of Orchard's total debtor book. The breakdown of the number of loans by size as at 31 July 2014 is given in the Chart 2 below.

Chart 2: Orchard's trade debtor book as at 31 July 2014



In addition to standard recourse available to the Group, there are multiple layers of credit protection for the Group. The Directors consider the key layers to be as follows:

Essential product: Some insurance policies are regarded as mandatory or "must have" products. For example, customers cannot generally drive a car or operate a business without insurance. Similarly, paying accountancy fees is necessary for many small businesses, who cannot finalise and file accounts without paying such fees;

First payment: The initial payment is received by the Group from the customer before funding is issued to the insurance broker or the professional service firm. This eliminates first payment default;

Funding: On average the Group pays insurance brokers / accountants 30 to 45 days after entering into a credit agreement. Therefore, on average, one and a half instalments are received before the Group releases funds to the insurance broker or professional firm;

Direct debit collection: The Group collects payments via direct debit, establishing a timely collection and a traceable electronic link to the customer;

Short duration: The duration (the weighted average time to receive the full repayment of the loan) of the Group's funded book is less than six months;

Cancellability: The borrowing facility can be cancelled at any time by the Group;

Insurance carrier rebate: Bexhill benefits from return of unearned premium if the borrower defaults. Such unearned premium should exceed the loan value, the due to the repayment structure;

Recourse to insurance broker or professional firm: The insurance brokers or professional firms guarantees repayment by their underlying client and borrower thus effectively re-underwriting the lending;

Regulation: Both insurance brokers and the professional firms through which the Group's business is introduced are regulated by relevant industry bodies. Insurance brokers are regulated by the Financial Conduct Authority and professional firms, such as accountants, are regulated by other professional bodies such as the Institute of Chartered Accountants in England and Wales and the Chartered Institute of Management Accountants; and

Government insurance: For the Group's insurance broker customers, the Financial Services Compensation Scheme provides compensation in the event of insurance carrier or insurance broker failure.

5.3. ***Growth strategy***

On an aggregated basis, the Group generated £1.7 million of revenue and profit before tax of £662,000 in the 6 months ended 31 January 2015[8]. Bexhill generated revenue and profit before tax of £1.6 million and £764,000, respectively in the ten months ending 31 January 2015 and Orchard generated revenue and profit before tax of £643,000 and £135,000, for the 6 months ended 31 January 2015[8]. The Directors believe that the current size of the lending book represents the limits of the Group's growth under its existing capital structure.

The proceeds of the Placing will enable the Group to refinance part of its current debt funding and to capitalise on the Group's current relationships with insurance brokers and professional firms by identifying new areas of business their customers can provide. The Group's short to medium term growth strategy is to firstly increase the number of its insurance broker and professional firm clients. Secondly, the Group intends to increase the volume of business from its existing insurance broker and professional firm customers. In the longer term, the Group intends to further increase its capital base to enable it to support higher levels of borrowing and grow its lending book.

The Directors believe that the additional capital raised will enable the business to grow. The Group is unable either to pay commissions until a loan has been fully repaid or to offer financing direct to its professional client base. The Directors believe that the ability to offer commission to insurance brokers and an increase in its product base should make the Group a more attractive partner with whom to conduct business. Finally, the Group must currently limit both its marketing and its offering to the market as it does not have sufficient capital to support a significant increase in its business levels.

The market in which the Group operates is also growing. The general insurance market is projected to grow from its current levels of *circa* £40 billion per year to £50 billion per year over the next five years. The insurance premium finance market in which the Group operates is expected by the Directors to grow over the next five years in line with the general insurance market from its current estimated levels of *circa* £8.5 billion per year to £11.6 billion per year. The market for professional fee finance is also expected to grow as the banks continue to pull out of the market for small-ticket, short-term, unsecured funding. The Directors believe that the current market place of £300 million for fee funding will continue to rise as the general working capital requirements of professional firms continue to increase.

5.4. ***Marketing strategy***

In order to help execute the Group's growth strategy, the Directors have implemented a new comprehensive marketing plan.

The new marketing plan encompasses the expansion of the sales team with new planned staff hires across new regions in the United Kingdom, in addition to the current headquarters located in Luton. A focused marketing drive will help increase awareness of the Group in the market by appointing an industry marketing and public relations agency. In addition, the Group plans to increase regular

8 On the basis set out in Part IV of this document

electronic and telesales contact with existing and new customers in both the insurance and professional industries. The new marketing plan will also set individual sales targets for insurance brokers and professional firms.

5.5. ***Management systems and controls***

The Group's Orchard Funding Management system ("OFM") provides business recording and broker information via a bespoke integrated database software solution. The OFM has been specially developed for the Group's business model and was installed and launched in 2006. The system is secure and web-based with an off-site backup.

The OFM is a software programme delivered via the internet that incorporates all the systems, procedures and documentation required by an insurance broker or a professional firm to introduce its clients to the Group and to conduct finance business. The Directors believe that the OFM provides a unique operating solution within the lending industry.

The OFM tool aims to make introducing finance to business customers simple and easy to use. The system manages all the agreements introduced by the insurance brokers or professional firms, calculates all funding requirements and performs all day-to-day accounting and administrative tasks of the Group.

Once the insurance brokers or professional firms enter into a trading agreement, the Group provides its customers with access to its OFM. All funding, repayment management and accounting is automatically carried out by the OFM system.

Alongside the OFM system, the Group employs appropriate senior management oversight and inspections on lending activities. All trading agreements and facility limits are approved by the CEO and all credit agreements entered into by the Group over £10,000 are approved on an individual basis by either the part-time Chief Financial Officer ("CFO") or the Chief Executive Officer ("CEO"). In addition to this, lending, collections, arrears and defaults are monitored monthly by senior management and monthly management accounts for the business are produced. The accounts are approved by senior management prior to the end of each month and collections are made once a month.

Senior management also monitors all third party funding arrangements on a monthly draw-down basis and approves all requests for funding from third party funding providers. Any request for funding from an external debt provider is therefore subject to the approval and consent of the part-time CFO or CEO of the Group.

The Directors believe that the OFM provides a number of competitive advantages to the Group. The OFM system:

- covers all aspects of the Group's interaction with insurance brokers, professional firms and customers
- enables the status of proposals and deals to be viewed quickly and easily as well as changed
- records all interactions with insurance brokers or professional firms and creates standard documentation automatically
- takes information from its system to enable staff to monitor the finance information and payment status on each transaction
- manages all direct debits to be collected by the Group
- creates all management accounts for the business
- streamlines the decision making process and acts as a management tool to assist the Directors

The Group has historically utilised Associated Premium Funding Limited ("APF") as the entity through which all direct debit payments are collected on behalf of the Group. APF is wholly owned and controlled by Mr Ravi Takhar, has full direct debit status and does not trade in its own right or provide services for any other third party. For all new trading agreements and direct debit payment instructions, the Group shall utilise Bexhill as the direct debit vehicle on behalf of both itself and Orchard. Nevertheless, the trading agreements that are already in existence with the Group will continue to use

APF as the vehicle through which the borrower's direct debit payments are collected and as such, APF has entered into a services agreement for the provision of such legacy direct debit payments.

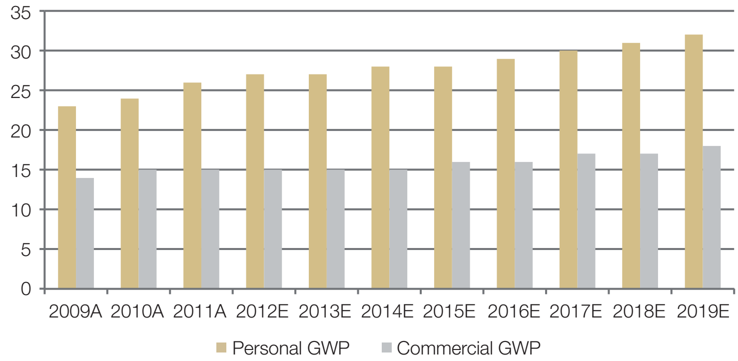
6. Market Overview

6.1. *Insurance premium finance market*

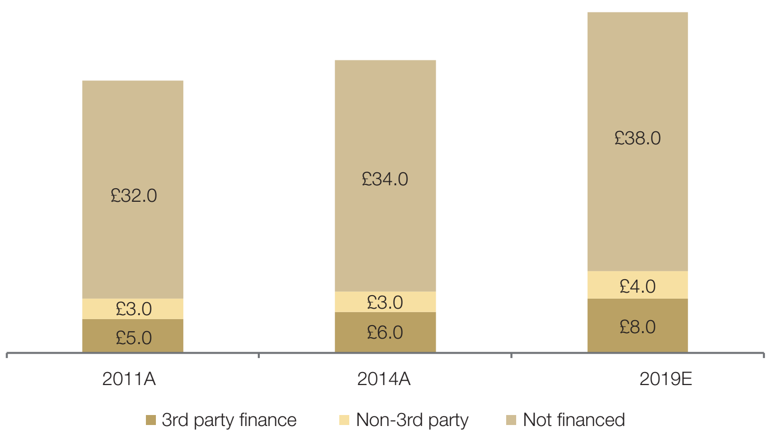
The general insurance market size is estimated at approximately £40 billion per year in the United Kingdom[9]. The insurance premium finance market size is estimated to be worth approximately £8.5 billion per year in the United Kingdom[10], of which £5.7 billion is provided by third party sources. The largest dominant players by lending book in the insurance premium finance sector are Close Brothers Group Plc and Premium Credit Limited, writing approximately £5.0 billion of insurance premium finance business per year in total[10].

Other lenders in the UK insurance premium finance market are finance companies owned by insurance brokers (some of which are financed by Bexhill) and insurance companies lending direct to their customers.

Total insurance market (£bn)[10]



Insurance premium finance market (£bn)[10]



6.2. *Professional fee funding market*

There are approximately 37,000 accountancy firms in the United Kingdom (according to Office of National Statistics) and over 300,000 UK members of the seven UK accountancy bodies (according to Financial Reporting Council). The Directors estimate their working capital requirement to be over £3.0 billion per annum across the profession. It is expected that ten percent of this working capital requirement is to finance debtors due to accountancy practises and as a result the Accountancy Fee Funding market is estimated to be worth at least £300 million per year[10].The Group has already signed up over 400 professional firms that are mainly accountants and continues to grow this number on a monthly basis. The Directors believe that the requirement for financing by professional firms is significant. The Group's lending product brings cash flow benefits to professional firms, as well as

9 According to British Insurance Brokers' Association
10 Based on management estimates

reducing their outstanding debtor days. Since the entire Group's lending to professional firms clients is guaranteed by the professional firms themselves, there is very little chance of arrears or defaults: the Group has never suffered any arrears or losses since it started it its professional fee finance business in 2010. Research from Syscap Limited, a leading finance broker in the professions finance market, has stated that only 73 accountancy firms became insolvent in 2012 and only 103 in 2013. This represents a nominal amount of insolvencies in the profession of 0.19 per cent. and 0.27 per cent. of all firms in 2012 and 2013, respectively.

The accountancy fee funding market has typically been financed by a small number of niche products offered by Premium Credit Limited ("PCL") and Barclays Client Credit, in addition to one of the Icelandic banks. As a result of the global finance crisis of 2007 – 2008 that saw the Icelandic banks' withdraw from the market and Barclays Client Credit's switch in business focus, the only material player remaining in the Group's market is PCL.

In 2010, PCL withdrew from the smaller professional firms market and concentrated on firms that utilise a minimum level of funding. The Directors believe that this created a gap in the market for the Group.

6.3. ***Competitive landscape***

Insurance Premium Finance Market

The insurance premium finance market is dominated by PCL and Close Brothers, who between them write approximately £5 billion per year[11], representing approximately 88 per cent. of the £5.7 billion[11] per year insurance premium finance market in the United Kingdom that is provided by third parties. The Group's insurance premium finance lending book was £11.5 million as at 31 January 2015, representing 0.2 per cent. of the £5.7 billion per year insurance premium finance market in the United Kingdom[11].

The Directors believe that PCL and Close Brothers focus on larger volume-driven insurance brokers and consequently provide lower levels of staffing and service to the smaller insurance broker community. Despite its capital structure restraints, the Group has already exploited the gap in the smaller insurance broker market and has approximately 100 insurance broker clients as at 31 January 2015.

The Directors believe that the Placing proceeds will allow the Group to compete more aggressively on price with the larger dominant market players and that the Group will be able to significantly increase its market share, whilst retaining a focus on customer service.

Professional Fee Funding Market

The accountancy fee funding market is mainly dominated by PCL. The Group entered the professional fee funding market in 2010 to exploit the gap in the smaller accountancy practises market. Since 2010, the Group has developed over 400 accountancy firm relationships despite its inability to compete on price with PCL due to balance sheet restraints.

The Directors believe that the Placing proceeds will improve the Group's balance sheet and allow Orchard Funding Group to compete more aggressively on product and price with PCL and increase its market share in the professional fee funding market.

Competitive advantages

It is the Directors' belief that the Group's key differentiators to its competitors are:

- The Group understands the needs and requirements of smaller insurance broker firms and professional firms and offers a fully tailored service to the smaller end of the market. The larger dominant market players are less focused on the smaller end of the lending market creating an opportunity for the Group.
- Orchard Funding Group is in regular contact with all its customers and is reactive to ensure that a high quality service is consistently delivered to its customers. The larger players in both the insurance premium finance and professional fee funding markets have in the past provided limited services to the smaller end of the market allowing the Group to build up a loyal customer base.

11 Based on management estimates

- The Group's service is free to its users and there are no minimum usage requirements. This makes Orchard very attractive to smaller insurance brokers and accountants who may be required to pay a fee for usage of a third party financing facility or are required to write minimum volumes.
- The Group's software has a single purpose and is therefore extremely simple to navigate and use. The system enables quick and efficient data entry for its insurance broker and professional firm clients and enables the efficient production of compliant legal documentation for a client to sign either by hand or electronically.
- Senior management of the Group are involved in all aspects of the business and in particular maintain close and strong relationships with the Group's clients. The personal involvement of senior management in the needs and concerns of the Group's client base is very important to the clients of the Group. The Group has always regarded itself as an SME and is therefore sympathetic to the needs and aspirations of insurance brokers and professional firms, many of which are themselves SMEs.

7. Selected Aggregated Historical Trading

Since the date of its incorporation, the Company has not yet commenced operations and, save for the effects of entering the Share Exchange Agreement with Bexhill and Orchard, has no material assets or liabilities, and therefore no historical financial information in respect of the Company or Group have been prepared as at the date of this Admission Document.

Unaudited aggregated financial information for the three years ended 31 July 2014 and for the six months ended 31 January 2015 has been prepared in order to give an indication of the financial trading history of the Group on an aggregated basis for the whole three and a half year period.

The unaudited aggregated financial information for the three years ended 31 July 2014 and six months ended 31 January 2015 set out below has been derived by aggregating the relevant income and expenses and assets and liabilities from the unaudited management accounts of Bexhill with the equivalent balance(s) from the unaudited management accounts of Orchard. Adjustments have been made to reflect the elimination of amounts due to and from Orchard and Bexhill which result from trading activities and the elimination of management fees charged from Bexhill to Orchard.

No further adjustments have been made to this aggregated financial information, including no acquisition or merger accounting adjustments and no adjustments in respect of potential synergies or IFRS conversion.

The audited historical financial information and unaudited interim financial information set out in Sections B, C, E and F of Part III of this document have been prepared in accordance with IFRS and have differing accounting reference dates to that of Orchard Funding Group PLC. Consequently, such financial information is not directly comparable to the following selected aggregated financial information. Investors should not rely solely on the selected aggregated financial information below.

	Year ended 31 July 2012 (unaudited) £'000	*Year ended 31 July 2013 (unaudited) £'000*	*Year ended 31 July 2014 (unaudited) £'000*	*Six months ended 31 January 2015 (unaudited) £'000*
Revenue[12]	2,728	2,850	2,985	1,684
% growth	*n/a*	*4.5%*	*4.7%*	*n/a*
Gross profit[13]	1,775	1,948	2,119	1,180
% margin	*65.1%*	*68.4%*	*71.0%*	*70.1%*
Operating profit	659	749	1,034	662
% margin	*24.2%*	*26.3%*	*34.6%*	*39.3%*
Profit before tax	659	749	1,034	662
% margin	*24.2%*	*26.3%*	*34.6%*	*39.3%*
Cash and cash equivalents	32	(33)	(74)	(16)
Borrowings	11,445	12,832	13,517	14,382
Net assets	2,282	1,396	2,083	2,495

12 Interest income
13 Net interest income

It is anticipated that the Group will publish audited IFRS financial statements for the financial year ended 31 July 2015 by 31 January 2016.

8. Unaudited Pro Forma Statement of Net Assets of the Group

Part V of this document contains an unaudited pro forma statement of net assets, which illustrates the effect on the aggregated net assets of the Group of the: (i) entry of the Group into a Share Exchange Agreement with Bexhill and with Orchard; (ii) the Placing and (iii) the repayment of the Bracken facility as if they had all occurred on 31 January 2015. On a *pro forma* basis and assuming that such events were all completed on 31 January 2015, the Group would have had debtors of approximately £19 million, and net assets of approximately £11 million, as at that date.

9. Current Trading and Prospects

Financial information for Bexhill for 10 months ended 31 January 2015 is set out in Section F of Part III of this document and financial information for Orchard for six months ended 31 January 2015 is set out in Section C of Part III of this document. There has been no significant change in the financial or trading position of Bexhill and Orchard since 31 January 2015. Current trading is in line with the Board's expectations. The Board continues to implement the Group's growth strategy, as set out in paragraph 5.3 of this Part I and remains confident about the future prospects of the Group.

10. Details of the Directors and Senior Management

10.1. *Board of Directors*

Short biographies of the Directors and details of their roles, including the principal activities performed by the Directors outside the Group, are set out below.

David Andrew Clark – Independent Non-executive Chairman (age 50)

Currently, Mr David Clark serves as an independent non-executive director of Constellation Health Technology plc, an AIM listed company, where he is also a member of Audit and Compensation committees. Prior to that, Mr Clark was a fund manager for 25 years and began his career with six years at Scottish Mutual as a senior investment analyst before joining Ignis Asset Management (formerly Resolution) where he worked from 1994 until September 2014. At Ignis he was responsible for the UK Smaller Companies quoted investments across all sectors. His performance resulted in him being ranked number two Fund Manager in the UK (2009) across all sectors by Citywire. Mr Clark graduated from Glasgow University with a Bachelor of Accountancy Degree and also holds an MSc in Investment Analysis from Stirling.

Rabinder ("Ravi") Singh Takhar – Chief Executive Officer (age 50)

Mr Ravi Takhar has over 25 years' experience in the acquisition, growth, financing and disposal of financial businesses. Mr Takhar founded the business in 2002 and has led the growth of the UK business to its current size. Prior to creating the Group, Ravi was an investment banker and Head of Financial Services investment at Nikko, the Japanese investment bank, from 1998 to 2002 as well as Chairman of Mortgages PLC, the mortgage lender. Mr Takhar was also Head of Mortgage Principal Finance at Investec Bank PLC from 2005 to 2008. He qualified as a banking solicitor at Clifford Chance, a leading international law firm, and has an MA from the University of Oxford.

William ("Liam") Leo McShane – Part-time Chief Financial Officer (age 57)

Mr Liam McShane has over 25 years' experience as a chartered certified accountant and is responsible for all internal accounting and treasury management, as well as all monthly and audited accounting for the Group. He has worked as an independent auditor to Bexhill UK Limited since 2002, as a Partner at McShane Wright Chartered Certified Accountants. Prior to McShane Wright, Mr McShane became a Partner at Clifford Roberts in 1998, having qualified as a chartered certified accountant with Towers Rockall, a local accountancy practise in Northamptonshire, in 1994. From 1989 he advised for the Institute of Independent Insurance Brokers, an association for professional insurance intermediaries, providing tax and financial advice to the Institute, its members and professional advisers to its members. Mr McShane is a Fellow of the Association of Chartered Certified Accountants.

Jonathan Paul David Shearman – Independent Non-executive Director (age 44)

Currently, Mr Jonathan Shearman is an independent non-executive director, member of Audit Committee and Chairman of Remuneration Committee at Trifast Plc, a company listed on the Main Market of the London Stock Exchange. Mr Shearman has over 20 years' experience of public equity markets having started his career in equity research at James Capel in 1993, before working in equity sales at Williams de Broë and KBC Peel Hunt from 1995 to 2006. He worked as an equity analyst at Gartmore Investment Management from 2006 to 2008 followed by a role as strategic consultant to Altium Group (a pan European Investment Bank) from 2009-2012. Mr Shearman has been an independent non-executive direct of Trifast Plc since 2009 and also currently acts as a consultant to a leading fund management company.

10.2. *Executive management*

Short biographies of the Group's senior management and details of their roles are set out below:

Christopher Charles Meyer – Head of Sales (age 47)

Mr Chris Meyer has been with Orchard since its launch in 2008 and has many years of sales expertise in the UK short-term finance market. Mr Meyer worked for over 10 years at Premium Credit Limited, a leading lender in the premium finance market and professions fee funding market. Mr Meyer left Premium Credit Limited in 2010 and was instrumental in leading the establishment and growth of the Orchard business. From start-up, Mr Meyer has led the growth of the business to its current position of having over 400 trading agreements with accountancy practices.

Emmia Louise Stratford – Head of Operations (age 35)

Ms Emmia Stratford has been with Bexhill since 2004. Ms Stratford is Head of Operations and Credit for both Bexhill and Orchard and is responsible for day to day operation of the businesses, compliance and credit of the business. Ms Stratford leads a team of operations staff, which cover all credit, collection and administration of the loans written by the Group. After over 10 years of service with the business. Ms Stratford was made a director of Bexhill and Orchard in 2015.

11. Corporate Governance

The Directors recognise the importance of sound corporate governance and confirm that although compliance with the UK Corporate Governance Code is not compulsory for AIM companies, following Admission, they intend to comply with the QCA Corporate Governance Code (as devised by the QCA in consultation with a number of significant institutional small company investors), to the extent appropriate and practicable for a company of its nature and size. Following Admission, the Board will comprise four Directors of which two are executives and two non-executives, and reflect a blend of different experience and backgrounds. The Board considers two Directors to be independent.

Following Admission, the Board will meet regularly to review, formulate and approve the Group's strategy, budgets, and corporate actions and oversee the Group's progress towards its goals. In accordance with best practice, the Group has established audit, remuneration and nomination committees with formally delegated duties and responsibilities and with written terms of reference. From time to time separate committees may be set up by the Board to consider specific issues when the need arises.

11.1. *Audit committee*

The audit committee will assist the Board in discharging its responsibilities, within agreed terms of reference, with regard to corporate governance, financial reporting and external and internal audits and controls, including, amongst other things, reviewing the Group's annual financial statements, reviewing and monitoring the extent of the non-audit services undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Group's internal controls and risk management systems. The ultimate responsibility for reviewing and approving the annual report and accounts and the half yearly reports remains with the Board. Membership of the Audit Committee comprises Mr Jonathan Shearman and it is chaired by Mr David Clark. The audit committee will meet formally not less than two times every year and otherwise as required.

11.2. *Remuneration committee*

The remuneration committee is responsible, within agreed terms of reference, for establishing a formal and transparent procedure for developing policy on executive remuneration and to set the remuneration packages of individual Directors. This includes agreeing with the Board the framework for remuneration of the Executive Directors, the company secretary and such other members of the executive management of the Group as it is designated to consider. It is furthermore responsible for determining the total individual remuneration packages of each Director including, where appropriate, bonuses, incentive payments and share options. No Director may be involved in any decision as to his/her own remuneration. The membership of the remuneration committee comprises Mr David Clark and the committee is chaired by Mr Jonathan Shearman. The remuneration committee will meet not less than two times a year and at such other times as the chairman of the committee shall require.

11.3. *Nominations committee*

The nominations committee is responsible, within agreed terms of reference, for reviewing the structure, size and composition of the board and recommending to the board any changes required, for succession planning and for identifying and nominating for approval of the board candidates to fill vacancies as and when they arise. The Committee is also responsible for reviewing the results of the board performance evaluation process and making recommendations to the board concerning suitable candidates for the role of senior independent director and the membership of the board's committees and the re-election of directors at the annual general meeting. The membership of the nominations committee comprises of the entire board and the committee is chaired by Mr Ravi Takhar. The nominations committee will meet not less than two times a year and at such other times as the chairman of the committee shall require.

12. Reasons for Admission and Use of Proceeds

The Directors believe that the Admission and Placing will be an important step in the Group's development and will assist the Group in its development by:

- increasing the capital base of the business to enable future lending at reduced funding costs;
- demonstrating an improved capital base to raise new and more cost effective financing from third party debt providers;
- enhancing the Group's attractiveness as a financing counterparty to larger insurance brokers and accountancy practices;
- providing the potential to access additional capital to fund the Group's future growth and support further expansion plans as and when the Board believes to be suitable; and
- providing opportunities for the Group to attract, retain and incentivise high calibre employees.

The Placing will raise approximately £8.7 million (net of expenses) which is currently intended to be used for the following purposes:

- approximately £4.5 million to repay the debt facility from Bracken which currently finances the accountancy fee funding business of the Group;
- £500,000 relates to a loan provided to Bexhill by the Major Shareholder in February 2015. On 23 June 2015, it was agreed that the principal loan amount would be repaid in full and the £500,000 be used by Mr Ravi Takhar to subscribe for 520,833 Ordinary Shares at the Placing Price; and
- approximately £3.7 million to be applied to lending and general working capital purposes.

13. The Placing

Panmure Gordon has, as agent for the Group pursuant to the Placing Agreement, conditionally agreed to use its reasonable endeavours to procure placees for the Placing Shares at the Placing Price. The Placing Shares will be placed with institutional investors introduced by Panmure Gordon.

The Placing Shares will be issued by the Group pursuant to the Placing, representing approximately 48.78 per cent. of the Enlarged Share Capital and raising approximately £10.0 million for the Group net of estimated expenses of £1.3 million to the Group.

In February 2015, the Major Shareholder provided a loan of £500,000 to Bexhill. On 23 June 2015, it was agreed that the principal loan amount would be repaid in full and the £500,000 be used by Mr Ravi Takhar to subscribe for 520,833 Ordinary Shares at the Placing Price.

David Clark has subscribed for 10,416 Ordinary Shares as part of the Placing at the Placing Price.

The Placing Shares will be issued credited as fully paid and will, on issue, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions thereafter declared, made or paid on the Enlarged Share Capital.

The Placing is conditional upon Admission becoming effective and the Placing Agreement otherwise becoming unconditional in all other respects by 1 July 2015, or such later date (being no later than 8 July 2015) as the Group and Panmure Gordon may agree. The Placing Agreement contains provisions entitling Panmure Gordon to terminate the Placing prior to Admission becoming effective. If this right is exercised, the Placing will lapse. The Placing has not been underwritten by Panmure Gordon.

None of the Placing Shares has been marketed to or will be made available in whole or in part to the public in conjunction with the application for Admission. The market capitalisation of the Group immediately following the Placing, at the Placing Price, will be approximately £20.5 million.

Following the issue of the New Ordinary Shares, Shareholders who do not participate in the Placing will suffer a dilution to their interest in the Group of approximately 48.78 per cent.

Further details of the Placing Agreement are set out in paragraph 10.2 of Part VI of this document.

14. Dividend Policy

It is the Directors' intention to implement a progressive dividend policy with an initial pay-out ratio of approximately 40 per cent. of profit after tax subject to the discretion of the Board and subject to the Group having appropriate distributable reserves. The first dividend payment will be in respect of the first half of 2016.

This may vary on the variety of factors and conditions and is dependent on the Group's cashflows, capital expenditure, budgets, earnings, financial condition and other factors as the Board may consider appropriate from time to time.

15. Share Dealing Code

The Group has adopted, with effect from Admission, a share dealing code for the Directors and certain employees which is appropriate for a company whose shares are admitted to trading on AIM (particularly relating to dealing during close periods in accordance with Rule 21 of the AIM Rules for Companies) and the Group will take all reasonable steps to ensure compliance by the Directors and any relevant employees.

16. Lock-in and Orderly Market Arrangements

The Group has entered into lock-in agreements with the Major Shareholder and Panmure Gordon pursuant to which the Major Shareholder (representing 53.66 per cent. of the Enlarged Share Capital) has agreed not to dispose of any of his interests in Ordinary Shares prior to the first anniversary of Admission, and thereafter for the following 12 months only to dispose of them through the Group's broker at the relevant time.

There are certain exceptions to the lock-in agreements, including: (i) disposals to an associate; (ii) disposals to (in certain circumstances) a person acting in the capacity of trustee of a trust created by the locked-in person; (iii) disposals in acceptance of a general offer made to shareholders of the Group to acquire all the issued Ordinary Shares of the Group; (iv) disposals under any scheme or reconstruction under section 110 of the Insolvency Act 1986; (v) disposals pursuant to any compromise or arrangement providing for the acquisition by any person (or group of persons acting in concert) of 50 per cent. or more of the equity share capital of the Group (whether such arrangement or compromise has been sanctioned by the court or not); (vi) disposals pursuant to an intervening court order; or (vii) disposals by the personal representatives after the death of the locked-in person (if applicable).

17. Relationship Agreement

The Group has entered into the Relationship Agreement with the Major Shareholder which is summarised in paragraph 10.5 of Part VI of this document. The Relationship Agreement, which is conditional on and takes effect from Admission, is intended to ensure that the Group is capable of carrying on its business independently of the Major Shareholder and his connected persons following Admission.

18. Admission, Settlement and Dealings

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital will commence on 1 July 2015.

The Articles permit the Group to issue Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a computerised share transfer and settlement system. The system allows shares and other securities to be held in electronic form rather than paper form, although a shareholder can continue dealing based on share certificates and notarial deeds of transfer. For private investors who do not trade frequently, this latter course is likely to be more cost-effective.

For more information concerning CREST, Shareholders should contact their brokers or Euroclear UK & Ireland Limited at 33 Cannon Street, London EC4M 5SB.

19. Taxation Information for Investors

The attention of prospective investors is drawn to the information regarding taxation which is set out in paragraph 18 of Part VI of this document. These details are, however, only intended as a guide to the current taxation law position in the UK. **Prospective investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their professional advisers.**

20. Applicability of the Takeover Code

The Takeover Code is issued and administered by the Panel. The Group is subject to the Takeover Code and therefore all Shareholders are entitled to the protections afforded by it. As the Major Shareholder will hold more than 50 per cent. of the Company's issued share capital immediately following Admission, certain of these protections may not apply. Further information on the provisions of the Takeover Code are set out in paragraph 20 of Part VI of this document.

21. Risk Factors

Prospective investors should consider carefully the risk factors described in the section headed "Risk Factors" and set out in Part II of this document in addition to the other information set out in this document and their own circumstances, before deciding to invest in Ordinary Shares.

22. Further Information

Potential investors should read the whole of this document which provides additional information on the Group and the Placing and not rely on summaries or individual parts only. Your attention is drawn in particular to the Risk Factors set out in Part II.

PART II

RISK FACTORS

An investment in the Group is subject to a number of risks and uncertainties. Accordingly, in evaluating whether to make an investment in the Group potential investors should consider carefully all of the information set out in this document and the risks attaching to an investment in the Group, including (but not limited to) the risk factors described below, before making any investment decision with respect to the shares. The Directors believe that the risks described below are the material risks relating to the Ordinary Shares as at the date of this document. The risk factors described below do not purport to be an exhaustive list and do not necessarily comprise all of the risks to which the Group is exposed or all those associated with an investment in the Group. In particular, the Group's performance is likely to be affected by changes in market and/or economic conditions and changes in the laws and regulations (including in legal, accounting, regulatory and tax requirements). The risk factors described below are not intended to be presented in any assumed order of priority. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Group. If any of the following risks were to materialise, the Group's business, financial condition, results, prospects and/or future operations may be materially adversely affected. In such case, the value of the shares may decline and an investor may lose all or part of their investment in the Ordinary Shares.

The past performance of the Group which is referred to in this document is for information or illustrative purposes only and should not be interpreted as an indication, or as a guarantee, of future performance.

RISKS RELATING TO THE BUSINESS AND OPERATIONS OF THE GROUP

The Group is reliant on its reputation and the appeal of its brands to its customers. Any damage to the Group's reputation and appeal could harm the Group and its business prospects

The Group considers a loss of reputation to be a significant risk to a business operating in the financial services sector and believes that the risk to its reputation would arise as a result of a failure to manage the Group's other risks. However, the Group places the highest importance on risk management at all levels of the organisation and strives to demonstrate the highest level of integrity in all its activities. The Group dedicates significant management time and other resources to ensure all employees are aware of the need to display the highest ethical standards in their day to day work. Despite these measures, there can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events relating to reputational risks arise in the future. The Group could also be indirectly at risk from a loss of reputation of its peers. Any loss of reputation of comparable companies, or businesses that operate in the same sector, could adversely affect the reputation of the Group by association, which in turn could negatively affect the financial performance and/or prospects of the Group.

The Group relies on the knowledge and skills of its senior management team and its ability to recruit suitable staff to support its growth

The Group's business, development and prospects are dependent upon the continued services and performance of its Directors, notably Mr Ravi Takhar, and other key personnel. The experience and commercial relationships of the Directors and key personnel help provide the Group with a competitive edge. The Directors believe that the loss of services of any existing key executives or key personnel, for any reason, or failure to attract and retain necessary personnel, could adversely impact the business, development, financial condition, results of operations and prospects of the Group. Whilst the Group has entered into service agreements or contracts of employment with Directors and senior employees with the aim of securing their services, the retention of their services cannot be guaranteed.

The Group's success depends on its employees and on its ability to continue to attract and retain highly skilled and qualified personnel. The Group's plans for growth may be restricted or slowed due to any future difficulties experienced in recruiting and retaining appropriate staff although, as a public company whose shares will be admitted to AIM and traded on the London Stock Exchange, the Directors believe that the Company will be an attractive proposition for skilled and talented potential employees.

Following admission, the Directors intend to take out key man insurance for Mr Ravi Takhar but there can be no assurance that adequate insurance will be obtained on favourable terms or at all.

The Group faces concentration risks relating to the macroeconomic environment in the UK, which could in turn reduce demand for the Group's lending products and have a material adverse effect on the Group

The Group's operations are based entirely in the UK and its revenue is derived from UK-based customers, in particular in the South-East of England. In the event of a disruption to the UK credit markets or general economic conditions in the UK or macroeconomic conditions generally (including increased interest rates and/or unemployment in regions where the Group has significant customer presence), this concentration risk could cause the Group to experience a deterioration in earnings and reduced business activity.

Adverse economic conditions in the UK could have a negative impact on the financial circumstances of the insurance broker or the professional firm who guarantee repayment by their client to the Group, such as through increased unemployment, which may affect the brokers' or the firms' ability to repay their loans. This in turn, increases the likelihood that the insurance broker or the professional firm could default, which could in turn lead to an increase in non-payment, arrears and forbearance as well as an increase in the Group's impairment charges.

Credit Risk

Credit risk arises when the possibility exists of a counter-party defaulting on its obligations. Bad debts may arise in the future as a result of deterioration in the quality of the Group's loan portfolio. This may occur for a number of reasons, such as a slowdown in economic growth and other adverse macroeconomic trends that may cause operational, financial and liquidity problems for the Group's clients. All finance provided by the Group to its clients is guaranteed by the introducing insurance broker or professional firm. As a result the Directors consider the finance provided to be of extremely high quality and to date has resulted in no arrears or losses on the lending book of the Group in the last seven years. Nevertheless, macroeconomic or other circumstantial events may cause insurance broker or professional service firm to experience financial, operational or liquidity problems and so they could be unable to guarantee repayment should the client default.

Interest Rate Risk

The Group's results of operations depend on its net interest income. The group currently funds a part of its lending through borrowings (Bexhill up to 75 per cent. through Barclays Bank PLC and Orchard up to 80 per cent. from Bracken Holdings Limited). The Group believes that an increase of equity capital should allow the Group to negotiate better borrowing rates with higher levels of gearing. Despite this, fluctuations in interest rates could adversely affect its financial condition and results of operations by increasing interest expense.

The firm's loan book to its clients has an average outstanding duration of less than six months and so it has a small sensitivity to changes in interest rates. An increase in interest rate could increase the likelihood of the firm's clients defaulting, which could in turn adversely affect the introducing insurance broker or professional service firm who are effectively underwriting the loan. This could deteriorate the quality of the finance provided by the Group and may affect its overall profitability.

Availability of Debt Funding

The Group requires access to sources of funding to support its client lending and in order to grow its business. Access to the debt markets, which the Group has historically utilised to fund a significant proportion of its lending to customers, may become severely restricted. Some uncertainty around credit markets remains following the dislocation in those markets seen during the financial crisis of 2007 to 2008. There is an uncertainty in the medium term over the levels of funding that will be available to the Group via the debt markets.

The Group's current banking facilities from Barclays Bank PLC have been extended to July 2016. The Directors believe it is standard practice in the banking market of lending to provide finance facilities to companies such as the Group on terms not exceeding 12 months. The Group has not had any term longer than 12 months on any of its facilities since it started business in 2002, but there is no guarantee that the Group will be able to refinance or renew those facilities for a period beyond that time or that it will be able to refinance on similar or more favourable terms. Investors should be aware that any increase in interest rates may increase the costs of the Group's borrowings and may have an adverse effect on the returns to investors. In the event that the Group is unable to refinance those facilities, it will be required to repay all or part of its borrowings which will require it to-wind down or decrease the level of its lending.

It should be noted that the Directors are confident that bank facilities will be available to the Group now and into the future for the following reasons:

- The Group continued to obtain banking facilities throughout the financial credit crisis, which started in 2007;
- The Group's materially improved capital position post-Admission will ensure that any future banking facilities will be supported by substantial equity in the business on a comparative basis to its historical equity position; and
- The short-term, amortising and low risk nature of the Group's lending will continue to be an attractive safe harbour for bank lending in any period of financial instability.

It should be noted that the Group offers short term fixed rate products, but is funded by floating rate LIBOR linked banking facilities. This fact is not considered to be material in the context of the lending of the Group, due to the short-term nature of the Group's lending, the ability of the Group to raise its rates in respect of new lending and the significant spread between the Group's funding costs and the rates that it lends to borrowers.

Liquidity Risk

The Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times to prevent the Group from breaching borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements.

The Group retains cash balances in order to allow repayment of obligations on time, without taking into account any factors that it cannot predict. In the event that such unforeseen factors occur, they may have a material adverse effect on the Group's operations, financial condition and/or prospects.

The Group may require additional capital in the longer term, depending on factors such as regulatory changes or the pursuit of its growth strategy. Such additional capital may not be available or may only be available on unfavourable terms

The Group's capital requirements depend on numerous factors, including working capital and any minimum regulatory capital requirements. If its capital requirements in the longer term were to vary materially from those which the Directors currently anticipate, or if the Group requires significantly more capital for its expansion than currently anticipated, the Group might require financing. In order to be able to make the necessary payment, the Group may need to obtain borrowing facilities or seek to raise funds in the capital markets, failing which it would have to raise additional capital from Shareholders. There can be no assurance that the Group will be able to raise additional funds, whether in the form of debt or equity, when needed or that such funds will be available on terms favourable to it.

A number of factors (including conditions in the credit, debt and equity markets and general economic conditions) may make it difficult for the Group to obtain additional financing or raise capital on favourable terms or at all. If, in the longer term, the Group fails to raise additional funds when needed or to obtain such funds on favourable terms, it could have a material adverse effect on the Group's business, results of operations, financial condition and growth prospects.

The Group's risk management framework, systems and processes may prove inadequate to manage its risks, and any failure to properly assess or manage such risks could harm the Group

The Group's approach to risk management requires senior management to make complex judgements, including decisions (based on assumptions about economic factors) about the level and types of risk that the Group is willing to accept in order to achieve its business objectives. These also include the maximum level of risk the Group can assume before breaching constraints determined by liquidity needs and its regulatory and legal obligations, including, among others, from a conduct and prudential perspective. Given these complexities, and the dynamic environment in which the Group operates, the decisions made by senior management may not be appropriate or yield the results expected. In addition, senior management may be unable to recognise emerging risks for the Group quickly enough to take appropriate action in a timely manner.

While the Group has guidelines, policies and contingency plans to manage such risks, they may not prove to be adequate in practice. If the Group is unable to effectively manage the risks it faces, its reputation, business, financial condition, results of operations and prospects could be materially adversely affected.

The Group is subject to risks relating to fraudulent activity carried out by customers and inaccurate or misleading information provided by customers

Due to the nature of the Group's business, it has exposure to many different customers. The Group's selection and screening processes with respect to its lending customers, as well as its internal relationship management processes, may be ineffective if the Group's customers engage in fraudulent activity. Examples of such activity may include the creation and financing of fictitious credit agreements. Such fraudulent activity could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

The Group is also reliant on the accuracy and completeness of information it receives from its credit reference agencies and customers. If the Group receives inaccurate or misleading financial statements, credit reports or other financial information relating to its borrowers, it may lend to borrowers which are more likely to default on their obligations to the Group, which could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

The Group is subject to risks associated with its exposure to a number of large customers/debtors

The Group has a number of large corporate borrowers, which exposes the Group to a material financial risk if one of those borrowers defaults in its obligations to the Group.

It should be noted that in most instances of larger lending to corporate borrowers by the Group, all such borrowing is fully secured, guaranteed by the relevant introducing insurance broker or accountant and supported by many smaller credit agreements to individuals and businesses.

The competitive environment in which the Group operates may negatively affect the Group's ability to maintain and continue to grow its lending book

A core element of the Group's business strategy is to maintain and continue to grow its lending book by addressing smaller customers who may be poorly served by the larger lenders in the market and by providing them with a higher quality service. If other competitors target the same markets as the Group, the Group may lose its differentiating position and be unable grow in line with projected volumes.

The Group faces competition from other existing specialist lenders, notably Premium Credit Limited and Close Brothers, which have greater scale and financial resources, stronger brand recognition, broader product offerings and more extensive distribution networks than the Group. While the Directors believe that more traditional lenders may be less willing or able to address the insurance premium finance and the professions fee finance markets, and that customer preferences have created significant opportunities in these markets, these factors are subject to change, which could adversely affect the Group's business.

It is possible that companies other than the Group may have projects which are not known to the Group, and which could render the Group's services less competitive or obsolete. New entrants to the sector may emerge, including companies comprised of a person or persons previously employed by the Group, and competitors may develop more effective and more cost-competitive services than, or may offer products superior to, those of the Group.

Existing competitors or future competitors may also engage in enhanced marketing activities which may result in the Group's customers borrowing from competitors rather than the Group.

Whilst the Directors believe that the Group has developed strong and established relationships with its customer base and intends to grow its lending book, there are no assurances that the Group will win any additional market share from its competitors or maintain its existing market share.

Any of the above factors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

FCA review of the premium finance market

The FCA has recently reviewed the premium finance market and has revealed that insurer and insurance intermediaries have not always provided customers with clear information about different payment options available when buying general insurance products. In particular the FCA highlighted:

- Insurers and intermediaries did not provide clear information about the overall cost of paying for insurance. Some firms did not provide an example setting out the interest rate, fees or charges and a representative APR;
- Customers should expect clear information about the payment options available to them and should have adequate information of the credit agreement early on in the process to make an informed choice; and
- Insurance brokers should make clear their role in arranging premium finance, their relations with the finance provider and information regarding their fees and commissions.

The Directors are aware of the review conducted by the FCA and are confident that their documentation and procedures fulfil the requirements of the FCA. The Group's business and profitabilities could, however, be adversely affected by future regulatory requirements.

Legal and regulatory matters

Certain activities of the Group require permission from the FCA to conduct regulated activities related to consumer credit. Since 2014, the regulator for consumer credit businesses has changed from the Office of Fair Trading to the Financial Conduct Authority. Currently, consumer credit businesses are subject to a transitional regulatory regime. The Group currently holds all relevant regulatory permissions to conduct its business.

During the interim permission regime, the FCA will supervise consumer credit firms mainly through "event-driven" and "issues-based" supervision. The FCA will be able to take enforcement action against firms (including the Group) with an interim permission if they have not met the applicable requirements, including those of the Consumer Credit Act 1974 ("CCA") and the rules made by the FCA or PRA. The FCA has the right to remove a firm's interim permission at any stage if it determines that the firm is no longer fit to hold it.

Bexhill has applied for a full permission. There is no guarantee that Bexhill will receive full authorisation from FCA to conduct its business, or that any full authorisation will not be withdrawn. Orchard is expected to submit an application for a full permission after July 2015. Again, there is no guarantee that Orchard will receive full authorisation from FCA, or that any full authorisation will not be withdrawn. The Directors are not aware of any reason why full authorisation for Bexhill or Orchard will not be forthcoming.

The Group's business and profitability would be adversely affected by any failure to retain authorisation from the regulator.

The Group operates in an evolving regulatory environment

The regulated environment in which the Group operates is evolving, particularly following the change in regulation of consumer credit business from under the auspices of the Office of Fair Trading, to the FCA. Any changes to the regulation of consumer credit businesses will have an effect on the regulatory environment within which the Group operates. Any change in the laws and regulations governing the Group's business or in the interpretation or application thereof by the FCA or other regulators in the UK or other jurisdictions, or by a court or other relevant person, or an adverse outcome of a regulatory review of the Group or its Directors or employees could also affect the products and services which the Group is able to offer and/or to whom and where it may offer them or the fees it is able to charge for such products and services or may increase the Group's regulatory compliance costs which may result in reducing the Group's margins. Furthermore, regulatory change could adversely affect the ability of the Group to retain personnel, including as a result of the impact of any changes in regulations relating to remuneration. Any of these factors could have an adverse effect on the Group's business, results of operations, financial condition and growth prospects.

The Group is not currently subject to an onerous degree of regulation or legislation, however in the future, subject to Bexhill and Orchard obtaining full permission for their regulated activities from the FCA, the Group could be subject to more extensive regulation. The Group may fail, or be held to have failed to comply with regulations. In addition, such regulations may change, making compliance more onerous.

The FCA is the sole regulator for the Group. The withdrawal of, or an amendment to, any regulatory approval required by a Group, Company or any of its Directors or employees for the Group's business could result in the cessation of, or an adverse change in, the Group's business or part thereof.

The FCA has broad regulatory powers dealing with all aspects of financial services, including the authority to grant, and in specific circumstances to vary or cancel, permissions and to regulate marketing and sales practices, advertising and the maintenance of adequate financial resources. The FCA has effected greater regulatory scrutiny over the financial institutions it regulates over recent years and it is expected that this will continue for the foreseeable future, particularly given the change to the regulation of consumer credit businesses.

The FCA and other regulators have in the past and may in the future make enquiries of companies operating within their jurisdiction regarding compliance with regulations governing the conduct of business or the operation of a regulated business (including the degree and sufficiency of supervision of the business by the Company) and the handling and treatment of clients, or conduct investigations where it is alleged that regulations (including insider trading legislation) have been breached. The FCA and/or other regulators could conclude that the Group and/or its employees have breached applicable regulations or regulatory principles and/or have not undertaken corrective action as required and commence regulatory proceedings which could result in a public reprimand to and/or fines or other regulatory sanctions being imposed upon one or more entitles with the Group or any of its Directors or employees. Regulatory proceedings could result in adverse publicity or negative perceptions regarding the Group, restrictions on business activities and/or key personnel and/or fines and other penalties, any of which could result in a loss of revenue, as well as diverting the attention of the Group's management from the day-to-day management of the Group. A significant regulatory action against a member of the Group or any of its Directors could have a material adverse effect on the Group's business, results of operations, financial condition and growth prospects.

Changes in: (i) the extent of the FCA's oversight of the Group's business; (ii) the FCA's interpretation or application of the current rules in respect of regulatory capital; (iii) the Group's regulatory capital requirements (including increases in the amount of regulatory capital required to be held), could, in the longer term, impact upon the Company's surplus working capital and have a material adverse effect on the Group's business, results of operations, financial condition and growth prospects. The Directors are not, however, currently aware of any changes in regulations that may affect the regulatory capital requirements applicable to the Group in the short to medium term.

The Group is dependent on IT systems, which are subject to potential disruption or failure

The Group's operations are dependent on IT systems, which could potentially suffer significant disruptions or even failure. The Group has licensed a bespoke database software system, the Orchard Funding Management ("OFM") system, which incorporates systems, procedures and documentation needed by an insurance broker or professional service firm to introduce its clients to the Group and conduct finance business. The Group relies on the system to manage finance agreements, calculate funding requirements and perform day to day accounting and administrative tasks of the Group.

Although the Group believes these IT systems, and specifically OFM, have been developed to allow the Group to scale its business, there can be no assurance that such IT systems are or will continue to be able to support a significant increase in business as the Group's customer base grows. Although the Group has in place business continuity procedures and security measures in the event of IT failures or disruption, including backup IT systems for business critical systems, these backup systems are not, and are not intended to be, a full duplication of the Group's operational systems. Should any of these procedures and measures not anticipate, prevent or mitigate a network failure or disruption, should an incident occur for which there is no duplication or should such systems be unavailable for use by Group for whatever reason, the Group could experience a material adverse effect on its business, financial condition, results of operations and prospects.

Orchard Funding Group PLC is the licensee under the licence for OFM. The scope of the licence in terms of wider Group use is not specifically noted, however Bexhill has also used OFM with the awareness of the licensor. The terms of the licence for the database software system are short form and in some cases lack provisions that one would expect to find in a licence (including support terms and clarity in respect of termination provisions which suggest that either party could terminate on reasonable notice). The Directors do not anticipate termination by the licensor or any challenge to the current scope of the use of the licence on the basis that the licensor receives a revenue stream from the Group in respect of its use. The Directors also anticipate that the licensor will continue to support and maintain the software to ensure continuation of that revenue stream. The Directors intend to negotiate a more comprehensive agreement with the licensor following Admission.

The Group is also a party to an option agreement for OFM. The option agreement entitles the Group to purchase intellectual property rights in OFM outright for £249,999. The option agreement, if exercised, will transfer all title to and interests and rights in the database software system to the Group. The option agreement can be exercised immediately and mitigates a number of the risks identified in the previous paragraph.

The Group may be subject to privacy or data protection failures and cyber-theft

The Group is subject to regulation regarding the use of personal customer data. The Group processes personal customer data (including name, address and bank details) as part of its business and therefore, must comply with strict data protection and privacy laws. Such laws restrict the Group's ability to collect and use personal information relating to customers and potential customers, including the use of that information for marketing purposes. The Group is also at risk of cyber-theft, a risk common to others in the financial services sector. The Group seeks to ensure that procedures are in place to ensure compliance with the relevant data protection regulations by its employees and any third party service providers, and also implements security measures to help prevent cyber-theft. Notwithstanding such efforts, the Group is exposed to the risk that data could be wrongfully appropriated, lost or disclosed, stolen or processed in breach of data protection regulations. If the Group or any of the third party service providers on which it relies fails to store or transmit customer information in a secure manner, or if any loss of personal customer data were otherwise to occur, the Group could face liability under data protection laws. Any of these events could also result in the loss of the goodwill of its customers and deter new customers, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Estimates in Financial Statements

Preparation of consolidated financial statements requires the Group to use estimates and assumptions. Accounting for estimates requires the Group to use its judgement to determine the amount to be recorded on its financial statements in connection with these estimates. The Group's accounting policies require management to make certain estimates and assumptions as to future events and circumstances. However, the actual amounts could differ from those based on estimates and assumptions. In addition, the carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. If the estimates and assumptions are inaccurate, the Group could be required to write down the value of certain assets.

After the Admission and Placing, the Major Shareholder will continue to be able to exercise significant influence over the Group, its management and its operations

As at the date of Admission, the Major Shareholder will be interested in over 50 per cent. of the issued share capital of the Group. Although the Relationship Agreement seeks to ensure that the Group's independence will be maintained, nonetheless this means that the Major Shareholder has the power to exercise significant influence over all matters requiring Shareholder approval, including the election and removal of the Directors, amendment to the Articles, approval of dividends and share buybacks, compromises and schemes of arrangement and mergers. This could have the effect of preventing the Group from entering into transactions that could be beneficial to it or its other Shareholders. Also the trading price of the Ordinary Shares could be materially affected if potential new investors are disinclined to invest in the Group because they perceive disadvantages to such a concentration of ownership.

Furthermore under Rule 9 of the Takeover Code, when any person acquires shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30 per cent. or more of the voting rights exercisable at general meetings of a company and when any person, or persons acting in concert, hold 30 per cent. or more, but no more than 50 per cent. of the voting rights exercisable at general meetings of a company and that person, or any person acting in concert with him, acquires any additional shares which increase his percentage of the voting rights, such person is obliged (save with the consent of the Panel and the passing of an ordinary resolution by the independent shareholders of the company) to extend a general offer to all Shareholders of that company to purchase their shares for cash. However, at Admission, the Major Shareholder (together with his family) will hold more than 50 per cent. of the Group's voting share capital and as a result the Major Shareholder (together with those deemed to be in concert with him) will be able to increase their aggregate interest in shares without incurring any obligation under Rule 9 to make a general offer.

RISKS RELATING TO THE ORDINARY SHARES

Orderly Market Arrangements

The market price of Ordinary Shares could decline significantly as a result of any sales of Ordinary Shares by certain Shareholders following expiry of the orderly market period (or otherwise), as detailed in the paragraph entitled "Lock-In and Orderly Market Arrangements" in paragraph 10.4 of Part VI of this document or the perception that these sales could occur.

Investment Risk and AIM

Prior to Admission, there has been no public market in the Ordinary Shares. Whilst the Group is applying for Admission to AIM, there can be no assurance that an active trading market for the Ordinary Shares will develop, or if developed, that it will be maintained. AIM is a market for emerging or smaller companies and may not provide the liquidity normally associated with the Official List or other exchanges. The future success of AIM and the liquidity in the market for Ordinary Shares cannot be guaranteed. In particular, the market for Ordinary Shares may be, or may become, relatively illiquid, particularly given the Lock-in and Orderly Market Arrangements described in paragraph 10.4 of Part VI of this document and therefore the Ordinary Shares may be or may become difficult to sell. The market price of the Ordinary Shares could be subject to significant fluctuations due to a change in investor sentiment regarding the Ordinary Shares or in response to various factors and events, including the Group's performance generally, variations in the Group's interim or full year operating results, business developments of the Group and/or its competitors, significant purchases or sales of Ordinary Shares, legislative changes, and general economic, political or regulatory conditions, and other factors outside the control of the Group. Potential investors should be aware that the value of securities and the income from them can go down as well as up, and investors may realise less than, or lose all of, their investment. The market price of the Ordinary Shares may not reflect the underlying value of the Group and an investment in a security which is traded on AIM might be less realisable and generally carries a higher risk than a security quoted on the Official List. The price which investors may realise for their holding of Ordinary Shares, and when they are able to do so, may be influenced by a large number of factors, some of which are specific to the Group and others of which are extraneous.

Lack of Active Market

On Admission, there will be a limited number of Shareholders in the Group and therefore it is possible that an active trading market may not develop. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Placing Price. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected.

Valuation of Shares

The Placing Price per Ordinary Share has been determined by the Group, and may not relate to the Group's net asset value, net worth or any established criteria or value. There can be no guarantee that the Ordinary Shares will be able to achieve higher valuations or, if they do so, that such higher valuations can be maintained.

Future Payment of Dividends

There can be no assurance as to the level of future dividends. The declaration, payment and amount of any future dividends of the Group are subject to the discretion of the Directors and shareholders of the Group and will depend upon, *inter alia*, the Group's earnings, financial position, cash requirements and availability of profits as well as the provisions of relevant laws and/or generally accepted accounting principles from time to time.

Market Perception

Market perception of the Group may change, potentially affecting the value of investors' holdings and the ability of the Group to raise further funds by the issue of further Ordinary Shares or otherwise.

Forward-looking Statements

This document contains forward-looking statements that involve risks and uncertainties. All statements, other than those of historical fact, contained in this document are forward-looking statements. The Group's actual results could differ materially from those anticipated in the forward looking statements as a result of many factors. Investors are urged to read this entire document carefully before making an investment decision.

The forward-looking statements in this document are based on the relevant Directors' beliefs and assumptions and information only as of the date of this document, and the forward-looking events discussed in this document might not occur. Therefore, investors should not place any reliance on any forward-looking statements. Except as required by law or regulation, the Directors undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future earnings or otherwise.

It should be noted that the risk factors listed above are not intended to be exhaustive and do not necessarily comprise all of the risks to which the Group is or may be exposed or all those associated with an investment in the Group. In particular, the Group's performance is likely to be affected by changes in market and/or economic conditions, political, judicial, and administrative factors and in legal, accounting, regulatory and tax requirements in the areas in which it operates and holds its major assets. There may be additional risks and uncertainties that the Directors do not currently consider to be material or of which they are currently unaware, which may also have an adverse effect upon the Group.

PART III

HISTORICAL FINANCIAL INFORMATION

Part III of this document contains the historical financial information of Orchard Funding Limited for the three years ended 31 July 2014 and for six months ended 31 January 2015 set out in Sections B and C. The accountants report on the Orchard audited historical financial information at Section B is set out in Section A. The historical financial information of Bexhill UK Limited for the three years ended 31 March 2014 and for 10 months ended 31 January 2015 is set out in Sections E and F. The accountants report on the Bexhill audited historical financial information at Section E is set out in Section D.

Since the date of its incorporation, Orchard Funding Group PLC has not yet commenced operations and, save for the effects of entering the Share Exchange Agreement, has no material assets or liabilities, and therefore no historical financial information has been prepared as at the date of this admission document.

SECTION A

ACCOUNTANT'S REPORT ON ORCHARD FUNDING LIMITED

The following is the full text of a report on Orchard Funding Limited from Baker Tilly Corporate Finance LLP, the Reporting Accountants, to the Directors of Orchard Funding Group PLC.

BAKER TILLY

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The Directors
Orchard Funding Group PLC
960 Capability Green
Luton
Bedfordshire
LU1 3PE

24 June 2015

Dear Sirs,

Orchard Funding Limited ("the Company"), definitions restricted to Section A and Section B of Part III of this document

We report on the financial information of Orchard Funding Limited set out in Part III Section B of the Admission Document dated 24 June 2015 ("Admission Document") of Orchard Funding Group PLC. This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out at Note 2 to the financial information and covers the three years ended 31 July 2014. This report is required by paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose. We have not audited or reviewed the financial information for the 6 months ended 31 January 2015 and accordingly do not express an opinion thereon.

Save for any responsibility arising under paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law, we do not accept or assume responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules, or consenting to its inclusion in the Admission Document.

Responsibilities

The Directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Orchard Funding Limited as at 31 July 2012, 31 July 2013 and 31 July 2014 and of its profits, other comprehensive income, cash flows and changes in equity for the three years ended 31 July 2014 in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of part (a) of Schedule Two to the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with item 1.2 of Annex I and item 1.2 of Annex III of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules.

Yours faithfully

Baker Tilly Corporate Finance LLP

Regulated by the Institute of Chartered Accountants in England and Wales

Baker Tilly Corporate Finance LLP is a limited liability partnership registered in England and Wales, registered no. OC325347.

A list of the names of members is open to inspection at the registered office 25 Farringdon Street, London, EC4A 4AB.

SECTION B

AUDITED HISTORICAL FINANCIAL INFORMATION ON ORCHARD FUNDING LIMITED FOR THE THREE YEARS ENDED 31 JULY 2014

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 JULY 2012, 2013 AND 2014

	Notes	*2012*	*2013*	*2014*
		£000	*£000*	*£000*
CONTINUING OPERATIONS				
Interest income		983	1,165	1,165
Interest expense		(598)	(610)	(551)
NET INTEREST INCOME		385	555	614
Administrative expenses		(326)	(401)	(423)
OPERATING PROFIT		59	154	191
PROFIT BEFORE TAXATION	4	59	154	191
Taxation	6	(16)	(43)	(45)
PROFIT FOR THE YEAR		43	111	146
Earnings per share attributable to the owners of the company	16			
Basic and diluted (pounds)		430	1,110	1,460

There is no other comprehensive income.

ORCHARD FUNDING LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2012, 2013 AND 2014

	Notes	*2012* *£000*	*2013* *£000*	*2014* *£000*
ASSETS				
CURRENT ASSETS				
Trade and other receivables	8	8,124	8,402	8,017
Cash and cash equivalents	9	80	27	17
		8,204	8,429	8,034
TOTAL ASSETS		8,204	8,429	8,034
EQUITY SHAREHOLDERS' EQUITY				
Called up share capital	10	–	–	–
Retained earnings		49	104	250
TOTAL EQUITY		49	104	250
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	11	2,038	1,940	2,106
Interest bearing loans and borrowings	12	6,101	6,342	5,633
Tax payable		16	43	45
		8,155	8,325	7,784
TOTAL LIABILITIES		8,155	8,325	7,784
TOTAL EQUITY AND LIABILITIES		8,204	8,429	8,034

ORCHARD FUNDING LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 JULY 2012, 2013 AND 2014

	Share capital *£000*	*Retained earnings* *£000*	*Total equity* *£000*
Balance at 1 August 2011	–	6	6
Changes in equity			
Total comprehensive income	–	43	43
Balance at 31 July 2012	–	49	49
Changes in equity			
Dividends	–	(56)	(56)
Total comprehensive income	–	111	111
Balance at 31 July 2013	–	104	104
Changes in equity			
Total comprehensive income	–	146	146
Balance at 31 July 2014	–	250	250

ORCHARD FUNDING LIMITED

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 JULY 2012, 2013 AND 2014

	Notes	*2012* *£000*	*2013* *£000*	*2014* *£000*
Cash flows from operating activities				
Cash generated from operating activities	17	(1,053)	(222)	743
Tax paid		(1)	(16)	(43)
Net cash from operating activities		(1,054)	(238)	700
Cash flows from financing activities				
New loans in year		14,378	14,845	19,253
Loan repayments in year		(13,267)	(14,604)	(19,963)
Equity dividends paid		–	(56)	–
Net cash from financing activities		1,111	185	(710)
Increase/(decrease) in cash and cash equivalents		57	(53)	(10)
Cash and cash equivalents at beginning of year	9	23	80	27
Cash and cash equivalents at end of year	9	80	27	17

NOTES TO THE HISTORICAL FINANCIAL INFORMATION FOR THE YEARS ENDED 31 JULY 2012, 2013 AND 2014

1. General information

Orchard Funding Limited ("Orchard") was incorporated on 25 July 2008 under the Companies Act 2006, as a private limited company and is registered in England and Wales. The principal activity of Orchard is that of the provision of funding. The address of its head office and registered office is 960 Capability Green, Luton, Beds, LU1 3PE.

2. Accounting policies

Basis of preparation

The historical financial information ("Historical Financial Information") has been prepared in accordance with applicable International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs") and international Financial Reporting Interpretations Committee ("IFRIC") interpretations (collectively "IFRSs") as adopted for use in the European Union ("EU").

The Historical Financial Information has been prepared under the historical cost convention, unless otherwise stated in the accounting policies. Having considered uncertainties under the current economic environment, and after making enquiries, the Directors have a reasonable expectation that Orchard has adequate resources to continue in operation for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the Historical Financial Information.

New standards, amendments and interpretations issued but not effective

The following Standards and Interpretations relevant to the company's operations that have not been applied in Historical Financial Information were in issue but not yet effective:

- IFRS 14 'Regulatory deferral accounts'. IFRS 14 is effective for accounting periods beginning from 1 January 2016.
- IFRS 15 'Revenue from contracts with customers' provides a single, principles based five-step model to be applied to all contracts with customers. IFRS 15 is effective for accounting periods beginning from 1 January 2017.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation

The Directors anticipate that the adoption of these Standards and Interpretations as appropriate in future years will have no material impact on the Historical Financial Information.

Presentation of the historical financial information

The Historical Financial Information is presented in accordance with IAS 1 Presentation of Financial Statements (Revised 2007). Orchard Funding Limited has elected to prepare a single Statement of Comprehensive Income. The presentational and functional currency of Orchard Funding Limited is UK pound sterling.

Revenue recognition

Interest arising from funding activities is recognised on a monthly basis using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life or duration of the financial instrument to the net carrying amount of the financial asset.

Taxation

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

Hire purchase and leasing commitments

Rentals paid under operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the income statement on a straight line basis over the period of the lease.

Interest payable

Interest payable is the costs associated with borrowing the money that is ultimately lent on to the customer and is presented within cost of sales.

Cash and cash equivalents

Cash and cash equivalents are defined as cash balances in hand and in the bank (including short term cash deposits).

Financial assets

Orchard only has financial assets classified as loans and receivables. The loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Cash and cash equivalents include cash in hand and deposits held at banks.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of funding to borrowers. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

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 Orchard will be unable to collect all of the amounts due under the terms receivable, 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 administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

Financial liabilities are comprised of trade payables and other short-term monetary liabilities, which are recognised at amortised cost. Trade payables and other short-term monetary liabilities, are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Critical accounting estimates and judgements and key sources of estimation uncertainty

The Directors make 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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Going concern – the directors regularly assess the company's ability to continue as a going concern. In their judgement, the company has adequate resources to continue in operation for the foreseeable future.

Segmental reporting

The Board of Directors, as the chief operating decision-making body, review financial information for and make decisions about Orchard Funding Limited's overall funding business and have identified a single operating segment, that of providing loans to borrowers. The Board of Directors also consider there to be only one geographical segment. On this basis no further disclosures are required as all information is in the historical financial information.

3. Employees and directors

	2012 *£000*	*2013* *£000*	*2014* *£000*
Wages and salaries	24	48	66

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

	2012	*2013*	*2014*
Number of employees	1	3	6

Directors' remuneration:

	2012 *£000*	*2013* *£000*	*2014* *£000*
Directors' remuneration	–	–	5

4. Profit before taxation

The profit before taxation is stated after charging:

	2012 *£000*	*2013* *£000*	*2014* *£000*
Interest expense	598	610	551
Other operating leases	9	9	7
Auditors' remuneration	3	4	5
Auditors' remuneration for non-audit work	–	–	2

Interest payable on borrowings amounting to £0.547 million (2013: £0.605 million, 2012: £0.592 million) is included as part of the operating results.

5. Administrative expenses

Administrative expenses over the period were as follows:

	2012 *£000*	*2013* *£000*	*2014* *£000*
Continuing Operations			
Employee costs	24	48	66
Management charges	13	20	–
Consultancy costs	152	183	197
Bank charges	2	19	43
General administrative expenses	135	131	117
Total	326	401	423

6. Taxation

Analysis of tax expense

	2012 £000	2013 £000	2014 £000
Current tax:			
Tax	16	43	45
Total tax expense in statement of profit or loss	16	43	45

Factors affecting the tax expense

The tax assessed for the year is higher than the effective rate of corporation tax in the UK. The difference is explained below:

	2012 £000	2013 £000	2014 £000
Profit on ordinary activities before taxation	59	154	191
Profit on ordinary activities multiplied by the effective rate of corporation tax in the UK of 22.3% (2013 – 23.7%, 2012 – 20.0%)	12	37	43
Effects of:			
Entertainment	4	9	2
Legal & Professional	–	–	–
Marginal Relief	–	(3)	–
Tax expense	16	43	45

7. Dividend

	2012 £000	2013 £000	2014 £000
Ordinary shares of £1 each	–	56	–

The dividend per share for the year ended 31 July 2014 was £Nil (2013: £560, 2012: £Nil) per share.

8. Trade and other receivables

	2012 £000	2013 £000	2014 £000
Current:			
Trade receivables	8,092	8,402	8,011
Other receivables	32	–	6
	8,124	8,402	8,017

There are no trade receivables that are past due.

9. Cash and cash equivalents

	2012	*2013*	*2014*
	£000	*£000*	*£000*
Cash in hand	–	–	–
Bank accounts	80	27	17
	80	27	17

10. Called up share capital

Allotted, issued and fully paid:

Number:	*Class:*	*Nominal value:*	*2012*	*2013*	*2014*
			£000	*£000*	*£000*
100	Ordinary Shares	£1	–	–	–

Capital management policy

Management considers capital to be the carrying amount of equity. Orchard Funding Limited manages its capital to ensure its operations are adequately provided for, while maximising the return to shareholders through the effective management of its resources. The principal financial risks faced by Orchard Funding Limited are liquidity risk, credit risk and interest rate risk. The Directors review and agree policies for managing each of these risks. These policies remain unchanged from previous years.

Capital risk management: Orchard Funding Limited's objectives when managing capital are to safeguard its ability to continue as a going concern and so provide returns for shareholders.

Orchard Funding Limited meets its objectives by aiming to achieve growth which will generate regular and increasing returns to the shareholders. Orchard Funding Limited manages the capital structure and makes changes in light of changes in economic conditions. In order to maintain or adjust the capital structure, Orchard Funding Limited may adjust the amount of dividends paid to shareholders.

11. Trade and other payables

	2012	*2013*	*2014*
	£000	*£000*	*£000*
Current:			
Trade payables	1,858	1,841	1,929
Other payables	–	1	80
Direct debit refunds	–	17	29
Accrued expenses	180	81	68
	2,038	1,940	2,106

The Directors consider that the carrying value of trade and other payables approximates their fair value.

12. Financial liabilities – borrowings

	2012	*2013*	*2014*
	£000	*£000*	*£000*
Current:			
Bank loans	6,101	6,342	5,633

Terms and debt repayment schedule: The above amounts are due with 1 year from their respective year ends.

The bank loan, which is with Bracken Holdings Limited, has an interest rate which is the higher of (a) 10 per cent. and (b) LIBOR plus 9.46 per cent. The maximum drawdown facility for the loan is £7 million and is repayable on demand with 12 months' notice from the bank. The bank loan is secured on the assets of the company by way of a fixed and floating charge.

13. Financial instruments

The company is exposed to the risks that arise from its use of financial instruments. This note describes the objectives, policies and processes of the company for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout this financial information.

Principal financial instruments

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

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

The company held the following financial assets at each reporting date:

	As at 31 July 2012 £000	*As at 31 July 2013 £000*	*As at 31 July 2014 £000*
Loans and receivables:			
Trade and other receivables: current	8,124	8,402	8,017
Cash and cash equivalents	80	26	17
	8,204	8,428	8,034

The company held the following financial liabilities at each reporting date:

	As at 31 July 2012 £000	*As at 31 July 2013 £000*	*As at 31 July 2014 £000*
Held at amortised cost:			
Borrowings payable: current	6,101	6,342	5,633
Trade and other payables	1,858	1,859	2,038
	7,959	8,201	7,671

Fair value of financial instruments

The fair values of the financial assets and liabilities are not materially different to their carrying values due to the short term nature of the current assets and liabilities.

Financial risk management

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

- Interest rate risk
- Credit risk
- Liquidity risk

The company's policies for financial risk management are outlined below:

Interest rate risk

The company's interest rate risk arises from certain of its borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. The company gives careful consideration to interest rates when considering its borrowing requirements. The Directors believe that the interest rate risk is at an acceptable level.

Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the company. Credit risk arises principally from the company's trade and other receivables. The company gives careful consideration to which organisations it provides funding to in order to minimise credit risk. The company has an established credit policy under which each new borrower is analysed for creditworthiness and each borrower is required to sign a direct debit mandate.

At each reporting date the company had no borrowers with outstanding balances over 10 per cent. of the total trade receivables balance. Trade receivables are considered to be fully recoverable due to the full recourse that exists between Orchard Funding Limited and the guarantor of the loan.

Liquidity risk management

The company maintains good relationships with its banks, which have high credit ratings.

Fair value of financial instruments

The fair values of the financial assets and liabilities are not materially different to their carrying values due to the short term nature of the current assets and liabilities.

Financial risk management

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

- Interest rate risk
- Credit risk
- Liquidity risk

14. Related party disclosures

Entities under control of Mr Ravi Takhar or close family members are as follow:

Bexhill UK Limited
TKR Limited
Associated Premium Funding Limited

Transactions with these companies are listed below:

Bexhill UK Limited

The company acts as agent for Bexhill UK Limited insofar as it facilitates the availability of funding from its provider of finance to support the commercial activities of the that company under a tripartite agreements with the lender. During the year a facility fee of £Nil (2013: £15,000, 2012: £30,000) was charged by the company to Bexhill UK Limited and interest income of £Nil (2013: £10,000, 2012: £Nil).

During the year Bexhill UK Limited recharged licence fees and overheads of £3,300 (2013: £42,781, 2012: £27,098) to the company. The charges are included within the category of expenditure to which they relate.

Amounts due from Bexhill UK Limited of £1,406,000 (2013: £1,674,000, 2012: £1,576,000) are included within trade receivables at the year end.

TKR Limited

During the year TKR Limited charged consultancy fees of £Nil (2013: £10,000, 2012: £20,000) to the company.

Accrued expenditure of £Nil (2013: £Nil, 2012: £45,000) in respect of these consultancy fees is included within other creditors at the year end.

Other related parties and transactions with them are as follows:

Mr Harbans Takhar

During the year dividends were paid to Mr Harbans Takhar of £Nil (2013: £10,596, 2012: £Nil).

During the year Mr Harbans Takhar charged a consultancy fee of £Nil (2013: £732, 2012: £20,000) to the company.

The services of Mr Harbans Takhar, other than his fiduciary duties, have been supplied to the company under a separate distinct contract. The company has incurred consultancy fees of £Nil (2013: £49,600, 2012: £Nil) for services supplied during the year.

Accrued expenditure of £Nil (2013: £6,000, 2012: £Nil) in respect of these charges are included within other creditors at the year end.

Mrs Raj Takhar

During the year dividends were paid to Mrs Raj Takhar totalling £Nil (2013: £45,268, 2012: £Nil).

15. Ultimate controlling party

The company is controlled by Mr Ravi Takhar by virtue of his shareholding.

16. Earnings per share

	As at 31 July 2012	*As at 31 July 2013*	*As at 31 July 2014*
Profit from continuing operations attributable to owners (£000)	43	111	146
Weighted average number of shares in issue (number)	100	100	100
Earnings per share (pounds)	430	1,100	1,460

17. Reconciliation of profit before taxation to cash generated from operations

		2012 £000	*2013 £000*	*2014 £000*
Profit before taxation	59	154	191	
Decrease/(increase) in trade and other receivables		(1,434)	(278)	384
Increase/(decrease) in trade and other payables		322	(98)	168
Cash generated from operations		(1,053)	(222)	743

18. Post balance sheet events

On 23 June 2015, Orchard Funding Group PLC acquired the entire issued share capital of the company and Bexhill UK Limited for an issue of 10,937,500 Ordinary Shares in itself.

SECTION C

UNAUDITED HISTORICAL FINANCIAL INFORMATION ON ORCHARD FUNDING LIMITED FOR THE SIX MONTHS ENDED 31 JANUARY 2015

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 JANUARY 2015

	Period ended 31 January 2014 £000	*Period ended 31 January 2015 £000*
CONTINUING OPERATIONS		
Interest income	558	643
Interest expense	(293)	(307)
NET INTEREST INCOME	265	336
Administrative expenses	(190)	(201)
OPERATING PROFIT	75	135
PROFIT BEFORE TAXATION	75	135
Taxation	–	–
PROFIT FOR THE YEAR	75	135

There is no other comprehensive income.

ORCHARD FUNDING LIMITED

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2015

	Notes	*Year ended 31 July 2014 £000*	*Period ended 31 January 2015 £000*
ASSETS			
CURRENT ASSETS			
Trade and other receivables	2	8,017	8,740
Cash and cash equivalents		17	11
		8,034	8,751
TOTAL ASSETS		8,034	8,751
EQUITY SHAREHOLDERS' EQUITY			
Called up share capital		–	–
Retained earnings		250	385
TOTAL EQUITY		250	385
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	3	2,106	1,895
Interest bearing loans and borrowings	4	5,633	6,424
Tax payable		45	47
		7,784	8,366
TOTAL LIABILITIES		7,784	8,366
TOTAL EQUITY AND LIABILITIES		8,034	8,751

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 JANUARY 2015

	Share capital £000	*Retained earnings £000*	*Total equity £000*
Balance at 1 August 2013	–	104	104
Changes in equity			
Total comprehensive income	–	146	146
Balance at 31 July 2014	–	250	250
Changes in equity			
Total comprehensive income	–	135	135
Balance at 31 January 2015	–	385	385

UNAUDITED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 JANUARY 2015

	Notes	*Period ended 31 January 2014 £000*	*Period ended 31 January 2015 £000*
Cash flows from operating activities			
Cash generated from operating activities	7	1,258	(799)
Tax (paid)/refund		(43)	2
Net cash from operating activities		1,215	(797)
Cash flows from financing activities			
New loans in year		6,602	8,823
Loan repayments in year		(7,831)	(8,032)
Net cash from financing activities		(1,229)	791
Decrease in cash and cash equivalents		(14)	(6)
Cash and cash equivalents at beginning of year	8	27	17
Cash and cash equivalents at end of year	8	13	11

NOTES TO THE UNAUDITED HISTORICAL FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 31 JANUARY 2015

1. Accounting policies

Basis of preparation

The historical financial information ("Historical Financial Information") has been prepared in accordance with applicable International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs") and international Financial Reporting Interpretations Committee ("IFRIC") interpretations (collectively "IFRSs") as adopted for use in the European Union ("EU").

The Historical Financial Information has been prepared under the historical cost convention, unless otherwise stated in the accounting policies. Having considered uncertainties under the current economic environment, and after making enquiries, the Directors have a reasonable expectation that Orchard has adequate resources to continue in operation for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the Historical Financial Information.

New standards, amendments and interpretations issued but not effective

The following Standards and Interpretations relevant to the company's operations that have not been applied in Historical Financial Information were in issue but not yet effective:

- IFRS 14 'Regulatory deferral accounts'. IFRS 14 is effective for accounting periods beginning from 1 January 2016.
- IFRS 15 'Revenue from contracts with customers' provides a single, principles based five-step model to be applied to all contracts with customers. IFRS 15 is effective for accounting periods beginning from 1 January 2017.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation

The Directors anticipate that the adoption of these Standards and Interpretations as appropriate in future years will have no material impact on the Historical Financial Information.

Presentation of the historical financial information

The Historical Financial Information is presented in accordance with IAS 1 Presentation of Financial Statements (Revised 2007). Orchard Funding Limited has elected to prepare a single Statement of Comprehensive Income. The presentational and functional currency of Orchard Funding Limited is UK pound sterling.

Revenue recognition

Interest arising from funding activities is recognised on a monthly basis using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life or duration of the financial instrument to the net carrying amount of the financial asset.

Taxation

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

Hire purchase and leasing commitments

Rentals paid under operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the income statement on a straight line basis over the period of the lease.

Interest payable

Interest payable is the costs associated with borrowing the money that is ultimately lent on to the customer and is presented within cost of sales.

Cash and cash equivalents

Cash and cash equivalents are defined as cash balances in hand and in the bank (including short term cash deposits).

Financial assets

Orchard only has financial assets classified as loans and receivables. The loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Cash and cash equivalents include cash in hand and deposits held at banks.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of funding to borrowers. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

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 Orchard will be unable to collect all of the amounts due under the terms receivable, 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 administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

Financial liabilities are comprised of trade payables and other short-term monetary liabilities, which are recognised at amortised cost. Trade payables and other short-term monetary liabilities, are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Critical accounting estimates and judgements and key sources of estimation uncertainty.

The Directors make 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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Going concern – the directors regularly assess the company's ability to continue as a going concern. In their judgement, the company has adequate resources to continue in operation for the foreseeable future.

Segmental reporting

The Board of Directors, as the chief operating decision-making body, review financial information for and make decisions about Orchard Funding Limited's overall funding business and have identified a single operating segment, that of providing loans to borrowers. The Board of Directors also consider there to be only one geographical segment. On this basis no further disclosures are required as all information is in the historical financial information.

2. Trade and other receivables

	As at 31 July 2014 £000	*As at 31 January 2015 £000*
Current:		
Trade receivables	8,011	8,724
Other receivables	6	16
	8,017	8,740

3. Trade and other payables

	As at 31 July 2014 £000	*As at 31 January 2015 £000*
Current:		
Trade payables	1,929	1,766
Other payables	80	21
Direct debit refunds	29	35
Accrued expenses	68	73
	2,106	1,895

The Directors consider that the carrying value of trade and other payables approximates their fair value.

4. Financial liabilities – borrowings

	As at 31 July 2014 £000	*As at 31 January 2015 £000*
Current:		
Bank loans	5,633	6,424

Terms and debt repayment schedule: The above amounts are due with 1 year from their respective year ends.

The bank loan, which is with Bracken Holdings Limited, has an interest rate which is the higher of (a) 10 per cent. and (b) LIBOR plus 9.46 per cent. The maximum drawdown facility for the loan is £7 million and is repayable on demand with 12 months' notice from the bank. The bank loan is secured on the assets of the company by way of a fixed and floating charge.

5. Financial instruments

The company is exposed to the risks that arise from its use of financial instruments. This note describes the objectives, policies and processes of the company for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout this financial information.

Principal financial instruments

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

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

The company held the following financial assets at each reporting date:

	As at 31 July 2014 £000	*As at 31 January 2015 £000*
Loans and receivables:		
Trade and other receivables: current	8,017	8,740
Cash and cash equivalents	17	11
	8,034	8,751

The company held the following financial liabilities at each reporting date:

Fair value of financial instruments

	As at 31 July 2014 £000	*As at 31 January 2015 £000*
Held at Amortised cost:		
Borrowings payable: current	5,633	6,424
Trade and other payables	2,038	1,822
	7,671	8,246

The fair values of the financial assets and liabilities are not materially different to their carrying values due to the short term nature of the current assets and liabilities.

Financial risk management

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

- Interest rate risk
- Credit risk
- Liquidity risk

Interest rate risk

The company's interest rate risk arises from certain of its borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. The company gives careful consideration to interest rates when considering its borrowing requirements. The Directors believe that the interest rate risk is at an acceptable level.

At each reporting date the company had no borrowers with outstanding balances over 10 per cent. of the total trade receivables balance.

Liquidity risk management

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the company's reputation.

The Directors manage liquidity risk by regularly reviewing cash requirements by reference to short term cash flow forecasts and medium term working capital projections prepared by management.

The company maintains good relationships with its banks, which have high credit ratings.

6. Related party disclosures

Entities under control of Mr Ravi Takhar or close family members are as follow:

Bexhill UK Limited
TKR Limited
Associated Premium Funding Limited

Transactions with these companies are listed below:

Bexhill UK Limited

During the period Bexhill UK Limited recharged licence fees and overheads of £Nil (2014: £3,300) to the company. The charges are included within the category of expenditure to which they relate.

Amounts due from Bexhill UK Limited of £1,241,000 (2014: £1,372,000) are included within trade receivables at the period end.

7. Reconciliation of profit before taxation to cash generated from operations

	Period ended 31 January 2014 £000	*Period ended 31 January 2015 £000*
Profit before taxation	75	135
Decrease/(increase) in trade and other receivables	1,535	(723)
(Decrease) in trade and other payables	(352)	(211)
Cash generated from operations	1,258	(799)

8. Cash and cash equivalents

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statements of financial position amounts:

Year ended 31 July 2014	*1 August 2013 £000*	*31 July 2014 £000*
Cash and cash equivalents	27	13

Period ended 31 January 2015	*1 August 2014 £000*	*31 January 2015 £000*
Cash and cash equivalents	17	11

9. Post Balance Sheet Events

On 23 June 2015, Orchard Funding Group PLC acquired the entire issued share Capital of the company and Bexhill UK Limited for an issue of 10,937,500 Ordinary Shares in itself.

SECTION D

ACCOUNTANT'S REPORT ON BEXHILL UK LIMITED

The following is the full text of a report on Bexhill UK Limited from Baker Tilly Corporate Finance LLP, the Reporting Accountants, to the Directors of Orchard Funding Group PLC.

BAKER TILLY
25 Farringdon Street
London
EC4A 4AB
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DX: 1040 London/Chancery Lane
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The Directors
Orchard Funding Group PLC
960 Capability Green
Luton
Bedfordshire
LU1 3PE

24 June 2015

Dear Sirs,

Bexhill UK Limited ("the Company"), definitions restricted to Section D and Section E of Part III of this document

We report on the financial information of Bexhill UK Limited set out in Part III Section E of the Admission Document dated 24 June 2015 ("Admission Document") of Orchard Funding Group PLC. This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out at Note 2 to the financial information and covers the three years ended 31 March 2014. This report is required by paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose. We have not audited or reviewed the financial information for the 10 months ended 31 January 2015 and accordingly do not express an opinion thereon.

Save for any responsibility arising under paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by law, we do not accept or assume responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules, or consenting to its inclusion in the Admission Document.

Responsibilities

The Directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of Bexhill UK Limited as at 31 March 2012, 31 March 2013 and 31 March 2014 and of its profits, other comprehensive income, cash flows and changes in equity for the three years ended 31 March 2014 in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of part (a) of Schedule Two to the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with item 1.2 of Annex I and item 1.2 of Annex III of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules.

Yours faithfully

Baker Tilly Corporate Finance LLP

Regulated by the Institute of Chartered Accountants in England and Wales

Baker Tilly Corporate Finance LLP is a limited liability partnership registered in England and Wales, registered no. OC325347.

A list of the names of members is open to inspection at the registered office 25 Farringdon Street, London, EC4A 4AB.

SECTION E

AUDITED HISTORICAL FINANCIAL INFORMATION ON BEXHILL UK LIMITED FOR THE THREE YEARS ENDED 31 MARCH 2014

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 MARCH 2012, 2013 AND 2014

	Notes	*2012* *£000*	*2013* *£000*	*2014* *£000*
CONTINUING OPERATIONS				
Interest income		1,703	1,716	1,782
Interest expense		(453)	(415)	(364)
NET INTEREST INCOME		1,250	1,301	1,418
Administrative expenses	4	(814)	(628)	(547)
OPERATING PROFIT		436	673	871
Finance costs		(1)	–	–
PROFIT BEFORE TAXATION	5	435	673	871
Taxation	6	(103)	(162)	(207)
PROFIT FOR THE YEAR		332	511	664
Earnings per share attributable to the owners of the company				
Basic and diluted (pounds)	20	0.33	0.51	1.11

There is no other comprehensive income.

BEXHILL UK LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2012, 2013 AND 2014

ASSETS	*Notes*	*2012* *£000*	*2013* *£000*	*2014* *£000*
NON-CURRENT ASSETS				
Property, plant and equipment	8	10	5	12
CURRENT ASSETS				
Trade and other receivables	9	9,968	9,188	10,002
Tax receiveable		1	5	1
Cash and cash equivalents	10	1	–	–
		9,970	9,193	10,003
TOTAL ASSETS		9,980	9,198	10,015
SHAREHOLDERS' EQUITY				
Called up share capital	11	1,000	1,000	500
Capital redemption reserve		–	–	500
Retained earnings		991	1,247	605
TOTAL EQUITY		1,991	2,247	1,605
LIABILITIES				
NON-CURRENT LIABILITIES				
Deferred tax	12	3	1	2
CURRENT LIABILITIES				
Trade and other payables	13	218	135	100
Bank overdrafts	14	–	56	41
Interest bearing loans and borrowings	14	7,668	6,596	8,060
Tax payable		100	163	207
		7,986	6,950	8,408
TOTAL LIABILITIES		7,989	6,951	8,410
TOTAL EQUITY AND LIABILITIES		9,980	9,198	10,015

STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 MARCH 2012, 2013 AND 2014

	Called up share capital £000	*Retained earnings £000*	*Capital redemption reserve £000*	*Total equity £000*
Balance at 1 April 2011	1,000	809	–	1,809
Changes in equity				
Total comprehensive income	–	332	–	332
Dividends	–	(150)	–	(150)
Balance at 31 March 2012	1,000	991	–	1,991
Changes in equity				
Dividends	–	(255)	–	511
Total comprehensive income	–	511	–	(255)
Balance at 31 March 2013	1,000	1,247	–	2,247
Changes in equity				
Total comprehensive income	–	664	–	664
Dividends	–	(170)	–	(170)
Other transactions with owners:				
Redemption of share capital	(500)	(636)	–	(1,136)
Transfer to capital redemption reserve		(500)	500	–
Balance at 31 March 2014	500	605	500	1,605

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 MARCH 2012, 2013 AND 2014

	Notes	*2012* *£000*	*2013* *£000*	*2014* *£000*
Cash flows from operating activities				
Cash generated from operating activities	17	470	1,694	326
Interest paid		(379)	(334)	(283)
Tax paid		(99)	(105)	(160)
Net cash from operating activities		(8)	1,255	(117)
Cash flows from investing activities				
Purchase of tangible fixed assets		(15)	–	(18)
Net cash from investing activities		(15)	–	(18)
Net cash from financing activities				
Net new loans in year		469	–	1,465
Net loans repaid in year		(346)	(1,072)	–
Loan from director		–	15	–
Loan repaid to director		–	–	(9)
Share buyback		–	–	(1,136)
Equity dividends paid		(150)	(255)	(170)
Net cash from financing activities		(27)	(1,312)	150
Decrease in cash and cash equivalents		(50)	(57)	15
Cash and cash equivalents at beginning of year	18	51	1	(56)
Cash and cash equivalents at end of year	18	1	(56)	(41)

NOTES TO THE HISTORICAL FINANCIAL INFORMATION FOR THE YEARS ENDED 31 MARCH 2012, 2013 AND 2014

1. General information

Bexhill UK Limited ("Bexhill") was incorporated on 8 May 2000 under the Companies Act 1985, as a private limited company and is registered in England and Wales. The principal activity of Bexhill is that of the provision of funding. The address of its head office 960 Capability Green, Luton, Beds, LU1 3PE and its registered office is 2 College Street, Higham Ferrers, Northamptonshire NN10 8DZ.

2. Accounting policies

Basis of preparation

The historical financial information ("Historical Financial Information") has been prepared in accordance with applicable International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations (collectively "IFRSs") as adopted for use in the European Union ("EU").

The Historical Financial Information has been prepared under the historical cost convention, unless otherwise stated in the accounting policies. Having considered uncertainties under the current economic environment, and after making enquiries, the Directors have a reasonable expectation that Bexhill has adequate resources to continue in operation for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the Historical Financial Information.

New standards, amendments and interpretations issued but not effective

The following Standards and Interpretations relevant to the company's operations that have not been applied in Historical Financial Information were in issue but not yet effective:

- IFRS 14 'Regulatory deferral accounts'. IFRS 14 is effective for accounting periods beginning from 1 January 2016.
- IFRS 15 'Revenue from contracts with customers' provides a single, principles based five-step model to be applied to all contracts with customers. IFRS 15 is effective for accounting periods beginning from 1 January 2017.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation

The Directors anticipate that the adoption of these Standards and Interpretations as appropriate in future years will have no material impact on the Historical Financial Information.

Presentation of the historical financial information

The Historical Financial Information is presented in accordance with IAS 1 Presentation of Financial Statements (Revised 2007). Bexhill UK Limited has elected to prepare a single Statement of Comprehensive Income. The presentational and functional currency of Bexhill UK Limited is UK pound sterling.

Revenue recognition

Interest arising from funding activities is recognised on a monthly basis using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life or duration of the financial instrument to the net carrying amount of the financial asset.

Income arising from associated funding services is included in interest income and is recognised as the service is provided.

Property, plant and equipment

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

Fixtures and fittings	–	25% on cost
Computer equipment	–	33% on cost

Taxation

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

Hire purchase and leasing commitments

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

Interest payable

Interest payable is the cost of borrowing to lend on to customers. For this reason it therefore forms part of operating results.

Cash and cash equivalents

Cash and cash equivalents are defined as cash balances in hand and in the bank (including short term cash deposits).

Financial assets

Bexhill only has financial assets classified as loans and receivables. The loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Cash and cash equivalents include cash in hand and deposits held at banks.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of funding to borrowers. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

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 Bexhill will be unable to collect all of the amounts due under the terms receivable, 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 administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

Financial liabilities are comprised of trade payables and other short-term monetary liabilities, which are recognised at amortised cost. Trade payables and other short-term monetary liabilities, are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Critical accounting estimates and judgements and key sources of estimation uncertainty

The Directors make 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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Going concern – The directors regularly assess the company's ability to continue as a going concern. In their judgement, the company has adequate resources to continue in operation for the foreseeable future.

Segmental reporting

The Board of Directors, as the chief operating decision-making body, review financial information for and make decisions about Bexhill UK Limited's overall funding business and have identified a single operating segment, that of providing loans to borrowers, and consider there to be only one geographical segment. On this basis no further disclosures are required as all information is in the historical financial information.

Dividends

The company has a policy of paying dividends to shareholders in accordance with the amount recommended by the Directors. Dividends are recognised when they become legally payable. In the case of interim dividends, this is when dividends are paid. In the case of final dividends, this is when the dividends are approved by the shareholders at the Annual General Meeting.

3. Employees and directors

	2012	*2013*	*2014*
	£000	*£000*	*£000*
Wages and salaries	258	146	148
Social security costs	24	14	16
	282	160	164
The above includes directors remuneration			
Director's remuneration	119	11	34

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

	2012	*2013*	*2014*
Number of employees	4	4	4

4. Administrative expenses

	2012 £000	2013 £000	2014 £000
Continuing Operations:			
Employee and director costs	297	170	175
Management charges	10	8	–
Consultancy costs	47	20	14
Bank charges	134	148	156
General administrative expenses	326	282	202
Total	814	628	547

5. Profit before taxation

The profit before taxation is stated after charging:

	2012 £000	2013 £000	2014 £000
Interest expense	453	415	364
Other operating leases	39	36	36
Auditors' remuneration	6	7	7
Auditors' remuneration for non-audit work	3	3	2

Interest payable on borrowings amounting to £283,306 (2013: £333,939, 2012: £379,345) is included as part of the operating results.

6. Taxation

Analysis of tax expense

	2012 £000	2013 £000	2014 £000
Current tax:			
Tax	100	163	207
Total current tax	100	163	207
Deferred tax	3	(1)	–
Total tax expense in statement of profit or loss	103	162	207

Factors affecting the tax expense

The tax assessed for the year is higher than the effective rate of corporation tax in the UK. The difference is explained below:

	2012	*2013*	*2014*
	£000	*£000*	*£000*
Profit on ordinary activities before income tax	435	673	871
Profit on ordinary activities multiplied by the effective rate of corporation tax in the UK of 23.0% (2013 – 23.0%, 2012 – 22.5%)	98	154	200
Effects of:			
Items disallowed for tax	5	8	8
Capital allowances in excess of depreciation	(3)	–	(1)
Depreciation in advance of capital allowances	–	1	–
Deferred tax	3	–	–
Tax expense	103	163	207

7. Dividend

	2012	*2013*	*2014*
	£000	*£000*	*£000*
Ordinary shares of £1 each	150	255	170

The dividend per share for the year ended 31 March 2014 was £0.34 (2013: £0.26; 2012: £0.30).

8. Property, plant and equipment

	2012	*2013*	*2014*
	£000	*£000*	*£000*
Cost			
At 1 April	39	54	20
Additions	15	–	18
Disposals	–	(34)	–
At 31 March	54	20	38
Depreciation			
At 1 April	39	44	15
Charge for year	5	5	11
Disposals	–	(34)	–
At 31 March	44	15	26
Net book value			
At 31 March	10	5	12

9. Trade and other receivables

	2012 £000	2013 £000	2014 £000
Current:			
Trade receivables	9,930	9,164	9,945
Other receivables	33	24	57
Directors' loan accounts	5	–	–
	9,968	9,188	10,002

There are no trade receivables that are past due.

10. Cash and cash equivalents

	2012 £000	2013 £000	2014 £000
Cash in hand	–	–	–
Bank accounts	1	–	–
	1	–	–

11. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2012 £000	2013 £000	2014 £000
1,000,000	Ordinary Shares	£1	1,000	1,000	500

During 2014 the company repurchased 500,000 shares owned by Mr Ian Gentleman. The price paid for these was £1,135,978.

Capital management policy

Management considers capital to be the carrying amount of equity. Bexhill UK Limited manages its capital to ensure its operations are adequately provided for, while maximising the return to shareholders through the effective management of its resources. The principal financial risks faced by Bexhill UK Limited are liquidity risk, credit risk and interest rate risk. The Directors review and agree policies for managing each of these risks. These policies remain unchanged from previous years.

Capital risk management: Bexhill UK Limited's objectives when managing capital are to safeguard its ability to continue as a going concern and so provide returns for shareholders.

Bexhill UK Limited meets its objectives by aiming to achieve growth which will generate regular and increasing returns to the shareholders. Bexhill UK Limited manages the capital structure and makes changes in light of changes in economic conditions. In order to maintain or adjust the capital structure, Bexhill UK Limited may adjust the amount of dividends paid to shareholders.

12. Deferred tax

The deferred tax balance relates wholly to accelerated capital allowances.

13. Trade and other payables

	2012 £000	2013 £000	2014 £000
Current:			
Trade payables	12	8	4
Other payables	48	30	30
Accrued expenses	158	88	66
Directors' loan account	–	9	–
	218	135	100

The Directors consider that the carrying value of trade and other payables approximates their fair value.

14. Financial liabilities – borrowings

	2012 £000	2013 £000	2014 £000
Current:			
Bank loans	–	56	41
Bank loans	5,883	5,746	6,878
Other loans	1,785	850	1,182
Total	7,668	6,596	8,060

Bank borrowings are secured by a fixed and floating charge over all the assets of the company, bear interest at rates of 1.75 per cent. above LIBOR plus any associated costs rates, and are repayable within one year of the advances. The maximum drawdown facility is £7m therefore at 31 March 2014 £122,000 was undrawn.

Other loans are unsecured, bear interest at varying rates (most of which are at 10 per cent. APR) and are repayable within one year of the advances.

The company is exposed to the risks that arise from its use of financial instruments. This note describes the objectives, policies and processes of the company for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout this financial information.

15. Financial instruments

The company is exposed to the risks that arise from its use of financial instruments. This note describes the objectives, policies and processes of the company for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout this financial information.

Principal financial instruments

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

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

The company held the following financial assets at each reporting date:

	2012 £000	2013 £000	2014 £000
Loans and receivables:			
Trade and other receivables: current	9,968	9,188	10,002
Cash and cash equivalents	1	–	–
	9,969	9,188	10,002

The company held the following financial liabilities at each reporting date:

	2012 £000	2013 £000	2014 £000
Held at amortised cost:			
Borrowings payable: current	7,668	6,652	8,101
Trade and other payables	60	47	34
	7,728	6,699	8,135

Fair value of financial instruments

The fair values of the financial assets and liabilities are not materially different to their carrying values due to the short term nature of the current assets and liabilities.

Financial risk management

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

- Interest rate risk
- Credit risk
- Liquidity risk

The company's policies for financial risk management are outlined below:

Interest rate risk

The company's interest rate risk arises from certain of its borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. The company gives careful consideration to interest rates when considering its borrowing requirements. The Directors believe that the interest rate risk is at an acceptable level.

Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the company. Credit risk arises principally from the company's trade and other receivables. The company gives careful consideration to which organisations it provides funding to in order to minimise credit risk. The company has an established credit policy under which each new borrower is analysed for creditworthiness and each borrower is required to sign a direct debit mandate. Each borrower signs a facilities agreement supported by a debenture deed and loans are guaranteed by a third party, therefore trade receivables are considered to be fully recoverable. At each reporting date the company had no borrowers with outstanding balances over 10 per cent. of the total trade receivables balance.

Liquidity risk management

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the company's reputation.

The Directors manage liquidity risk by regularly reviewing cash requirements by reference to short term cash flow forecasts and medium term working capital projections prepared by management. The company maintains good relationships with its bank, which has a high credit rating.

16. Related party disclosures

The company is controlled by: 2014 Mr Ravi Takhar by virtue of his 100 per cent. shareholding; 2013 and 2012 Mr Ravi Takhar and Mr Ian Gentleman by virtue of their respective shareholdings of 50 per cent. each.

Entities under control of Mr Ravi Takhar or close family members are as follow:

Orchard Funding Limited

RRT Associated Limited

Associated Premium Funding Limited

Transactions with these companies are listed below:

Orchard Funding Limited

During the period the company charged Orchard Funding Limited an administration fee of: 2014, £10,000; 2013, £10,000; 2012, £24,950. In addition Orchard Funding Limited charged Bexhill UK Limited a facility fee of: 2014, £Nil; 2013, £30,000; 2012, £55,000.

Amounts due to Orchard Funding Limited of 2014, £1,182,000; 2013, £850,000; 2012, £1,785,000 are included within other loans at the year end.

Bexhill UK Limited is party to an agreement between itself, Orchard Funding Limited and a company called Bracken Holdings Limited. Under the terms of this agreement Bexhill UK Limited has agreed to supply Bracken Holdings Limited with copies of its accounts and other financial information as required by that company under a tripartite agreement.

RRT Associated Limited

During the period RRT Associated Limited made a loan to Bexhill UK Limited amounting to: 2014, £Nil; 2013, £Nil; 2012, £75,500. This bore interest at a rate of 10 per cent. and was an interest only loan for one year. It was repaid in 2013.

Associated Premium Funding Limited

Associated Premium Funding Limited acts a funding company for a number of clients of Bexhill UK Limited. As such it does not trade in its own right. Any payments to or receipts from this company are on behalf of third parties.

Mr Ravi Takhar

During the period Mr Ravi Takhar had a loan from the company amounting to: 2014, £Nil; 2013, £Nil; 2012, £5,639. This was repaid during 2013 and Mr Ravi Takhar loaned the company a further £9,361. This was repaid during 2014 and at 31 March 2014 the amount outstanding between the company and him was £Nil.

During the period dividends were paid to Mr Ravi Takhar amounting to: 2014, £150,000; 2013, £168,000; 2012, £150,000.

Mr Ian Gentleman

During the period dividends were paid to Mr Ian Gentleman amounting to: 2014, £19,500; 2013, £87,000; 2012, £Nil.

Management compensation

During the period Mr Ravi Takhar received:

Fees: 2014, £5,543; 2013, £Nil; 2012, £29,615.

Other benefits in kind: 2014, £10,980; 2013, £10,603; 2012, £14,415.

During the period Mr Ian Gentleman received:

Fees: 2014, £Nil; 2013, £Nil; 2012, £75,000.

17. Reconciliation of profit before taxation to cash generated from operations

	2012 *£000*	*2013* *£000*	*2014* *£000*
Profit before taxation	435	673	871
Depreciation charges	5	5	11
Interest payable in direct costs	379	334	283
Finance costs	1	–	–
	820	1,012	1,165
(Increase)/decrease in trade and other receivable	(425)	775	(814)
Increase/(decrease) in trade and other payables	75	(93)	(25)
Cash generated from operations	470	1,694	326

18. Cash and cash equivalents

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statements of financial position amounts:

	1 April 2011 *£000*	*31 March 2012* *£000*
Year ended 31 March 2012		
Cash and cash equivalents	50	1
Bank overdrafts	–	–
	50	1

	1 April 2012 *£000*	*31 March 2013* *£000*
Year ended 31 March 2013		
Cash and cash equivalents	1	–
Bank overdrafts	–	(56)
	1	(56)

	1 April 2013 *£000*	*31 March 2014* *£000*
Year ended 31 March 2013		
Cash and cash equivalents	–	–
Bank overdrafts	(56)	(41)
	(56)	(41)

19. Treatment of borrowings

The company borrows money from its bankers and lends this on, together with its own funds, to its customers. Any increase in activity leads to an increase in debtors and an associated increase in borrowings. If the company was one which bought and sold goods or services the money borrowed would be similar to the company's stock in trade and the change in creditors would be shown as part of operating cash flows. However, accounting standards require cash flows from financing to be shown separately and this means that there appears to be a large outflow of cash from the company's operations which is then covered by borrowings. For reasons stated above this is not the case.

20. Earnings per share

	2012	*2013*	*2014*
Profit from continuing operations attributable to owners (£000)	332	511	664
Weighted average number of shares in issue (number)	1,000,000	1,000,000	599,000
Earnings per share (pounds)	0.33	0.51	1.11

21. Post balance sheet events

(a) Under a loan agreement entered into on 12 January 2015 between Mr Ravi Takhar and the company, Mr Ravi Takhar provided an on-demand loan of £500,000 to the company in February 2015. The loan carries an interest rate of the official rate of interest under section 181 of the Income Tax (Earnings and Pensions) Act 2003, calculated quarterly and payable annually in arrears. On 23 June 2015, it was agreed that the principal loan amount would be repaid in full and the £500,000 be used by Mr Ravi Takhar to subscribe for 520,833 Ordinary Shares at the Placing Price.

(b) On 23 June 2015, Orchard Funding Group PLC acquired the entire issued share capital of the company and Orchard Funding Limited for an issue of 10,937,500 Ordinary Shares in itself.

(c) During the 10 month period ended 31 January 2015, Bexhill declared dividends amounting to £143,000, which were settled in the same period.

(d) Bexhill declared and paid further dividends amounting to £25,000 in its year ended 31 March 2015, paying a total of £168,000 in that financial year.

(e) Since the year ended 31 March 2015, in the period to 31 May 2015, Bexhill has declared and paid a dividend of £25,000.

SECTION F

UNAUDITED HISTORICAL FINANCIAL INFORMATION ON BEXHILL UK LIMITED FOR THE 10 MONTHS ENDED 31 JANUARY 2015

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE 10 MONTHS ENDED 31 JANUARY 2015

	Period ended 31 January 2014 £000	*Period ended 31 January 2015 £000*
CONTINUING OPERATIONS		
Interest income	1,475	1,644
Interest expense	(298)	(377)
NET INTEREST INCOME	1,177	1,267
Administrative expenses	(440)	(503)
OPERATING PROFIT	737	764
PROFIT BEFORE TAXATION	737	764
Taxation	(106)	(117)
PROFIT FOR THE YEAR	631	647

There is no other comprehensive income.

BEXHILL UK LIMITED

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2015

	Notes	*At 31 March 2014 £000*	*At 31 January 2015 £000*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	2	12	7
CURRENT ASSETS			
Trade and other receivables	3	10,002	11,512
Tax receivable		1	1
Cash and cash equivalents		–	–
		10,003	11,513
TOTAL ASSETS		10,015	11,520
EQUITY SHAREHOLDERS' EQUITY			
Called up share capital	4	500	500
Capital redemption reserve		500	500
Retained earnings		605	1,109
TOTAL EQUITY		1,605	2,109
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax	5	2	2
CURRENT LIABILITIES			
Trade and other payables	6	100	62
Bank overdrafts	7	41	27
Interest bearing loans and borrowings	7	8,060	9,199
Tax payable		207	121
		8,408	9,409
TOTAL LIABILITIES		8,410	9,411
TOTAL EQUITY AND LIABILITIES		10,015	11,520

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 10 MONTHS ENDED 31 JANUARY 2015

	Called up share capital £000	*Retained earnings £000*	*Capital redemption reserve £000*	*Total £000*
Balance at 1 April 2013	1,000	1,247	–	2,247
Changes in equity				
Total comprehensive income	–	664	–	664
Dividends	–	(170)	–	(170)
Other transactions with owners:				
Redemption of share capital	(500)	(636)	–	(1,136)
Transfer to capital redemption reserve	–	(500)	500	–
Balance at 31 March 2014	500	605	500	1,605
Changes in equity				
Total comprehensive income	–	647	–	647
Dividends	–	(143)	–	(143)
Balance at 31 January 2015	500	1,109	500	2,109

UNAUDITED STATEMENT OF CASH FLOWS FOR THE 10 MONTHS ENDED 31 JANUARY 2015

	Notes	*Period ended 31 January 2014 £000*	*Period ended 31 January 2015 £000*
Cash flows from operating activities			
Cash generated from operations	9	(112)	(473)
Interest paid		(231)	(307)
Tax paid		(159)	(202)
Net cash from operating activities		(502)	(982)
Cash flows from investing activities			
Purchase of tangible fixed assets		–	–
Net cash from investing activities		–	–
Cash flows from financing activities			
Net new loans in year		1,771	1,139
Loan repaid to director		(9)	–
Share buyback		(1,136)	–
Equity dividends paid		(145)	(143)
Net cash from financing activities		481	996
Increase/(decrease) in cash and cash equivalents		(21)	14
Cash and cash equivalents at beginning of year	10	(56)	(41)
Cash and cash equivalents at end of year	10	(77)	(27)

NOTES TO THE UNAUDITED HISTORICAL FINANCIAL INFORMATION FOR THE 10 MONTHS ENDED 31 JANUARY 2015

1. Accounting policies

Basis of Preparation

The historical financial information ("Historical Financial Information") has been prepared in accordance with applicable International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations (collectively "IFRSs") as adopted for use in the European Union ("EU").

The Historical Financial Information has been prepared under the historical cost convention, unless otherwise stated in the accounting policies. Having considered uncertainties under the current economic environment, and after making enquiries, the Directors have a reasonable expectation that Bexhill has adequate resources to continue in operation for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the Historical Financial Information.

New standards, amendments and interpretations issued but not effective

The following Standards and Interpretations relevant to the company's operations that have not been applied in Historical Financial Information were in issue but not yet effective:

- IFRS 14 'Regulatory deferral accounts'. IFRS 14 is effective for accounting periods beginning from 1 January 2016.
- IFRS 15 'Revenue from contracts with customers' provides a single, principles based five-step model to be applied to all contracts with customers. IFRS 15 is effective for accounting periods beginning from 1 January 2017.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation

The Directors anticipate that the adoption of these Standards and Interpretations as appropriate in future years will have no material impact on the Historical Financial Information.

Presentation of the historical financial information

The Historical Financial Information is presented in accordance with IAS 1 Presentation of Financial Statements (Revised 2007). Bexhill UK Limited has elected to prepare a single Statement of Comprehensive Income. The presentational and functional currency of Bexhill UK Limited is UK pound sterling.

Revenue recognition

Interest arising from funding activities is recognised on a monthly basis using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life or duration of the financial instrument to the net carrying amount of the financial asset.

Income arising from associated funding services is included in interest income and is recognised as the service is provided.

Property, plant and equipment

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

Fixtures and fittings	–	25% on cost
Computer equipment	–	33% on cost

Taxation

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

Hire purchase and leasing commitments

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

Interest payable

Interest payable is the cost of borrowing to lend on to customers. For this reason it therefore forms part of operating results.

Cash and cash equivalents

Cash and cash equivalents are defined as cash balances in hand and in the bank (including short term cash deposits).

Financial assets

Bexhill only has financial assets classified as loans and receivables. The loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Cash and cash equivalents include cash in hand and deposits held at banks.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of funding to borrowers. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

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 Bexhill will be unable to collect all of the amounts due under the terms receivable, 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 administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

Financial liabilities are comprised of trade payables and other short-term monetary liabilities, which are recognised at amortised cost. Trade payables and other short-term monetary liabilities, are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Critical accounting estimates and judgements and key sources of estimation uncertainty

The Directors make 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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Going concern – the directors regularly assess the company's ability to continue as a going concern. In their judgement, the company has adequate resources to continue in operation for the foreseeable future.

Segmental reporting

The Board of Directors, as the chief operating decision-making body, review financial information for and make decisions about Bexhill UK Limited's overall funding business and have identified a single operating segment, that of providing loans to borrowers, and consider there to be only one geographical segment. On this basis no further disclosures are required as all information is in the historical financial information.

Dividends

The company has a policy of paying dividends to shareholders in accordance with the amount recommended by the Directors. Dividends are recognised when they become legally payable. In the case of interim dividends, this is when dividends are paid. In the case of final dividends, this is when the dividends are approved by the shareholders at the Annual General Meeting.

2. Property, plant and equipment

	As at 31 March 2014 £000	*As at 1 January 2015 £000*
Cost		
At 1 April	20	38
Additions	18	–
At 31 March/31 January	38	38
Depreciation		
At 1 April	15	26
Charge for year	11	5
At 31 March/31 January	26	31
Net book value		
At 31 March/31 January	12	7

3. Trade and other receivables

	As at 31 March 2014 £000	*As at 31 January 2015 £000*
Current:		
Trade receivables	9,945	11,466
Other receivables	57	46
	10,002	11,512

There are no trade receivables considered to be past due.

4. Called up share capital

			As at 31 March 2014 £000	As at 31 January 2015 £000
Allotted, issued and fully paid:				
Number:	Class:	Nominal Value:		
500,000	Ordinary Shares	£1	500	500

During 2014 the company repurchased 500,000 shares owned by Mr Ian Gentleman. The price paid for these was £1,135,978.

Capital management policy

Management considers capital to be the carrying amount of equity. Bexhill UK Limited manages its capital to ensure its operations are adequately provided for, while maximising the return to shareholders through the effective management of its resources. The principal financial risks faced by Bexhill UK Limited are liquidity risk, credit risk and interest rate risk. The Directors review and agree policies for managing each of these risks. These policies remain unchanged from previous years.

Capital risk management: Bexhill UK Limited's objectives when managing capital are to safeguard its ability to continue as a going concern and so provide returns for shareholders.

Bexhill UK Limited meets its objectives by aiming to achieve growth which will generate regular and increasing returns to the shareholders. Bexhill UK Limited manages the capital structure and makes changes in light of changes in economic conditions. In order to maintain or adjust the capital structure, Bexhill UK Limited may adjust the amount of dividends paid to shareholders.

5. Deferred tax

The deferred tax balance relates wholly to accelerated capital allowances.

6. Trade and other payables

	As at 31 March 2014 £000	As at 31 January 2015 £000
Current:		
Social security and other taxes	4	6
Other payables	30	30
Accrued expenses	66	26
	100	62

The Directors consider that the carrying value of trade and other payables approximates their fair value.

7. Financial liabilities – borrowings

	As at 31 March 2014 £000	*As at 31 January 2015 £000*
Current:		
Bank overdrafts	41	27
Bank loans	6,878	7,958
Other loans	1,182	1,241
	8,060	9,199
Total	8,101	9,226

Bank borrowings are secured by a fixed and floating charge over all the assets of the company, bear interest at rates of 1.75 per cent. above LIBOR plus any associated costs rates, and are repayable within one year of the advances. The maximum drawdown facility is £10m therefore at 31 January 2015 £2,042,000 was undrawn.

Other loans are unsecured, bear interest at varying rates (most of which are at 10 per cent. APR) and are repayable within one year of the advances.

The company is exposed to the risks that arise from its use of financial instruments. This note describes the objectives, policies and processes of the company for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout this financial information.

Principal financial instruments

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

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

The company held the following financial assets at each reporting date:

	As at 31 March 2014 £000	*As at 31 January 2015 £000*
Loans and receivables:		
Trade and other receivables: current	10,002	11,512
Cash and cash equivalents	–	–
	10,002	11,512

The company held the following financial liabilities at each reporting date:

	As at 31 March 2014 £000	As at 31 January 2015 £000
Held at Amortised cost:		
Borrowings payable: current	8,101	9,226
Trade and other payables	34	36
	8,135	9,262

Fair Value of financial instruments

The fair values of the financial assets and liabilities are not materially different to their carrying values due to the short term nature of the current assets and liabilities.

Financial risk management

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

- Interest rate risk
- Credit risk
- Liquidity risk

Interest rate risk

The company's interest rate risk arises from certain of its borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. The company gives careful consideration to interest rates when considering its borrowing requirements. The Directors believe that the interest rate risk is at an acceptable level.

Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the company. Credit risk arises principally from the company's trade and other receivables. The company gives careful consideration to which organisations it provides funding to in order to minimise credit risk. The company has an established credit policy under which each new borrower is analysed for creditworthiness and each borrower is required to sign a direct debit mandate. Each borrower signs a facilities agreement supported by a debenture deed and loans are guaranteed by a third party, therefore trade receivables are considered to be fully recoverable.

At each reporting date the company had no borrowers with outstanding balances over 10 per cent. of the total trade receivables balance.

Liquidity risk management

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the company's reputation.

The Directors manage liquidity risk by regularly reviewing cash requirements by reference to short term cash flow forecasts and medium term working capital projections prepared by management.

The company maintains good relationships with its bank, which has a high credit rating.

8. Related party disclosures

The Company is controlled by Mr Ravi Takhar by virtue of his 100 per cent. shareholding.

Entities under control of Mr Ravi Takhar or close family members with whom the company has dealt, are as follows:

Orchard Funding Limited

Associated Premium Funding Limited

Transactions with these companies are listed below:

Orchard Funding Limited

During the period the company charged Orchard Funding Limited an administration fee of £Nil (Period to 31 January 2014, £10,000).

Amounts due to Orchard Funding Limited of 2015: £1,241,000; 2014: £1,372,000 are included within other loans at the period end.

Bexhill UK Limited is party to an agreement between itself, Orchard Funding Limited and a company called Bracken Holdings Limited. Under the terms of this agreement Bexhill UK Limited has agreed to supply Bracken Holdings Limited with copies of its accounts and other financial information as required by that company under a tripartite agreement.

Associated Premium Funding Limited

Associated Premium Funding Limited acts as a funding company for a number of clients of Bexhill UK Limited. As such it does not trade in its own right. Any payments to or receipts from this company are on behalf of third parties.

Mr Ravi Takhar

During the period to 31 January 2014 Mr Ravi Takhar loaned the company £9,361. This was repaid by 31 January 2014.

During the period dividends were paid to Mr Ravi Takhar amounting to: period to 31 January 2015, £143,000; period to 31 January 2014, £144,500.

Management compensation

During the period Mr Ravi Takhar received:

Fees: period to 31 January 2015, £6,600; period to 31 January 2014, £4,263.

Other benefits in kind: period to 31 January 2015, £Nil; period to 31 January 2014, £10,061.

During the period the other director, Mrs Olga Smith, received:

Fees: period to 31 January 2015, £47,733; period to 31 January 2014, £19,557.

9. Reconciliation of profit before taxation to cash generated from operations

	Period ended 31 January 2014 £000	*Period ended 31 January 2015 £000*
Profit before taxation	737	764
Depreciation charges	4	5
Interest payable in direct costs	231	307
	972	1,076
Increase in trade and other receivables	(1,029)	(1,510)
Decrease in trade and other payables	(55)	(39)
Cash generated from operations	(112)	(473)

10. Cash and cash equivalents

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts:

	1 April 2013 £000	*31 January 2014 £000*
Period ended 31 January 2014		
Cash and cash equivalents	–	–
Bank overdrafts	(56)	(77)
	(56)	(77)

	1 April 2014 £000	*31 January 2015 £000*
Period ended 31 January 2015		
Cash and cash equivalents	–	–
Bank overdrafts	(41)	(27)
	(41)	(27)

11. Treatment of borrowings

The company borrows money from its bankers and lends this on, together with its own funds, to its customers. Any increase in activity leads to an increase in debtors and an associated increase in borrowings. If the company was one which bought and sold goods or services the money borrowed would be similar to the company's stock in trade and the change in creditors would be shown as part of operating cash flows. However, accounting standards require cash flows from financing to be shown separately and this means that there appears to be a large outflow of cash from the company's operations which is then covered by borrowings. For reasons stated above this is not the case.

12. Post balance sheet events

(a) Under a loan agreement entered into on 12 January 2015 between Mr Ravi Takhar and the company, Mr Ravi Takhar provided an on-demand loan of £500,000 to the company in February 2015. The loan carries an interest rate of the official rate of interest under section 181 of the Income Tax (Earnings and Pensions) Act 2003, calculated quarterly and payable annually in arrears. On 23 June 2015, it was agreed that the principal loan amount would be repaid in full and the £500,000 be used by Mr Ravi Takhar to subscribe for 520,833 Ordinary Shares at the Placing Price.

(b) On 23 June 2015, Orchard Funding Group PLC acquired the entire issued share capital of the company and Orchard Funding Limited for an issue of 10,937,500 Ordinary Shares in itself.

(c) Bexhill declared and paid further dividends amounting to £25,000 in its year ended 31 March 2015, paying a total of £168,000 in that financial year.

(d) Since the year ended 31 March 2015, in the period to 31 May 2015, Bexhill has declared and paid a dividend of £25,000.

PART IV

UNAUDITED AGGREGATED HISTORICAL FINANCIAL INFORMATION

UNAUDITED STATEMENT OF AGGREGATED HISTORICAL FINANCIAL INFORMATION OF THE GROUP FOR THE THREE YEARS ENDED 31 JULY 2014 AND FOR THE SIX MONTHS ENDED 31 JANUARY 2015

The unaudited aggregated financial information for the three years ended 31 July 2014 and for the six months ended 31 January 2015 has been prepared in order to give an indication of the financial trading history of Bexhill UK Limited ("Bexhill") and Orchard Funding Limited ("Orchard") on an aggregated basis.

The source information for this illustration is the management information for a coterminous time period for each of Orchard and Bexhill which has been aggregated with the adjustments set out below to present information to demonstrate the position and performance of Orchard and Bexhill combined.

The unaudited aggregated financial information for the three years ended 31 July 2014 set out below has been derived by aggregating the management information for twelve months of Orchard and twelve months of Bexhill, and:

- eliminating amounts due to and from Orchard and Bexhill which result from trading activities
- eliminating management fees charged from Bexhill to Orchard

The unaudited aggregated financial for the six months ended 31 January 2015 has been derived by aggregating the management information for six months of Orchard and six months of Bexhill, and:

- eliminating amounts due to and from Orchard and Bexhill which result from trading activities
- eliminating management fees charged from Bexhill to Orchard

No further adjustments have been made to this aggregated financial information, including no acquisition or merger accounting adjustments and no adjustments in respect of potential synergies.

The above information has not been audited. Investors should not rely solely on the aggregated financial information on the following pages but should refer to the historical financial information on each of Orchard and Bexhill.

		12 months ended		*Six months ended*
	31 July 2012 £000	*31 July 2013 £000*	*31 July 2014 £000*	*31 January 2015 £000*
INCOME STATEMENT				
Interest income	2,728	2,850	2,985	1,684
Interest expense	953	902	866	504
NET INTEREST INCOME	1,775	1,948	2,119	1,180
Administrative expenses	(1,116)	(1,199)	(1,085)	(518)
OPERATING PROFIT	659	749	1,034	662
PROFIT BEFORE TAXATION	659	749	1,034	662
Taxation	129	133	228	121
PROFIT FOR THE YEAR	530	616	806	541
BALANCE SHEET				
Cash and cash equivalents	32	(33)	(74)	(16)
Borrowings	11,445	12,832	13,517	14,382
Net assets	2,282	1,396	2,083	2,495

PART V

UNAUDITED STATEMENT OF NET ASSETS OF THE GROUP AS AT 31 JANUARY 2015

Set out below is an unaudited *pro forma* statement of aggregated net assets of Orchard Funding Group PLC (the "Group") (the "*pro forma* financial information"), which has been prepared on the basis of the share capital of Orchard Funding Group PLC at incorporation, unaudited historical financial information for the six months ended 31 January 2015 for Orchard Funding Limited ("Orchard") as set out in Section C of Part III of this document and unaudited historical financial information for the 10 months ended 31 January 2015 for Bexhill UK Limited ("Bexhill") as set out in Section F of Part III of this document. The *pro forma* financial information has been prepared in a manner consistent with the accounting policies adopted by the Group in preparing such information and on the basis set out in the notes below.

The *pro forma* financial information has been prepared to illustrate the effect on the combined net assets of Orchard Funding Group plc as if the following events have occurred on 31 January 2015: (i) Share Exchange Agreement, as set out in paragraph 10.8 of Part VI of this document; (ii) the net proceeds of the Placing had been received; and (iii) Orchard's financing facility with Bracken as set out in paragraph 10.11 of Part VI of this document.

The *pro forma* financial information has been prepared for illustrative purposes only. Because of its nature, the *pro forma* financial information addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position. Future results of operations may differ materially from those presented in the *pro forma* financial information due to various factors.

	Company at incorporation (unaudited)	*Orchard 31 January 2015 (unaudited)*	*Bexhill 31 January 2015 (unaudited)*	*Inter-company adjustments*	*Net proceeds of Placing*	*Debt repayments*	*Pro forma net assets (unaudited)*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Assets							
Non-current assets							
Property, plant and equipment	–	–	7	–	–	–	7
	–	–	7	–	–	–	7
Current assets							
Trade and other receivables	–	8,724	11,466	(1,241)	–	–	18,949
Cash and cash equivalents	–	11	–	–	8,700	(6,424)	2,287
Other current assets	–	16	47	–	–	–	63
Total assets	–	8,751	11,520	(1,241)	8,700	(6,424)	21,306
Liabilities							
Current liabilities							
Trade and other payables	–	1,895	89	–	–	–	1,984
Interest bearing loans and borrowing		6,424	7,958	–	–	(6,424)	7,958
Tax payable	–	47	121	–	–	–	168
Other creditors	–	–	1,241	(1,241)	–	–	–
Deferred tax	–	–	2	–	–	–	2
Total liabilities	–	8,366	9,411	(1,241)	–	(6,424)	10,112
Net assets/(liabilities)	–	385	2,109	–	8,700	–	11,194

Notes:

1. The net assets figures of Orchard Funding Group PLC have been extracted without material adjustment from the information contained in Part VI.

2. The net asset figures of Orchard Funding Limited have been extracted without material adjustment from the unaudited interim accounts as at 31 January 2015 as set out in Part III Section C.

3. The net asset figures of Bexhill UK Limited have been extracted without material adjustment from the unaudited interim accounts as at 31 January 2015 as set out in Part III Section F.

4. The intergroup eliminations represent the consolidation of the intercompany loans between Bexhill UK Limited and Orchard Funding Limited.

5. The gross proceeds of the Placing are expected to be £10.0 million from the issue of 10,416,667 Ordinary Shares at 96 pence per share. The proceeds of the Placing is stated after deducting the following costs related to Admission:

	£'000
Gross proceeds	10,000
Less costs (including VAT)	1,300
Net proceeds	8,700

6. The Group intends to repay the outstanding Bracken facility shortly after admission with part of the Placing proceeds. This has been illustrated in the unaudited pro forma statement of net assets above based on the amount outstanding at 31 January 2015. That actual amount to be settled is estimated to be approximately £4.5 million.

7. It is noted that Bexhill entered into a loan with Mr Ravi Takhar in February 2015 for the amount of £500,000. This amount is not reflected in the unaudited pro forma above as it was not reflected in the Bexhill balance sheet at 31 January 2015 but will be settled from the placing proceeds and used by Mr Ravi Takhar to subscribe for 520,833 Ordinary Shares at the Placing Price.

8. No account has been taken of any movement in the net assets of Orchard Funding Group PLC since incorporation, Orchard Funding Limited since 31 January 2015 or Bexhill UK Limited since 31 January 2015, nor of any other event save as disclosed above.

PART VI

ADDITIONAL INFORMATION

1 Responsibility

1.1 The Directors, whose names and functions appear on page 6 of this document, and the Company accept responsibility both individually and collectively for the information contained in this document. To the best of the knowledge and belief of the Directors, and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. All the Directors accept individual and collective responsibility for compliance with the AIM Rules. Under no circumstances should the information contained in this document be relied upon as being accurate at any time after Admission.

2 The Company

2.1 The Company was incorporated in England and Wales as a public limited company with company number 09618919 on 2 June 2015 under the Act under the name of Orchard Funding Group PLC.

2.2 The Company is domiciled in England and Wales.

2.3 The principal legislation under which the Company operates is the Act and the regulations made thereunder. The liability of the members is limited.

2.4 The Company's registered office is at 960 Capability Green, Luton, Bedfordshire, LU1 3PE and its telephone number is 01582 635041.

2.5 The accounting reference date of the Company is 31 July.

2.6 The principal activity of the Company is that of providing funding for the payment of professional fees and insurance premiums.

3 Subsidiaries

3.1 The Company has two wholly-owned subsidiaries:

Orchard Funding Limited

Orchard was incorporated in England on 25 July 2008 with company number 06656377. The Company is domiciled in the United Kingdom. The company's registered office is at 960 Capability Green, Luton, Bedfordshire, LU1 3PE and its telephone number is 01582 635507.

Bexhill UK Limited

Bexhill was incorporated in England on 8 May 2000 with company number 03987793. The Company is domiciled in the United Kingdom. The company's registered office is at 960 Capability Green, Luton, Bedfordshire, LU1 3PE and its telephone number is 01582 635041.

3.2 There are no other companies in which the Company has an interest.

4 Share Capital

4.1 The Company was incorporated with a share capital of one penny made up of 1 Ordinary Share.

4.2 On 23 June 2015 the Company acquired 100 per cent. of the issued share capital of Bexhill and 100 per cent. of the issued share capital of Orchard pursuant to a share exchange agreement under which the Company issued 10,937,500 new Ordinary Shares to Mr Ravi Takhar, previously the holder of the entire issued share capital of Bexhill and Orchard.

4.3 On 23 June 2015, shareholder resolutions were passed under which it was resolved to:

4.3.1 generally and unconditionally authorise the Directors of the Company pursuant to section 551 of the Act to allot shares and/or grant rights to subscribe for, or to convert any security into shares (together, "**Relevant Securities"**) up to an aggregate nominal amount of £355,903, such authority, unless renewed, varied or revoked by the Company, to expire on the earlier of the next Annual General Meeting of the Company and the date falling two years from the date on which the resolution was passed, save that the Company may before such expiry make an offer or agreement which would or might require Relevant Securities to be allotted and the Directors may allot Relevant Securities in pursuance of that offer or agreement as if such authority had not expired;

4.3.2 empower the Directors pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority referred to in the preceding paragraph, as if section 561(1) of the Act did not apply to such allotment provided that this power shall be limited to:

4.3.2.1 the allotment of Relevant Securities in connection with the Share Exchange Agreement and the issue of the Placing Shares;

4.3.2.2 an allotment in connection with an offer of Relevant Securities to the holders of Ordinary Shares in proportion as nearly as practicable to their respective holdings of such Ordinary Shares up to an aggregate amount of £142,361 (representing two thirds of the Enlarged Share Capital); and

4.3.2.3 an allotment, otherwise than pursuant to sub-paragraphs 4.3.2.1 and 4.3.2.2 above, of Relevant Securities up to an aggregate nominal value equal to £21,342 (representing 10 per cent. of the Enlarged Share Capital), to expire on the earlier of the next Annual General Meeting of the Company and the date falling two years from the date on which the resolution was passed, save that the Company may before such expiry make an offer or agreement which would or might require Relevant Securities to be allotted after such expiry and the Directors may allot Relevant Securities in pursuance of that offer or agreement as if such authority had not expired.

4.4 The Placing will result in the issue of 10,416,667 new Ordinary Shares on Admission. The Company will issue the Placing Shares at the Placing Price, conditionally upon Admission occurring not later than 8.00 a.m. on 1 July 2015 (or such later time and/or date not being later than 8.00 a.m. on 8 July 2015, as the Company and Panmure Gordon may agree). The Company's issued and fully paid share capital is, at the date of this document, and is expected to be immediately following Admission (assuming that all Placing Shares are issued):

	At the date of this document		*Immediately following Admission*	
	Aggregate nominal amount	*Number of Ordinary Shares*	*Aggregate nominal amount*	*Number of Ordinary Shares*
Issued and fully paid	£109,375	10,937,500	£213,542	21,354,167

4.5 The Company does not have in issue any securities not representing share capital and there are no outstanding convertible securities, exchangeable securities or securities with warrants issued or proposed to be issued by the Company.

4.6 Save as set out in this paragraph 4, there have been no movements in the Company's ordinary share capital since incorporation to the date of this document.

4.7 On Admission (taking into account the new Ordinary Shares to be issues in the Placing), the issued share capital of the Company shall be increased by 10,416,667 Ordinary Shares resulting in immediate dilution of 48.78 per cent.

4.8 The Ordinary Shares in issue at Admission will be in registered form and following Admission may be held in certificated form or in uncertificated form. In the case of Ordinary Shares held in uncertificated form, the Articles permit the holding and transfer of Ordinary Shares under CREST. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Directors have applied for the Ordinary Shares to be admitted to CREST. The records in respect of Ordinary Shares held in uncertificated form will be maintained by the Company Secretary and the Company's Registrar, Neville Registrars (details of whom are set out on page 6 of this document).

4.9 It is anticipated that, where appropriate, share certificates will be despatched by first class post within ten working days of Admission. Temporary documents of title will not be issued. Prior to the despatch of definitive share certificates, transfers will be certified against the register.

4.10 It is expected the CREST Accounts will be credited as applicable on the date of Admission. The International Security Identification Number ("**ISIN**") of the Ordinary Shares is GB00BYZFMS69 and the Stock Exchange Daily Official List ("**SEDOL**") number is BYZFM56.

4.11 There are no shares in the Group which are held by, or on behalf of, the Company in treasury or otherwise.

5 Significant Shareholders

5.1 Save as disclosed at paragraph 7 of Part VI of this document, the Company is only aware of the following persons who, at the date of this document and immediately following Admission, represent an interest directly or indirectly, jointly or severally in 3 per cent. or more of the Company's share capital or could exercise control over the Company:

	At the date of this document		*Following Admission*	
Shareholder	*Number of Ordinary Shares*	*Existing Share Capital %*	*Number of Ordinary Shares*	*Enlarged Share Capital %*
F & C Management Limited	–	–	1,652,083	7.74
Polar Capital Partners Limited	–	–	1,427,083	6.68
City Financial Investment Company Limited	–	–	1,093,750	5.12
Artemis Investment Management Limited	–	–	1,041,666	4.88
Kames Capital Management Limited	–	–	1,041,666	4.88
Livingbridge VC LLP	–	–	1,041,666	4.88

5.2 None of the holders of Existing Ordinary Shares listed above have voting rights different from the other holders of Existing Ordinary Shares.

5.3 Save as disclosed in this paragraph 5, neither the Company nor the Directors are aware of any other person or persons who either alone or, if connected, jointly following Admission will (directly or indirectly) exercise or could exercise control of the Company.

5.4 Insofar as known to the Company, no arrangements are in place, the operation of which may at a later date result in a change of control in the Company.

6 Articles of Association

6.1 On 23 June 2015 the Company, by means of resolution, adopted new articles of association which contain (amongst others) provisions to the following effect:

Power to Attach Rights to Shares

6.1.1 A share may be issued with any rights or restrictions attached to it.

Allotment of Shares and Pre-Emption Rights

6.1.2 The Board can offer, allot, grant options over or otherwise deal with or dispose of shares, or grant rights to subscribe for or convert any security into shares, to such persons, at such time and upon such terms as the Board may decide.

Disapplication of the Act Pre-Emption Rights

6.1.3 The Directors are generally and unconditionally authorised to exercise all the powers of the Company to allot shares and the rights of pre-emption under the Act are dis-applied.

Redeemable Shares

6.1.4 Any share may be issued which can be redeemed or is liable to be redeemed at the option of the Company or the holder.

Share Warrants to Bearer

6.1.5 The Company may, with respect to any fully paid shares, issue a share warrant stating that the bearer of the share warrant is entitled to the shares specified in it. The share warrant may provide for the payment of future dividends on the shares included in the share warrant.

Form of Transfer

6.1.6 Each member may transfer all or any of his shares, which are in certified form, by a usual written instrument of transfer or in any other form approved by the Board.

6.1.7 Each member may transfer all or any of his shares which are in uncertified form in accordance with the uncertified securities rules and by means of a relevant system.

6.1.8 The transferor of a share shall be deemed to remain the holder of that share until the name of the transferee is entered in the register.

Right to Refuse Registration of Transfer

6.1.9 The Board may, in its absolute discretion, refuse to register any transfer of a share in certified form unless:

6.1.9.1 it is for a share which is fully paid up;

6.1.9.2 it is for a share upon which the Company has no lien;

6.1.9.3 it is only for one class of share;

6.1.9.4 it is in favour of a single transferee or no more than four joint transferees;

6.1.9.5 the instrument of transfer is duly stamped or it is duly certified to be exempt from stamp duty; and

6.1.9.6 the instrument of transfer is delivered for registration to the office of the Company accompanied by the certificate(s) for the shares to which it relates, together with such other evidence as the Board may reasonably require.

6.1.10 The Board may refuse to register a transfer of uncertificated shares in any circumstances that are allowed or required by the uncertificated securities rules and the relevant system and where, in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred exceeds four.

No Fees on Registration

6.1.11 No fee shall be charged for the registration of a transfer of shares.

General Meetings

6.1.12 All general meetings, other than annual general meetings, shall be called general meetings.

6.1.13 All general meetings (other than annual general meetings) shall be called by at least 14 clear days' notice and an annual general meeting shall be called by at least 21 clear days' notice, unless a longer period of notice is required in accordance with the law.

6.1.14 Notwithstanding the notice period specified in paragraph 6.1.13 above, a general meeting can be held on short notice if so agreed by a majority of members who hold at least 95 per cent. of the nominal value of the issued shares.

6.1.15 The notice shall specify the place, the date and the time of the meeting, a statement that the member is entitled to appoint one or more proxies to attend, vote and speak at the meeting, the general nature of the business to be transacted at the meeting and, if any resolution is to be proposed as a special resolution, the text of such resolution.

6.1.16 The accidental failure to give notice to any person entitled to receive notice of a general meeting, or the non-receipt by such person of such notice shall not invalidate the proceedings at that meeting.

6.1.17 No business other than the appointment of the Chairman of the meeting shall be transacted unless a quorum of two persons present in person or by proxy and entitled to attend to vote on the business to be transacted are present.

6.1.18 If the Board considers that it is in impractical or unreasonable to hold a general meeting on the date or at the time and place stated in the notice calling the meeting, it may be postponed or moved.

6.1.19 The Chairman of the Board shall preside at every general meeting of the Company.

6.1.20 A Director (and any other person invited by the Chairman to do so) may attend and speak at any general meeting.

6.1.21 At any general meeting a resolution put to a vote of the meeting shall be decided on a show of hands unless a poll is duly demanded. A poll may be demanded by:

6.1.21.1 the Chairman of the meeting; or

6.1.21.2 at least five members present in person or by proxy and entitled to vote at the meeting; or

6.1.21.3 a member or members present in person (or by proxy) representing at least one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

6.1.21.4 a member or members present in person (or by proxy) holding shares confirming a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to at least one-tenth of the total sum paid up on all the shares concerning that right.

6.1.22 No member may vote at a general meeting either in person or by proxy or exercise any other right or privilege as a member in respect of a share held by him unless all calls or other sums due and payable by him in respect of that share have been paid to the Company (or the Board determines otherwise).

6.1.23 Any person (whether a member of the Company or not) may be appointed to act as a proxy.

Corporate Representatives

6.1.24 A corporation which is a member may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company.

General

6.1.25 Unless otherwise determined by the Company by ordinary resolution, there shall be a minimum of two Directors.

6.1.26 The Company may appoint a person who is willing to act to be a Director.

6.1.27 The Board shall have the power to appoint any person who is willing to act to be a Director. Any Directors so appointed shall retire at the next annual general meeting of the Company following their appointment and they shall be eligible for reappointment.

6.1.28 Each Director shall retire from office at the third annual general meeting after the annual general meeting or general meeting (as the case may be) at which they were appointed.

6.1.29 A Director who retires at an annual general meeting may be reappointed.

6.1.30 Each of the Directors may be paid a fee, to be determined by the Board, subject to the condition that the sum of all fees payable to the Directors shall not exceed £400,000 a year or such higher amount as decided by the Company.

6.1.31 If any Director performs or renders special duties or services outside of his ordinary duties as a Director he may be paid such reasonable additional remuneration as the Board may determine.

6.1.32 The salary or remuneration of a Director may be a fixed sum of money or be governed by business done or profits made and may be in addition to or in lieu of any fee payable to him under paragraph 6.1.30 above.

6.1.33 The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits to any person who is or has at any time been a director or employee of the Company or any company which is a holding company or a subsidiary undertaking of the Company.

Directors' Borrowing Powers

6.1.34 The Board may exercise all the powers of the Company to:

6.1.34.1 borrow money;

6.1.34.2 indemnify and guarantee;

6.1.34.3 mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company;

6.1.34.4 create and issue debentures and other securities; and

6.1.34.5 give security either outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

6.1.35 The Board shall restrict the borrowings of the Company and exercise all the voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure that the aggregate of the amounts borrowed by the Group shall not, without the previous sanction of an ordinary resolution of the Company, exceed any amount equal to two times the adjusted capital and reserves.

6.1.36 For the purposes of the Company's articles, adjusted capital and reserves means a sum equal to the aggregate of the amount paid up or credited or deemed to be paid up on the issued or allotted share capital of the Company and the amount standing to the credit of the reserves of the Company and its subsidiary undertakings included in the consolidated relevant balance sheet but after:

6.1.36.1 making such adjustment as may be appropriate to reflect the profit or loss of the Company since the relevant balance sheet;

6.1.36.2 excluding any amount set aside for taxation or any amounts attributable to outside shareholders in subsidiary undertakings of the Company;

6.1.36.3 making such adjustments as may be appropriate in respect of any variation in the amount of such paid up share capital and/or any reserves after the date of the relevant balance sheet;

6.1.36.4 making such adjustment as may be appropriate in respect of any distribution declared, recommended, made or paid by the Company or its subsidiary undertakings out of profits earned up to and including the date of the relevant balance sheet to the extent that such distribution is not provided for in such balance sheets;

6.1.36.5 if the calculation is required for the purposes of or in connection with a transaction under, or in connection with which any undertaking is to become or ceased to be a subsidiary undertaking of the Company, making all such adjustments as would be appropriate if such transaction had been carried into effect;

6.1.36.6 deducting any amounts attributable to goodwill or other intangible assets shown in the relevant balance sheet;

6.1.36.7 making such adjustment as may be appropriate in respect of any variation in the interests of the Company in its subsidiary undertakings since the date of the relevant balance sheet; and

6.1.36.8 making such adjustments as the auditors consider appropriate.

Directors' Interests

6.1.37 Subject to the Act and provided he has declared the nature and extent of his interests, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company may:

6.1.37.1 be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;

6.1.37.2 act by himself or through his firm in a professional capacity for the Company (otherwise as an auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;

6.1.37.3 be or become a Director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise interested; and

6.1.37.4 hold any office or place of profit with the Company (except as auditor) in conjunction with his office of Director for such a period and upon such terms, including as to his remuneration, as the Board may decide.

6.1.38 A Director shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he derives from any such contract, transaction or arrangement.

6.1.39 A Director cannot vote or be counted in the quorum of any Board resolution which may give rise to a conflict of interest unless authorised by the Board, but can vote on the following:

6.1.39.1 giving him any security, guarantee or indemnity for any money or any liability which he has lent or obligations he has undertaken at the request of the Company or any of its subsidiary undertakings;

6.1.39.2 giving any security, guarantee or indemnity to any other person for a debt or obligation which is owed by the Company or any of its subsidiary undertakings if the Director has taken responsibility for some or all of that debt or obligation;

6.1.39.3 a proposal or contract relating to an offer of any shares or debentures or other securities for subscription or purchase by the Company or any of its subsidiary undertakings where the Director takes part because he is a holder of shares, debentures of other securities;

6.1.39.4 a transaction or arrangement in which he has an interest only by virtue of an interest or interests in shares, debentures or securities of the Company or by reason of any other interest in or through the Company;

6.1.39.5 any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings which only gives the Director benefits which are also generally given to employees to whom the arrangement relates;

6.1.39.6 any arrangement involving any other company if the Director has an interest of any kind in that Company (excluding a Relevant Interest);

6.1.39.7 the giving of indemnities in favour of Directors;

6.1.39.8 a contract relating to insurance which the Company can buy or renew for the benefit of the Directors or a group of people which includes directors;

6.1.39.9 a contract relating to a pension or similar scheme of retirement, death, disability benefit scheme or employees' share scheme which gives the Director benefits which are also generally given to the employees to whom the scheme relates; and

6.1.39.10 the funding of expenditure incurred or to be incurred by any Director or Directors in defending any criminal or civil proceedings or in connection with an application to the court for relief or in defending him or them in any investigation by, or against action proposed to be taken by, a regulatory authority or the doing of anything to enable any Director or Directors to avoid incurring any such expenditure.

6.1.40 A Director cannot vote or be counted in the quorum on a Board resolution relating to his own appointment or the settlement or variation of the terms of his appointment.

Directors' Conflicts of Interest

6.1.41 The Board may authorise any matter or situation proposed to them by any Director which would, if not authorised, involve a Director breaching his duty under the Act to avoid conflicts of interest (a "**Conflict**").

6.1.42 A Director seeking authorisation in respect of a Conflict shall declare to the Board the nature and extent of his interest in the Conflict as soon as is reasonably practicable. The Director shall provide the Board with such details of the matter as are necessary for the Board to decide how to address the Conflict together with such additional information as may be requested by the Board.

6.1.43 Any authorisation of a Conflict under the Company's Articles must be recorded in writing.

6.1.44 An interest of a person who is connected with a Director shall be treated as an interest of the Director. A 'connected person' shall have the meaning given to it in section 252 of the Act.

Share Rights

Dividends

6.1.45 The Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests. No dividend shall exceed the amount recommended by the Board.

6.1.46 The Board may declare and pay such interim dividends as appears to the Board to be justified in accordance with the profits of the Company.

6.1.47 The dividends may be declared or paid in any currency.

6.1.48 The Board may deduct from any dividend payable to a member such sums as may be due from him to the Company.

6.1.49 The Board may, following the direction of the Company by ordinary resolution, direct that payment of any dividend declared be satisfied wholly or partly by the distribution of assets (in particular paid up shares).

6.1.50 Unless otherwise provided by the rights attached to the share, no dividend or other monies payable by the Company to a member shall bear interest.

6.1.51 The Company may by ordinary resolution offer the holder of a share the right to elect to receive new shares credited as fully paid instead of cash in respect of the whole or part of any dividend.

Voting rights

6.1.52 Members shall have the right to receive notice, to attend and to vote at all general meetings of the Company. Subject to the Articles and any restrictions as to voting attached to any class of shares, on a show of hands, each holder of shares present in person or by proxy shall have one vote and upon a poll each such holder who is present in person or by proxy shall have one vote in respect of every share held by him.

Capitalisation of reserves

6.1.53 The Board may, with the authority of an ordinary resolution of the Company:

6.1.53.1 decide to capitalise any profits of the Company which are not required for paying a preferential dividend; and

6.1.53.2 appropriate any sums which they so decide to capitalise to the members (in proportion to the shares held by them) who would have been entitled to it if it were distributed by way of dividend.

Satellite Meeting Places

6.1.54 To facilitate the organisation and administration of any general meeting, the Board may decide that the meeting shall be held in two or more locations.

6.1.55 Any general meeting of the Company taking place at two or more locations shall be treated as taking place where the Chairman of the meeting presides.

6.1.56 A member in person or by proxy at a satellite meeting may be counted in the quorum and may exercise all rights that they would have been able to exercise if they were present at the principal meeting place.

Summary

The above is a summary of certain provisions of the Articles, the full provisions of which are available on the Company's website.

7 Directors' Interests

7.1 The following persons are Directors of the Company:

Mr Ravi Takhar (*Chief Executive Officer*)
Mr Liam McShane (*Part-time Chief Financial Officer*)
Mr David Clark (*Non-Executive Chairman*)
Mr Jonathan Shearman (*Non-Executive Director*)

7.2 The business address of all of the Directors is 960 Capability Green, Luton, Bedfordshire, LU1 3PE.

7.3 The interests of the Directors in the issued Ordinary Share capital of the Company and the interests of each Director's family (which shall bear the meaning given to it as set out in the AIM Rules) required to be notified to the Company pursuant to Rule 17 of the AIM Rules and the existence of which is known or which could, with reasonable diligence, be ascertained by a Director are, and following Admission will be, as follows:

	At the date of this document		*Following Admission*	
	Number of Ordinary Shares	*Existing Share Capital %*	*Number of Ordinary Shares*	*Enlarged Share Capital %*
Mr Ravi Takhar	10,937,500	100.00	11,458,333	53.66
Mr David Clark	–	–	10,416	0.05
Mr Liam McShane	–	–	–	–
Mr Jonathan Shearman	–	–	–	–

7.4 Save as set out in paragraph 9 below, in respect of the Directors, there are no conflicts of interest between any duties they have to the Company and their private interests and/or other duties they may have.

7.5 There are no outstanding loans granted by any member of the Company to the Directors or any guarantees provided by any member of the Company for the benefit of the Directors.

7.6 Save as set out in paragraph 10.10 below no Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or which is or was significant in respect of the business of the Company and which was effected by any member of the Company during the current or immediately preceding financial year, or which was effected during an earlier financial year and remains in any respect outstanding or unperformed.

7.7 There are no arrangements or understandings between the Directors and any major shareholder, customer or supplier of the Company pursuant to which any Director was selected or will be selected as a member of the administrative, management or supervisory bodies or member of senior management of the Company.

7.8 Save as set out paragraph 10.4 below, there are no restrictions on any Director on the disposal within a period of time of their holding of Ordinary Shares.

7.9 None of the Directors nor any member of their respective families (as defined in the AIM Rules) has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.

8 Directors' Service Contracts and Remuneration

8.1 Executive service agreements and non-executive appointments

8.1.1 Executive Service Agreements

8.1.1.1 Mr Ravi Takhar entered into a service agreement on 23 June 2015. Mr Takhar is appointed as Chief Executive Officer ("CEO") and shall devote such time and attention as is necessary to perform his duties. The service agreement shall continue until terminated by 12 months' written notice by either party. There is a right to pay Mr Takhar in lieu of notice by lump sum equal to basic salary and any contractual benefits Mr Takhar would have been entitled to during the notice period. There is a right to place Mr Takhar on garden leave during all or any part of his notice period. The service agreement provides for early termination, *inter alia*, in the event of a serious breach of the agreement. If Mr Takhar ceases to be a Director of the Company, the service agreement will continue with Mr Takhar as an employee only.

Mr Takhar receives an annual salary of £250,000 and is eligible for such a bonus (if any) as the Company may in its absolute discretion decide.

8.1.1.2 Mr Liam McShane joined the Company on 2 June 2015 and entered into a service agreement on 23 June 2015. Mr McShane is appointed as Part-time Chief Financial Officer ("CFO") and shall devote such time and attention as in necessary to perform his duties. The service agreement, shall continue until terminated by three months' written notice by either party (or 6 months following a takeover of the Company). There is a right to pay Mr McShane in lieu of notice by lump sum equal to basic salary and any contractual benefits Mr McShane would have been entitled to during the notice period. There is a right to place Mr McShane on garden leave during all or any part of his notice period. The service agreement provides for early termination, *inter alia*, in the event of a serious breach of the agreement. If Mr McShane ceases to be a Director of the Company, the service agreement will continue with Mr McShane as an employee only.

Mr McShane receives an annual salary of £55,000 and is eligible for such a bonus (if any) as the Company may in its absolute discretion decide.

8.1.2 Non-executive Appointments

8.1.2.1 Mr David Clark was appointed as a Non-executive Director and Chairman on 23 June 2015. The appointment is for an initial term of one year commencing 23 June 2015 unless terminated by either party with three month's prior written notice (or six months' following a takeover of the Company). Mr Clark shall receive an annual fee of £30,000. Mr Clark has agreed that his fees will be payable in equal monthly instalments.

8.1.2.2 Mr Jonathan Shearman was appointed as a Non-executive Director on 23 June 2015. The appointment is for an initial term of one year commencing 23 June 2015 and shall continue until the end of this period unless terminated by either party with three months' prior written notice (or six months following a takeover of the Company). Mr Shearman shall receive an annual fee of £30,000. Mr Shearman has agreed that his fees will be payable in equal monthly instalments.

8.2 ***Salary and Bonus payments***

The table below sets out the gross annual salary or fees payable to the Directors. No salary or bonus was paid in the previous year as the Company was incorporated on 2 June 2015. Future bonuses will be paid at the Company's absolute discretion. Non-executive Director's fees are subject to periodic review linked to workload.

8.2.1 Executive Directors

Name	*Title*	*2015 Annual Salary*	*Bonus payable*
Mr Ravi Takhar	CEO	£250,000	Board discretion
Mr Liam McShane	Part-time CFO	£55,000	Board discretion

8.2.2 Non-Executive Directors

Name	*Title*	*Fees*	*Additional payments*
Mr David Clark	Non-executive Chairman	£30,000	None
Mr Jonathan Shearman	Non-executive Director	£30,000	None

8.3 Save as set out in paragraph 8.1 above, there are no existing or proposed service contracts or consultancy agreements between any of the Directors and the Company or any member of the Company. None of the arrangements referred to in paragraph 8.1 above contain a right to benefits upon termination (other than those during the notice period under the relevant contract).

8.4 The Directors have not received and are not entitled to receive any Ordinary Shares or options over the Ordinary Shares in lieu or remuneration or as any form of compensation.

8.5 No sums have been set aside or accrued by the Company or any member of the Company to provide pension, retirement or similar benefits for the Directors.

8.6 There is no arrangement under which any Director has waived or agreed to waive future emoluments.

9 Additional Information on the Directors

9.1 Other than directorships of the Company, the Directors have been directors or partners in the following companies or partnerships within the five years prior to the date of this document:

Name	*Current*	*Past*
Mr David Clark	Clark Management Solutions Ltd Constellation Healthcare Technologies, Inc	None
Mr Liam McShane	Bexhill UK Limited Orchard Funding Limited McShane Wright Chartered Certified Accountants Michco 1503 Plc MW Corporate Secretaries Limited	None
Mr Jonathan Shearman	Amorethand Limited Cathcon Trust Jubilee Asset Management Limited Trifast Plc	Christian Centre Nottingham T Street Limited
Mr Ravi Takhar	18 Ennismore Avenue Management Limited Associated Premium Funding Limited Bedford Park Mansions Limited Bexhill UK Limited Cambrian Funding Limited Consumer Credit Law & Compliance Limited Evolutis Lending Limited Michco 1503 Plc Neptune Syndicate Limited Orchard Finance Limited Orchard Funding Limited Premium Finance No 1 Limited RRT Associated Limited TKR Limited UE Finco Limited Urban Capital Finco Limited Urban Exposure Investment Adviser Limited Urban Exposure Limited	CRM Associated Limited Hyde Park Capital Limited Infinity Mortgage Holdings Limited Infinity Mortgage Operations Limited Mars Capital Finance Limited Mars Capital Holdings Limited Mars Capital Management Limited Tavistock Law Limited U-Drive Premium Finance Limited

9.2 Save as disclosed in paragraph 9.3, none of the Directors have:

9.2.1 any unspent convictions in relation to indictable offences;

9.2.2 been subject to any bankruptcies or individual voluntary arrangements;

9.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within the 12 months after he had ceased to be a director of that company;

9.2.4 been a partner in or member of any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement, whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

9.2.5 been the owner of any asset which has been placed in receivership or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months preceding such events;

9.2.6 been publicly criticised by any statutory or regulatory authorities (including recognised professional bodies); or

9.2.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

9.3 Mr Ravi Takhar was appointed a director of Infinity Mortgage Holdings Limited on 8 August 2005 and resigned as director on 11 March 2008. On 25 July 2008, the company was placed into voluntary creditors' liquidation and dissolved on 7 January 2012. There was no deficiency as regards creditors.

Mr Ravi Takhar was appointed a director of Infinity Mortgage Operations Limited on 2 January 2003 and resigned as director on 11 March 2008. On 25 July 2008, the company was placed into voluntary creditors' liquidation and dissolved on 8 February 2014. There was no deficiency as regards creditors.

9.4 There are no further disclosures to be made in accordance with paragraph (g) of Schedule Two of the AIM rules for Companies.

10 Material Contracts

10.1 The following contracts (a) have been entered into by the Company since incorporation, not being contracts entered into in the ordinary course of business; or (b) are, or may be, contracts entered into by the Company which are material or contain, or may contain, provisions under which the Company has an obligation or entitlement which is material to the Company at the date of this documents:

10.2 Under the Placing Agreement dated 24 June 2015 and made between the Company, Panmure Gordon and the Directors, the Company appointed Panmure Gordon as its agent and Panmure Gordon agreed to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The obligations of Panmure Gordon are conditional upon Admission occurring on or before 8.00 am on 1 July 2015, or such later time and/or date, not being later than 8.00 am on 8 July 2015, as the Company and Panmure Gordon may agree. Subject to certain restrictions, the Company shall pay all the costs and expenses (including any applicable VAT) that are incidental to the Placing, including the fees and costs of legal advisers incurred by Panmure Gordon and printing, filing and distribution charges. The Company gives certain customary warranties and representations to Panmure Gordon in relation to the accuracy of the information, contained in this document, financial information relating to the Company and other matters in relation to the Company and its business. Each of the Directors gives certain customary warranties and representations to Panmure Gordon in relation to the accuracy of the information contained in this document relating to him. In addition, Panmure Gordon, its group companies and their respective directors, officers and employees have, subject to certain customary restrictions, the benefit of certain indemnities provided by the Company and the Directors relating to certain losses and liabilities if they are incurred by such a persons in the performance of their obligations and services pursuant to the Placing. Panmure Gordon may terminate the Placing Agreement at any time prior to Admission in certain circumstances, including a breach of any of the warranties and representations contained in the Placing Agreement.

10.3 Under the Nominated Adviser and Broker agreement dated 1 July 2015 and made between the Company, the Directors and Panmure Gordon, Panmure Gordon has agreed to act as nominated adviser to the Company following Admission in accordance with the AIM Rules for Companies. Panmure Gordon shall provide such independent advice and guidance to the Directors and the Company as is required from time to time in accordance with their responsibilities and obligations to ensure compliance by the Company on a continuing basis with the AIM Rules for Companies. The agreement is for a fixed period of 12 months and terminable on seven days' written notice by either Panmure Gordon or the Company. The agreement also contains provisions for early termination in certain circumstances and an indemnity given by the Company to Panmure Gordon in respect of, *inter alia*, compliance with all applicable laws.

10.4 Under the Lock-in Agreement dated 24 June 2015 between the Major Shareholder, Panmure Gordon and the Company, the Major Shareholder will not, save as for in very limited circumstances set out below, dispose of any interest in Ordinary Shares for a period of 12 months following Admission. In addition, the Major Shareholder has agreed for a further period of 12 months after the expiry of the 12 month lock-in period that, subject to certain exceptions, the Major Shareholder will only sell such interests through Panmure Gordon and on an orderly market basis. The circumstances in which the lock-in arrangements will not apply are, *inter alia*, as follows:

10.4.1 in acceptance of a general offer made to the Company's Shareholders (made in accordance with the City Code) to acquire the entire issued share capital of the Company;

10.4.2 for a disposal by the personal representative of those shareholders if any of them should die during the period of such restrictions;

10.4.3 in the event of an intervening court order;

10.4.4 in the case of a disposal pursuant to any compromise or arrangement or any takeover effected under part 26 of the Act; and

10.4.5 with the prior written consent of Panmure Gordon.

10.5 Under the Relationship Agreement dated 24 June 2015, between the Company, Panmure Gordon and the Major Shareholder, the Major Shareholder agrees that all transactions and relationships between the Company or any of the Company's subsidiaries and himself or any person connected with him will be at arm's length and on a normal commercial basis. The Major Shareholder also undertakes that as long as he is a holder of 20 per cent. of the shares in the Company he shall not enter into, terminate or in any way alter any commercial arrangements and/or relationships between the Company and any of the subsidiaries and himself (other than his own directorship) or any person connected to him unless a resolution sanctioning such action has been unanimously approved by the Board. The Major Shareholder may not vote in this situation.

10.6 Under the Share Exchange Agreement dated 23 June 2015 between the Major Shareholder and the Company, the Company acquired 100 per cent. of the entire issued share capital in Bexhill and Orchard for an issue of 10,937,500 ordinary shares in itself ("**Share Exchange Agreement**"). Prior to the execution of the Share Exchange Agreement, Bexhill and Orchard were owned 100 per cent. by the Major Shareholder. In accordance with the terms of the Share Exchange Agreement, the Company now owns 100 per cent. of the entire issued share capital in Bexhill and Orchard and the 10,937,500 Ordinary Shares issued in the Company are 100 per cent. owned by the Major Shareholder prior to the Admission.

10.7 On 23 June 2015 Quaysys Software, registered in Mohali (India), assigned absolutely with full title guarantee to the Company its right, title and interest in the copyright and other intellectual property rights existing in the websites www.orchardfunding.co.uk for Orchard and www.bexhillukfunding.com for Bexhill. Under a deed of assignment of contract dated 23 June 2015 between the Company and the Major Shareholder, the Major Shareholder assigned all his rights, title, interest and benefit in and to a software agreement dated 27 January 2005 between Anchor Computer Systems Limited ("**Anchor**") and the Major Shareholder ("**Software Agreement**") and an option Agreement dated 1 February 2007 between Anchor Computer Systems Limited and the Major Shareholder ("**Option Agreement**") to the Company. Under the Software Agreement, Anchor agreed to develop software ("**Anchor Premium Funding Software**"), that is used for insurance brokers and accountants to introduce their business to Orchard and Bexhill, and for Orchard and Bexhill to administer credit agreements. Under the Option Agreement, the Major Shareholder can purchase the Anchor Premium Funding Software from Anchor for £249,999. If the option contained in the Option Agreement is exercised, the Anchor Premium Funding Software and the intellectual property rights in the Anchor Premium Funding Software will transfer to the Company (following the assignment of the option described above).

10.8 Under a facility agreement entered into between Bexhill (1) and Barclays Bank Plc ("**Barclays**") (2) originally dated 20 March 2002 as amended and restated from time to time, including Amendment and Restatement Agreements dated 28 February 2011, 10 March 2014, 16 January 2015 and 23 June 2015 ("**Facility Agreement**"), Barclays provided a commitment of £10 million to Bexhill. The facility has a repayment date of 31 July 2016 and is a receivable facility for the purpose of financing facility agreements from Bexhill to qualifying retail financiers, being wholly owned subsidiaries of insurance brokers that enter into a Bexhill facility with Bexhill. Interest is payable at a rate of LIBOR plus an agreed margin. There are financial covenants and information obligations which must be satisfied. In addition, there is a provision requiring early repayment in certain events, including in the event of the Major Shareholder ceasing to hold at least 30 per cent. of the issued share capital of the Company, or ceasing to be the Chief Executive Officer of Bexhill during the first 12 months following

Admission, other than by reason of death or incapacity, in which case the Company has three months to procure a suitable replacement.

10.9 Under a revolving credit facility agreement dated 16 March 2010 made between Orchard (1) and Bracken Holdings Limited ("**Bracken**") (2) as amended and restated by an Amendment and Restatement Agreement dated 2 August 2010 and a second Amendment and Restatement Agreement dated 3 December 2013, Orchard entered into a facility agreement with Orchard (1) Bexhill (2) Fern Trading Limited ("**Fern**") (a lending vehicle of Octopus Investments Limited) (3) Terido LLP ("**Terido**") (a further lending vehicle of Octopus Investments Limited) (4) Bracken (5) and Bracken Holdings Limited (as security agent) (6) ("**Bracken Facility**") pursuant to which Orchard has a £12 million revolving credit facility for the purpose of financing customer loans in relation to a relevant firm (being either a relevant audit firm, a relevant insurance firm or a relevant other approved firm). The maximum credit facility has now been reduced to £7 million. Interest is payable at a rate of LIBOR plus an agreed margin. There are a number of financial covenants and information obligations which must be satisfied. There are agreed forms for customer loan agreements. The relevant parties have entered into a conditional deed of release, which becomes effective upon the repayment of all advances under the Bracken facility. The repayment of all advances under the Bracken facility will take place immediately following Admission.

10.10 Under a loan agreement entered into on 12 January 2015 between the Major Shareholder and Bexhill, the Major Shareholder provided an on-demand loan of £500,000 to Bexhill ("**RT Facility**"), which was advanced in February 2015. The RT Facility is subordinated to the Facility Agreement by means of a subordination agreement dated 16 January 2015. The RT Facility carries an interest rate of the official rate of interest under section 181 of the Income Tax (Earnings and Pensions) Act 2003, calculated quarterly and payable annually in arrears. On 23 June 2015, it was agreed that the principal loan amount would be repaid in full and the £500,000 be used by Mr Ravi Takhar to subscribe for 520,833 Ordinary Shares at the Placing Price.

11 Employees

Bexhill and Orchard together have 11 employees. The Company employs the Directors, details of whose service agreements are set out in paragraph 8 above. All employees are based at the principal offices of the Company.

12 Related Party Transactions

The Company is not party to any related party transactions. No member of the Group has entered into a related party transaction during the period covered by the historical financial information set out in Part III of this document and up to the date of this document.

13 Working Capital

The Directors are of the opinion, having made due and careful enquiry, that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of Admission.

14 Litigation

There are no, and during the 12 month period prior to the date of this document there have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) which may have, or have had in the recent past, significant effects on the Group's financial position or profitability.

15 Property

The Company occupies two licensed serviced offices at 960 Capability Green, Luton, LU1 3PE.

16 Significant Change

Save as set out in this Admission Document, there has been no significant change in the trading or financial position of the Company since 2 June 2015, its date of incorporation.

Save as set out in this Admission Document, there has been no significant change in the financial or trading position of Bexhill since 31 January 2015, being the date to which the interim financial information has been reported in Part III Section F of this document.

Save as set out in this Admission Document, there has been no significant change in the financial or trading position of Orchard since 31 January 2015, being the date to which the interim financial information has been reported in Part III Section C of this document.

17 Corporate Governance

17.1 The Directors recognise the importance of sound corporate governance and confirm that although compliance with the UK Corporate Governance Code is not compulsory for AIM companies, following Admission, they intend to comply with the QCA Corporate Governance Code (as devised by the QCA in consultation with a number of significant institutional small company investors), to the extent appropriate and practicable for a company of its nature and size. Following Admission, the Board will comprise 4 Directors of whom two are executive and 2 are non-executive, reflecting a blend of different experience and backgrounds. The roles of Chairman (which is a non-executive position) and Chief Executive Officer have been split by the Board and there is a clear division of responsibility between the two. The Board considers David Clark and Jonathan Shearman to be independent.

Following Admission, the Board will meet regularly to review, formulate and approve the Group's strategy, budgets, and corporate actions and oversee the Group's progress towards its goals. It has established audit remuneration and nomination committees with formally delegated duties and responsibilities and with written terms of reference. From time to time separate committees may be set up by the Board to consider specific issues when the need arises.

17.2 ***Audit and Risk Committee***

The following is a summary of the terms of reference under which the Company's Audit and Risk Committee ("**Committee**") operates. The Committee comprises David Clark (Non-executive Director) as chairman and Jonathan Shearman (Non-executive Director).

The Committee shall have at least two members. The Board must be satisfied that at least one member of the Committee has relevant financial experience. Appointments to the Committee should be made by the Board in consultation with the chairman of the Committee.

The Committee shall meet at least two times in every year and any other time as required by either the chairman of the Committee, the finance director of the Company or the external auditors of the Company. In addition, the Committee shall meet with the external auditors of the Company without any executives attending.

The Committee shall, *inter alia*:

17.2.1 approve the appointment and removal of the head of the internal audit function;

17.2.2 maintain and oversee appropriate relationships with external auditors including considering the appointment and remuneration of external auditors and review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process;

17.2.3 monitor the financial reporting and internal financial control principles of the Company;

17.2.4 review all financial results of the Company and financial statements, including all announcements in respect thereof before submission of the relevant documents to the Board;

17.2.5 review and discuss (where necessary) any issues and recommendations of the external auditors including reviewing the external auditors' management letter and management's response;

17.2.6 consider all major findings of internal operational audit reviews and management's response to ensure co-ordination between internal and external auditors;

17.2.7 review the Board's statement on internal reporting systems and keep the effectiveness of such systems under review;

17.2.8 review and assess the annual internal audit plan; and

17.2.9 consider all other relevant findings and audit programmes of the Company.

The Committee shall report annually on the Board's behalf to the Shareholders. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

The Committee shall compile a report to Shareholders on its activities to be included in the Company's annual report such report to comply with the Corporate Governance Code or, where the Committee has determined that there are good reasons for not so complying, an explanation of those reasons.

For the purposes of compliance, whistleblowing and fraud, the Committee shall:

17.2.10 review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;

17.2.11 review the Company's procedures for detecting fraud; and

17.2.12 review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance.

The Committee is authorised to:

17.2.13 investigate any activity within its terms of reference;

17.2.14 seek any information it requires from any employee of the Company; and

17.2.15 obtain, at the Company's expense, outside legal or other independent professional advice and to secure the attendance of such persons to meetings as it considers necessary and appropriate.

18 United Kingdom Taxation

18.1 *Taxation*

The comments in this section are intended as a general guide for UK resident Shareholders as to their tax position under United Kingdom law and HMRC practice as at the date of this document. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The comments apply to Shareholders who are resident and domiciled for tax purposes in the UK (except in so far as express reference is made to the treatments of non-UK residents) who will hold Ordinary Shares as an investment and not as securities to be realised in the course of a trade.

Non-UK resident and non-UK domiciled Shareholders should consult their own tax advisers.

The position of Shareholders who are officers or employees of the Company is not considered in this section; such Shareholders may be subject to an alternative tax regime and should therefore seek tax advice specific to their individual circumstances. The position of UK resident but non-domiciled individuals claiming the remittance basis of taxation is not considered in this section.

The tax position of certain Shareholders who are subject to special rules, such as dealers in securities, broker-dealers, insurance companies and collective investment schemes is not considered in this section. Any Shareholder who has any doubt as to his or her tax position or who is subject to tax in a jurisdiction other than the United Kingdom should consult a professional adviser without delay.

18.1.1 *Taxation of chargeable gains*

For the purpose of UK tax on chargeable gains, the purchase of Ordinary Shares on a placing will be regarded as an acquisition of a new holding in the share capital of the Company. To the extent that a Shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so acquired will, for the purpose of tax on chargeable gains, be treated as acquired on the date of the purchase becoming unconditional.

The amount paid for the Ordinary Shares will constitute the base cost of a Shareholder's holding.

A disposal of all or any of the Ordinary Shares may, depending on the circumstances of the relevant shareholder give rise to a liability to UK taxation on chargeable gains. Shareholders will normally be subject to UK taxation of chargeable gains, unless such holders are not resident in the UK.

Individuals

Where an individual Shareholder disposes of Ordinary Shares at a gain, capital gains tax will be levied to the extent that the gain exceeds the annual exemption and after taking account of any capital losses, exemptions and reliefs available to the individual.

For individuals, capital gains tax will be charged at 18 per cent. where the individual's income and gains are less than the upper limit of the income tax basic rate band. To the extent that any chargeable gains, or part of any chargeable gain, aggregated with income arising in a tax year exceed the upper limit of the income tax basic rate band, capital gains tax will be charged at 28 per cent.

For trustees and personal representatives of deceased persons, capital gains tax on gains in excess of the current annual exempt amount will be charged at a flat rate of 28 per cent.

Where a Shareholder disposes of the Ordinary Shares at a loss, the loss should be available to offset against other current year gains or carried forward to offset against future gains and may also be available to offset against taxable income in the current year (depending upon, *inter alia*, the circumstances of the Company and the Shareholder). Special rules may apply to tax gains on disposals made by individuals at a time when they are temporarily not resident in the UK.

Companies

Where a Shareholder is within the charge to corporation tax, a disposal of Ordinary Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemption or relief. Corporation tax is charged on chargeable gains at the rate applicable to that company. The current rate of UK corporation tax is 20 per cent. Indexation allowance may reduce the amount of chargeable gain that is subject to corporation tax, but may not create or increase any allowable loss.

Taxation of dividends

Under current United Kingdom legislation, no tax is required to be withheld from dividend payments by the Company.

Individuals

Shareholders (other than a company) receiving a dividend from the Company also receive a notional tax credit in respect of the dividend of an amount equal to one-ninth of the amount of the net dividend (which is 10 per cent. of the sum of the dividend and the tax credit). The liability to United Kingdom income tax is calculated on the gross dividend income (i.e. the net dividend received plus the notional 10 per cent. tax credit).

Individual Shareholders whose income is within the starting and basic rate tax bands will be subject to dividend income tax at the rate of 10 per cent., so that (after taking into account the notional 10 per cent. credit) such Shareholders will have no further liability to income tax on that dividend income.

Individual Shareholders who are subject to the higher rate of income tax will be subject to dividend income tax at 32.5 per cent. After allowing for the 10 per cent. notional tax credit, a higher rate taxpayer suffers an effective rate of 25 per cent. on the net dividend received.

Individual Shareholders who are subject to the additional rate of income tax will be subject to dividend income tax at 37.5 per cent. After allowing for the 10 per cent. notional tax credit, an additional rate taxpayer suffers an effective rate of 30.6 per cent. on the net dividend received.

Dividends payable to trustees and personal representatives of deceased persons will be subject to dividend income tax at 37.5 per cent.

Shareholders who are not liable to income tax on the dividend income (or any part of it) may not claim payment of the tax credit (or any part of it).

Companies

Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of UK taxation of dividends) will not generally expect to be subject to tax on dividends from the Company.

Other Shareholders within the charge to UK corporation tax will not be subject to tax on dividends (including dividends from the Company) so long as the dividends fall within an exempt class and certain conditions are met. In general, dividends paid on shares that are "ordinary share capital" for UK tax purposes and are not redeemable, and dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital) are examples of dividends that fall within an exempt class. United Kingdom resident shareholders (including authorised unit trusts and open ended investment companies) and pension funds are not entitled to claim payment of the tax credit (or any part of it).

18.1.2 *Stamp Duty and Stamp Duty Reserve Tax ("**SDRT**")*

No stamp duty or SDRT will should generally be payable on the issue of Ordinary Shares. Nor should there be any liability to stamp duty/SDRT on subsequent transactions involving Ordinary Shares listed on AIM, since the abolition of such tax on transfers post April 2014.

18.1.3 *Summary*

The above is a summary of certain aspects of current taxation law and practice in the UK. A Shareholder who is in any doubt as to his or her tax position and/or who is subject to tax in a jurisdiction other than the UK, should consult his or her professional adviser.

19 General

19.1 Panmure Gordon has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.

19.2 Baker Tilly Corporate Finance LLP has given and not withdrawn its written consent to the inclusion in this document of its name and reports and the references thereto in the form and context in which they appear.

19.3 There have been no interruptions in the business of the Company, which may have or have had since incorporation a significant effect on the financial position of the Company or which are likely to have a material effect on the prospects of the Company for the next 12 months.

19.4 The Ordinary Shares are in registered form and may be held in certificated or uncertificated form. No temporary documents of title will be issued. The Ordinary Shares will be issued pursuant to the Act and their currency is pounds sterling. The ISIN number of the Ordinary Shares is GB00BYZFM569. The Company's Registrars, Neville Registrars, are responsible for maintaining the Company's register of members. No admission to listing or trading of the Ordinary Shares is being sought on any stock exchange other than to AIM.

19.5 There have been no payments by the Company to promoters since incorporation and no fees have been paid since incorporation (other than to trade suppliers) in the sum of £10,000 or more in cash or in kind.

19.6 Save as mentioned in paragraph 19.6.2, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:

19.6.1 received, directly or indirectly from the Company since incorporation; or entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company or the Company, on or after Admission:

any of the following:

19.6.1.1 fees totalling £10,000 or more;

19.6.1.2 securities in the Company where these have a value of £10,000 or more calculated by reference to the opening price of Ordinary Shares upon Admission; or

19.6.1.3 any other benefit with the value of £10,000 or more at the date of Admission.

19.6.2 Nandita Sahgal of Hub Capital Partners is named in accordance with Schedule 2 paragraph (h) of the AIM Rules for Companies, in respect of corporate advice: £40,000.

19.7 It is estimated that the total expenses payable by the Company in connection with the Placing and Admission will amount to approximately £1.22 million (excluding VAT) and the net proceeds of the Placing will be approximately £8.78 million (excluding VAT).

19.8 The Directors are not aware of any environmental issues that may affect the Company's utilisation of its tangible fixed assets.

19.9 The financial information in this document relating to the Company does not comprise statutory accounts within the meaning of section 434(3) of the Act. No statutory accounts of the Company have been delivered to the Registrar of Companies in England and Wales.

19.10 Save as set out in this document, the Company is not dependent on any other patents or licences or industrial, commercial or financial contracts or new manufacturing processes which are material to its business or profitability.

19.11 Save as set out in this document, no government, regulatory authority or similar body, company or person (other than professional advisers named in this document and trade suppliers) has received directly or indirectly, from the Company within 12 months prior to the last practicable date or entered into contractual arrangements (not disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following: (i) fees of £10,000 or more; (ii) Ordinary Shares of £10,000 or more value (by reference to Placing Price); or (iii) any other benefit with a value of £10,000 or more as at Admission.

19.12 Save as set out in this document, the Company is not aware of any other significant recent trends in production, sales and inventory, and costs and selling prices since the end of its previous financial year (to the last practicable date) and is similarly not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects in its current financial year.

19.13 Where information contained in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

19.14 It is expected that CREST accounts will be credited as applicable on the date of Admission.

19.15 There are no arrangements in existence under which future dividends are to be waived or agreed to be waived.

19.16 Pursuant to Chapter 5 of the Disclosure and Transparency Rules a person must notify the Company of the percentage of its voting rights he holds as a shareholder or through his direct or indirect holding of certain financial instruments (or a combination of such holdings) if the percentage of those voting rights (a) reaches, exceeds or falls below 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent., 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. as result of an acquisition or disposal of shares or such financial instruments; or (b) reaches, exceeds or falls below an applicable threshold in (a) as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the Company in accordance with the Disclosure and Transparency Rules. Certain voting rights held by investment managers, unit trusts, OEICS and market makers can be disregarded except at the thresholds of 5 per cent. and 10 per cent. and above.

19.17 The Placing Shares are not being offered generally and no applications have or will be accepted other than under the terms of the Placing Agreement and the placing letters. All the Placing Shares have been placed firm with Placees. The Placing is not being guaranteed or underwritten by any person.

19.18 Monies received from applicants pursuant to the Placing will be held in accordance with the terms and conditions of the Placing until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by, application monies will be returned to the Placees at their risk without interest.

19.19 The Placing Price represents a premium of 95 pence over nominal value of one penny per Ordinary Share.

20 The City Code

The Company is not aware of the existence of any takeover bid pursuant to the rules of the City Code, or any circumstances which may give rise to any takeover bid, and the Company is not aware of any public takeover bid by third parties for the Ordinary Shares.

The City Code applies to the Company. Under the City Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of an acquirer and its concert parties to Ordinary Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstance, its concert parties, would be required (except with the consent of the Panel) to make a cash offer for the outstanding Ordinary Shares at a price not less than the highest price paid for the Ordinary Shares in the Company by the acquirer or its concert parties during the previous 12 months. A similar obligation to make such a mandatory offer would also arise on the acquisition of Ordinary Shares by a person holding (together with is concert parties) Ordinary Shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

Under the Act, if an offeror were to make a takeover offer for the Ordinary Shares and were to acquire or unconditionally contract to acquire 90 per cent. of the shares to which the offer relates, and 90 per cent. of the voting rights attached to those shares, within three months of the last day on which its offer can be accepted, it could compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

The Act would also give minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the Ordinary Shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares to which the offer relates, any holder of Ordinary Shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those Ordinary Shares.

The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his or her rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

21 Auditors

The auditors of the Company for the period from incorporation to the date of this document have been Baker Tilly UK Audit LLP. Baker Tilly UK Audit LLP has also been appointed auditors to the Group. Baker Tilly UK Audit LLP is regulated for audit services by the Institute of Chartered Accountants in Scotland.

The auditors of Bexhill were McShane Wright Limited for the three years ended 31 March 2014 and the auditors of Orchard for the year ended 31 July 2012 and the year ended 31 July 2013 were Harris Lipman LLP and for the year ended 31 July 2014 were FKCA Limited.

22 Environmental

The Directors are not aware of any environmental issues that may affect the Company's utilisation of its tangible fixed assets.

23 Principal Investments

Save as set out or referred to in paragraph 3 of this Part VI of this document:

(a) no significant investments have been made by the Group during the period covered by the historical financial information set out in Part III of this document;

(b) no significant investments by the Group are in progress; and

(c) there are no significant investments by the Group in respect of which a firm commitment has already been made.

24 Documents Available for Inspection

A copy of this document will be available, free of charge, during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) at the offices of Panmure Gordon, One New Change, London, EC4M 9AF from the date of this Document until one month following the date of Admission.

Dated: 24 June 2015

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