

ClearDebt Group Plc

FINANCIAL STATEMENTS

for the year ended 30 June 2009

ClearDebt Group Plc

CONTENTS

	Page
Financial highlights	1
Chairman's statement	2
Chief Executive's statement	3-5
Directors and advisers	6
Directors' report	7-9
Corporate governance	10-11
Statement of Directors' responsibilities	12
Accounts	
Auditor's report to members	13-14
Group income statement	15
Group balance sheet	16
Group statement of changes in equity	17
Group cash flow statement	18
Notes to the consolidated financial statements	19-38
Company balance sheet	39
Notes to the company financial statements	40-43
Trading record	44

ClearDebt Group Plc
FINANCIAL HIGHLIGHTS
For the year ended 30 June 2009

	2009	2008
	£	£
REVENUE	3,386,935	1,869,190
GROSS PROFIT	1,436,365	107,807
PROFIT/(LOSS) FROM OPERATIONS	576,128	(1,131,950)
PROFIT/(LOSS) AFTER TAXATION	407,062	(697,264)
CASH GENERATED BY/(USED IN) OPERATIONS	380,807	(652,233)

Since 1 July 2008 (2008: 1 July 2007), the following numbers of IVAs have been arranged:

	Year ended 30 June 2009	Year ended 30 June 2008
First quarter	84	36
Second quarter	117	57
Third quarter	118	67
Fourth quarter	164	87
	—	—
	483	247
	—	—

Since 1 July 2008, Abacus has arranged 2,856 new plans (1 July 2007: 2,707) and had 2,860 active plans at 30 June 2009 (2008: 1,899).

ClearDebt Group plc

CHAIRMAN'S STATEMENT

I am delighted to present the Group's financial statements for the year ended 30 June 2009.

The Group made a maiden pre-tax profit for the year of £460,923 (2008: loss of £1,221,860) resulting in a profit after taxation of £407,062 (2008: loss of £697,264). The successful diversification of the Group's IVA activities into the debt management arena via the acquisition of Abacus (Financial Consultants) Limited ("Abacus") has been the key to this turnaround.

The Group's balance sheet shows net assets of £4,535,318 (2008: £4,053,256) including cash of £584,593 (2008: £265,537) which is sufficient to continue to develop the Group's business over the next 12 months, given the positive cash flow now being enjoyed in both ClearDebt Limited ("ClearDebt") and Abacus.

The Group is now providing a complete offering of appropriate debt solutions to its clients and continues to realise synergies across its internet marketing platforms. The Group continues to invest in a substantial referral base and is further developing The Debt Advice Portal software to manage all of the Group's external referral relationships. I look forward to another profitable year following a good start to the first quarter.

Gerald Carey FCIB
Chairman

17 September 2009

ClearDebt Group plc

CHIEF EXECUTIVE'S STATEMENT

The IVA Protocol reached with creditor banks in February 2008 enabled the number of IVA approvals to start to increase once again after a long period of rejections by creditors. I am pleased to say that as a result ClearDebt enjoyed a 96% increase in the number of IVAs passed in the year with 483 new cases (2008: 247). This increase in cases reflects not only the favourable economic climate for IVAs but also the benefits of cross marketing with Abacus and enabled ClearDebt to achieve profitability. Income is currently being generated from 858 cases.

Abacus has also achieved profitability for the first time (under ClearDebt Group plc ownership) in the current year and continues to make good progress in the favourable economic climate for debt solutions. A total of 2,856 new debt management plans ("DMP") were agreed in the year (2008: 2,707) an increase of 6% with some 52% of leads arising from the ClearDebt website. As at 30 June 2009 Abacus had 2,860 active paying debt management plans (2008: 1,899) which shows a healthy increase of 51% for the year.

We continue to expand our internet marketing activities across the Group and are constantly exploring new online marketing opportunities. In conjunction with this, we are also enhancing and expanding The Debt Advice Portal software to manage all of our broker generated referrals.

During the latter part of the year we also launched the ClearCash pre-paid MasterCard which is being offered to indebted individuals who struggle to obtain or operate a bank account. The card has the facility to make bill payments on-line and various other tools to enable budgeting. The card also offers discounts from a variety of sites and gives purchase protection insurance on all purchases.

We continue to closely monitor consolidation opportunities within our industry and the Group is well positioned to capitalise on any opportunities that may arise. We also continue to develop our back office systems to enable us to meet creditors' needs in as efficient a way as possible.

THE CONSUMER DEBT MARKET

ClearDebt Group operates within the debt resolution sector, an established sub-category of financial services. Personal insolvencies saw a step change in 2006 with a 58% increase in individual insolvencies to over 100,000 per annum which has been steadily maintained each year since then. The first half of 2009 is showing a 25% year on year increase when compared to the first half of 2008. These rises have been largely due to the expansion in consumer debt, the contraction in credit and latterly a large rise in unemployment leading to an inability to service debt.

As the economic climate has worsened the non-seasonally adjusted quarterly IVA numbers from the insolvency service have shown a steady increase from the lows in the first quarter of calendar year 2008 (pre the IVA protocol) until the last quarter of 2008. The numbers for the first quarter of calendar year 2009 saw a small decrease in IVA numbers which probably reflects the impact of rising unemployment – which makes an IVA generally an unsuitable debt solution. Despite this ClearDebt is continuing to show good growth as disclosed in the operational review. The insolvency statistics also show the number of individual insolvencies continuing to rise and we are also seeing an excellent increase in the take up of debt management plans through Abacus.

THE CLEARDEBT MODEL

Unlike many of its major competitors in the consumer IVA market, ClearDebt has developed a low overhead, high quality model, based on Kaizen manufacturing principles and an intelligent internet interface - www.cleardebt.co.uk. This model allows the company's cost base to be kept to a minimum level whilst still providing high levels of service. It also facilitates efficient growth as there is minimal need to hire new staff until customer number thresholds have been breached.

Due to this distinctive operating model, ClearDebt is able to offer a more effective debt resolution solution than many of its rivals. The model allows ClearDebt to offer IVAs (if that is the appropriate solution) at lower cost not only to the debtor, but also the creditor, by enhancing dividends - thereby increasing the chance that an IVA will be approved by the creditor and completed by the debtor, benefiting all parties involved in the proposal.

THE ABACUS MODEL – Debt Management Plans

Abacus provides services to indebted individuals by negotiating and putting in place a debt management plan with their creditors. The debtor makes monthly payment to Abacus who then distributes the payment to the

ClearDebt Group plc

CHIEF EXECUTIVE'S STATEMENT

creditors as agreed in the plan less an administration fee at an agreed percentage of the debtor's monthly payment. An initial set up fee is also charged.

Such plans are suitable for individuals whose debts are more manageable and rely on the goodwill of creditors as they are not a formal insolvency procedure and interest usually continues to accrue on outstanding debts although some creditors are prepared to waive the interest for short periods.

Many clients are cross referred between ClearDebt and Abacus allowing the Group to offer an appropriate advice solution to all individuals.

As a leading member of the Debt Resolution Forum, ClearDebt has been in regular negotiation with the creditor community and aims to be at the forefront of any proposals to introduce a Regulated Debt Management Plan following the completion of the current consultation process being undertaken by the Ministry of Justice.

OPERATIONAL REVIEW

ClearDebt – IVA Division

Since 1 July 2008 (2008: 1 July 2007), the following numbers of IVAs have been arranged:

	Year ended 30 June 2009	Year ended 30 June 2008
First quarter	84	36
Second quarter	117	57
Third quarter	118	67
Fourth quarter	164	87
	====	====
	483	247
	====	====

ClearDebt has made good progress in the first three quarters of the year before seeing a rapid acceleration in the number of new plans in the fourth quarter. Case numbers in the first quarter are expected to be ahead of the fourth quarter which is especially pleasing given this first quarter of our financial year is traditionally a quieter period for ClearDebt and the industry in general.

The Board monitors several key performance indicators ("KPI's") for the business on a monthly basis including the number of cases passed, various conversion ratios from lead to cases passed and the cost per case acquired.

Abacus– Debt Management Division

The division has achieved profitability this year with a total of 2,860 plans generating income at 30 June 2009 (2008: 1,899). Abacus currently has 2,939 paying plans in place as at 31 August 2009. Gross profitability has increased markedly with the low cost of acquisition of leads from ClearDebt sources versus other more expensive third party lead acquisition costs.

Given that debtors often miss payments to the plans or delay in starting up newly agreed plans, the Board only include plans which have made a payment in the current month in the KPIs for total plans in place and new plans acquired in the month. The other main KPI monitored by the Board is in relation to the value of payments made by the plans each month as this has a direct bearing on fee income which is a fixed percentage of plan payments. Revenue is only recognised by Abacus upon receipt of fees which are drawn from debtor payments as received.

The costs of acquisition of cases and plans are also monitored closely and KPIs continue to be refined following the purchase of Abacus where an increasingly large proportion of leads are being obtained from ClearDebt.

FINANCIAL REVIEW

Gross profit increased to £1,436,365 (2008: £107,807) as a result of increased turnover, careful control of salary costs, and ever continuing refinements in marketing spend and additional synergies between ClearDebt and Abacus.

ClearDebt Group plc

CHIEF EXECUTIVE'S STATEMENT

FUTURE OUTLOOK

The IVA market has continued to recover from pre Protocol levels in the first quarter of 2008 but has still not seen the peak reached in the 4th quarter of 2006. Despite this ClearDebt has substantially increased the numbers of IVAs it has dealt with and has substantially outperformed the growth rate in the wider market over the period.

We continue to see a significant number of appropriate referrals from ClearDebt to Abacus for debt management plans and as a result Abacus continues to trade strongly.

Given the current economic outlook in the UK with rising unemployment I believe the Group is well placed for another successful year.

I would finally like to pay tribute to all our employees who have bonded well together to create a very talented team offering the high standards of service and commitment that the company has set for itself.

David Emanuel Merton Mond FCA FCCA
Chief Executive Officer

17 September 2009

ClearDebt Group Plc

DIRECTORS AND ADVISERS

DIRECTORS

G Carey FCIB
D E M Mond FCA FCCA
A F Smith
A J Leon FCA

SECRETARY

D E M Mond

REGISTERED OFFICE

Nelson House
Park Road
Timperley
Cheshire
WA14 5BZ

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants and
Registered Auditors
3 Hardman Street
Manchester
M3 3HF

BROKERS

St Helen's Capital Plc
15 St Helen's Place
London
EC3A 6DE

NOMINATED ADVISER

W H Ireland Limited
11 St James's Square
Manchester
M2 6WH

REGISTRARS

Neville Registrars
Neville House
18 Laurel Lane
Halesowen
West Midlands

SOLICITORS

Halliwells LLP
3 Hardman Square
Spinningfields
Manchester
M3 3EB

BANKERS

Barclays Bank Plc
1 Bridge Street
Stockport
Cheshire
SK1 1XU

Anglo Irish Bank Corporation Plc
10 Old Jewry
London
EC2R 8DN

ClearDebt Group Plc

DIRECTORS' REPORT

For the year ended 30 June 2009

The Directors present their report and the financial statements of the Group for the year ended 30 June 2009.

Principal Activities and Review of the Business

The principal activity of the Group is the provision of financial advice and appropriate solutions to individuals experiencing personal debt problems.

The principal activity of the Company is that of a holding company.

A review of the Group's activities and its future prospects is detailed in the Chairman's Statement on page 2 and the Chief Executive's Statement on pages 3 to 5.

Results and Dividends

The trading results for the year and the Group's financial position at the end of the year are set out in the attached financial statements.

The Directors do not recommend payment of a final dividend. (2008: nil)

Share Capital

Information regarding substantial shareholdings in the Company is contained in the notes to the Company balance sheet on page 43.

Directors who held Office during the Year

The Directors of the Company who held office during the year are as follows:

G Carey FCIB (Non-Executive Chairman)

D E M Mond FCA FCCA

A F Smith

A J Leon FCA (Non-Executive)

D Morris (resigned 10 July 2008)

Payment of Creditors

It is the Group's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of these terms and abide by them. Trade creditor days for the Group at 30 June 2009, were 46 days (2008: 53 days). This represents the ratio, expressed in days, between the amounts invoiced to the Group in the period by its suppliers and the amounts due, at the year end, to trade creditors falling due for payment within one year.

Charitable and Political Contributions

The Group made no political contributions or donations to charities during the year (2008: £nil).

Employee Involvement

The Group recognises and seeks to encourage the involvement of its employees, with the aim being the recruitment, motivation and retention of quality employees throughout the Group.

The Group's employment policies, including the commitment to equal opportunity, are designed to attract, retain and motivate employees regardless of sex, race, religion or disability.

The Group is committed to ensuring and communicating the requirements for a safe and healthy working environment for all employees, consistent with health and safety legislation and, wherever practicable, gives full consideration to applications for employment from disabled persons.

ClearDebt Group Plc

DIRECTORS' REPORT

For the year ended 30 June 2009

Going Concern

The financial statements are prepared on a going concern basis, which assumes the Group will continue in operational existence for the foreseeable future. The Group's ability to meet its future working capital requirements and therefore continue as a going concern is dependent upon it being able to generate significant revenues and free cash flow. The Directors have prepared projections which they consider to be prudent and demonstrate that the business can operate within its existing cash resources, and have identified a series of realistically achievable actions that they are committed to taking to mitigate the rate of cash outflow should revenues not be secured as predicted.

Principal Risks and Uncertainties

All businesses face a range of risks and uncertainties, being subject to risk factors from internal and external sources. The Board considers the likelihood and significance of risk factors when putting in place risk management procedures to ensure risk mitigation.

The following are considered to be the key risks facing the Group:-

1. Competition - the market for debt resolution solutions remains highly competitive. The Group seeks to manage the risk of losing referrers through providing innovative solutions supported by high quality delivery. The Group's main marketing channel still continues to be the internet and the Group monitors closely the strategies of competitors and the prices paid in the market place and reacts appropriately where necessary.
2. Credit risk – the Group's credit risk is attributable to its trade receivables and is managed by daily monitoring of client's payments into their programmes versus agreed contracted terms.
3. Funding arrangements – the Group monitors cash flow as part of its normal activities. Cash flow positions are discussed with the Board on a monthly basis to ensure that all possible treasury benefits are being taken and facilities are available if necessary. Advertising and marketing spend is monitored closely as it is a key component of funding requirements.
4. Economic environment – the current economic climate is extremely favourable and the market for indebted consumers is likely to grow in the next few years.
5. Creditor Pressure – Creditors can restrict the market for personal debt resolutions by refusing to agree to proposals which they do not deem acceptable. This can have the effect of restricting approvals and therefore the timing of fees. The Group is actively involved in talking to creditors constantly to ensure that all Group products are in line with creditor approval criteria as much as possible.

Risks associated with financial instruments entered into by the Group are detailed in note 20.

ClearDebt Group Plc
DIRECTORS' REPORT
For the year ended 30 June 2009

Statement as to Disclosure of Information to Auditors

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditors

Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office and a resolution that they should be re-appointed as auditors will be put to the members at the annual general meeting.

By order of the Board

D E M Mond
Company Secretary

17 September 2009

Principles of Corporate Governance

The Group's Board appreciates the value of good corporate governance not only in the areas of accountability and risk management but also as a positive contribution to business prosperity. It believes that corporate governance involves more than a simple "box ticking" approach to establish whether a company has met the principles (including those set out in the corporate governance guidelines for AIM companies published by the Quoted Companies Alliance in July 2005) of a number of specific rules and regulations. Rather the issue is one of applying corporate governance in a sensible and pragmatic fashion having regard to the individual circumstances of a particular company's business. The key objective is to enhance and protect shareholder value.

Board Structure

The Board is responsible to shareholders for the proper management of the Group. A statement of Directors' responsibilities in respect of the accounts is set out on page 12.

The Non-Executive Directors have a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully considered.

To enable the Board to discharge its duties, all Directors have full and timely access to all relevant information and there is a procedure for all Directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the Group. The Board has a formal schedule of matters reserved to it and meets monthly. It is responsible for overall group strategy, approval of major capital expenditure projects and consideration of significant financing matters.

The following Committees have been set up, which have written terms of reference and deal with specific aspects of the Group's affairs.

1. The Remuneration Committee, consisting of the two Non-Executive Directors is responsible for making recommendations to the Board on the Company's framework of executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for each of the Executive Directors, including pension rights and compensation payments. The Board itself determines the remuneration of the Non-Executive Directors. The Committee meets as required.
2. The Audit Committee includes the two Non-Executive Directors. Its prime tasks are to review the scope of the external audit, to receive regular reports from Baker Tilly UK Audit LLP, and to review the half-yearly and annual accounts before they are presented to the Board, focusing in particular on accounting policies and areas of management judgment and estimation. The Committee is responsible for monitoring the controls, which are in force to ensure the integrity of the information reported to the shareholders. The Committee acts as a forum for discussion of internal control issues and contribute to the Board's review of the effectiveness of the Group's internal control and risk management systems and processes. It advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature and scope of the audit with the external auditors. It reviews and monitors the independence of the auditors especially with regard to non audit work. It meets at least twice a year including immediately before the submission of the annual and interim financial statements to the Board.

Any new Non-Executive Directors will be asked to join both Committees.

No formal nomination Committee exists in view of the stage of development of the Group. Instead appointments to the Board by the Chief Executive and other Executive Directors are discussed with the Non-Executive Chairman. Appointments are made after an evaluation of the skills, knowledge, and expertise required ensuring that the Board as a whole has the ability to ensure that the Group can continue to compete effectively in its market place.

Internal Control

The Directors are responsible for the Group's system of internal control and reviewing its effectiveness. The Board has designed the Group's system of internal control in order to provide the Directors with reasonable assurance that its assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss. The key elements of the control system in operation are:

- a. The Board meets regularly with a formal schedule of matters reserved to it for decision and has put in place an organisational structure with clear lines of responsibility defined and with appropriate delegation of authority;
- b. There are procedures for planning, approval and monitoring of capital expenditure and information systems for monitoring the Group's financial performance against approved budgets and projections;

The process adopted by the Group accords with the guidance contained in the document "Internal Control Guidance for Directors on the Combined Code" issued by the ICAEW.

The Audit Committee receives reports from the external auditors on a regular basis and from Executive Directors of the Group. During the period, the Board has reviewed the effectiveness of the system of internal control as described above. The Board has considered whether the Group's internal controls processes would be significantly enhanced by an internal audit function and has taken the view that at the Group's current stage of development, this is not required. The Board will continue to review this matter each year. The Board receives periodic reports from all Committees.

There are no significant issues disclosed in the financial statements for the period ended 30 June 2009 and up to the date of approval of the report and financial statements that have required the Board to deal with any related material internal control issues.

Relations with Shareholders

The Group values its dialogue with both institutional and private investors. Effective two-way communication with fund managers, institutional investors and analysts is actively pursued and this encompasses issues such as performance, policy and strategy. During the period the Directors have had meetings with analysts and institutions and will continue to do so.

There is also an opportunity, at the Company's Annual General Meeting for individual shareholders to raise general business matters with the full Board and notice of the Company's Annual General Meeting is circulated to all shareholders at least 20 working days before such meeting. The Chairman of the Audit and Remuneration Committee will be available at the Annual General Meeting to answer questions.

ClearDebt Group Plc

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

UK Company law requires the directors to prepare Group and Company Financial Statements for each financial year. Under that law the directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company.

In preparing each of the Group and Company financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. for the Group financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU; and for the company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Company financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business;

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the ClearDebt Group Plc website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ClearDebt Group Plc

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CLEARDEBT GROUP PLC

We have audited the Group and Parent Company financial statements (“the financial statements”) which comprise the Group Income Statement, Group Balance Sheet, the Group Statement of Changes in Equity, the Group Cashflow Statement, the Parent Company Balance Sheet and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company’s members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As more fully explained in the Statement of Directors’ Responsibilities in respect of the Financial Statements set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s (APB’s) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB’s website at www.frc.org.uk/apb/scope/UKNP.

Opinion on the financial statements

In our opinion

- the financial statements give a true and fair view of the state of the Group’s and of the Parent Company’s affairs as at 30 June 2009 and of the Group’s profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

ClearDebt Group Plc
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CLEARDEBT GROUP PLC

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

GRAHAM BOND FCA (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

17 September 2009

ClearDebt Group Plc
GROUP INCOME STATEMENT
For the year ended 30 June 2009

	Notes	2009 £	2008 £
Revenue	3	3,386,935	1,869,190
Cost of sales		(1,950,570)	(1,761,383)
Gross profit		1,436,365	107,807
Administrative expenses	5	(693,335)	(920,711)
Profit/(loss) before interest, tax, depreciation and amortisation		743,030	(812,904)
Depreciation	11	(90,279)	(75,464)
Amortisation	10	(76,623)	(243,582)
Profit/(loss) from operations	3 & 4	576,128	(1,131,950)
Finance costs	6	(126,600)	(122,505)
Finance income		11,395	32,595
Profit/(loss) before taxation		460,923	(1,221,860)
Taxation	8	(53,861)	524,596
Profit/(loss) after taxation for year		407,062	(697,264)
Earnings/(loss) per ordinary share – basic (pence)	9	0.13p	(0.23p)
Earnings/(loss) per ordinary share – diluted (pence)	9	0.13p	(0.23p)

The results for the period are derived from continuing activities.

The entire profit is attributable to the equity holders of the parent company.

No separate statement of total recognised income and expenditure is presented as all such income and expenses have been dealt with in the Group income statement above.

ClearDebt Group Plc
GROUP BALANCE SHEET
As at 30 June 2009

	<i>Notes</i>	2009 £	2008 £
Assets			
Non-current assets			
Intangible assets	10	4,537,299	4,504,814
Property plant and equipment	11	189,800	244,056
Deferred taxation	15	347,940	403,396
		<u>5,075,039</u>	<u>5,152,266</u>
Current assets			
Trade and other receivables	12	729,310	472,824
Corporation tax repayment receivables	8	-	102,793
Cash and cash equivalents		584,593	265,537
		<u>1,313,903</u>	<u>841,154</u>
Total assets		<u><u>6,388,942</u></u>	<u><u>5,993,420</u></u>
Equity and liabilities			
Equity			
Issued capital	16	6,166,812	6,091,812
Share premium account		279,948	279,948
Share based compensation		97,814	97,814
Retained losses		(2,009,256)	(2,416,318)
Total equity		<u>4,535,318</u>	<u>4,053,256</u>
Current liabilities			
Trade and other payables	13	639,807	740,164
Corporation tax payable	13	13,817	-
		<u>653,624</u>	<u>740,164</u>
Non-current liabilities			
Financial liabilities	14	1,200,000	1,200,000
Total liabilities		<u>1,853,624</u>	<u>1,940,164</u>
Total equity and liabilities		<u><u>6,388,942</u></u>	<u><u>5,993,420</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 17 September 2009 and are signed on its behalf by:

D E M Mond
Director

ClearDebt Group Plc
GROUP STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2009

	Share Capital £	Share Premium £	Other Reserves £	Retained Losses £	Total Equity £
Balance as at 1 July 2007	5,776,812	407,046	-	(1,719,054)	4,464,804
Share issue	315,000	-	-	-	315,000
Share issue costs	-	(29,284)	-	-	(29,284)
Share based compensation	-	(97,814)	97,814	-	-
Loss for the period	-	-	-	(697,264)	(697,264)
Balance as at 1 July 2008	<u>6,091,812</u>	<u>279,948</u>	<u>97,814</u>	<u>(2,416,318)</u>	<u>4,053,256</u>
Share issue	75,000	-	-	-	75,000
Profit for the period	-	-	-	407,062	407,062
Balance as at 30 June 2009	<u><u>6,166,812</u></u>	<u><u>279,948</u></u>	<u><u>97,814</u></u>	<u><u>(2,009,256)</u></u>	<u><u>4,535,318</u></u>

Share capital

Share Capital has arisen on the issue of shares and represents the nominal value of shares issued.

Share premium

The share premium account arose from the issue of equity shares above the nominal value less share issue costs.

Other reserve

This reserve is the result of the Company's grant of equity settled share options and warrants and measured in accordance with IFRS2 Share-based payment transactions.

Retained losses

The Retained losses reflect losses incurred to date.

ClearDebt Group Plc
GROUP CASHFLOW STATEMENT
For the year ended 30 June 2009

	<i>Note</i>	Year ended 30 June 2009	Year ended 30 June 2008
		£	£
Cash flow from Continuing Operating Activities			
Profit/(loss) before taxation		460,923	(1,221,860)
Depreciation of property, plant and equipment		90,279	75,464
Amortisation of intangible assets		76,623	243,582
(Increase)/decrease in trade and other receivables		(256,486)	160,486
Finance costs		126,600	122,505
Finance income		(11,395)	(32,595)
(Decrease)/increase in trade and other payables		(105,737)	185
		380,807	(652,233)
Cash generated by/(used) in operations		380,807	(652,233)
Income tax refund		123,585	-
		504,392	(652,233)
Cash generated by/(used) in operating activities		504,392	(652,233)
Cash flows from investing activities			
Acquisition of business and assets	18	(10,612)	(1,250,014)
Acquisition of intangibles		(23,496)	-
Acquisition of property, plant and equipment		(36,023)	(102,817)
Finance income		11,395	32,595
Sale of other intangible assets		-	25,000
		(58,736)	(1,295,236)
Net cash absorbed by investing activities		(58,736)	(1,295,236)
Cash flows from financing activities			
Proceeds from new loans		-	1,600,000
Repayment of loans		-	(400,000)
Proceeds of share issue		-	315,000
Share issue costs		-	(29,284)
Interest on loans		(126,600)	(122,505)
		(126,600)	1,363,211
Cash (used by)/generated from financing activities		(126,600)	1,363,211
Increase/(decrease) in cash and cash equivalents		319,056	(584,258)
Opening cash and cash equivalents		265,537	849,795
		584,593	265,537
Closing cash and cash equivalents		584,593	265,537

ClearDebt Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

1. General Information

ClearDebt Group Plc is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006. At the date of the authorisation of the financial statements the following standards and interpretations, which have not been applied in the financial statements, were in issue but not yet effective:

IFRS 8	Operating segments
IAS 1	Revised – Presentation of financial statements
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a net investment in a foreign operation
IFRIC 17	Distributions of non cash assets to owners.
IFRIC 18	Transfers of assets from customers
IAS 23	Amendment – Borrowing costs
IAS 27	Amendment – Consolidated and Separate Financial Statements
IFRS 1	Amendment – First time adoption of IFRS
IFRS 2	Amendment – Share-based payment
IFRS 3	Amendment – Business Combinations
IFRS 7	Amendment – Financial instrument disclosure: reclassification of financial assets
IAS 32	Amendment – Financial instruments ‘Presentation’
IAS 39	Amendment – Financial instruments recognition and measurement: reclassification of financial assets.

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial information when the relevant standards and interpretations come into effect.

The Group’s functional currency is £ sterling.

2. Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU) and the requirements of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on the historic cost basis. The principal accounting policies adopted are set out below.

Critical Accounting Estimates and Judgements

The preparation of the financial information in conformity with IFRS requires management to make judgement, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgements about carrying values of assets and liabilities that are both readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The principal balances that have been estimated relate to:-

- estimates of future cashflows for the goodwill impairment review
- estimates in respect of the future recoverability of the deferred tax asset in respect of losses brought forward
- estimates of the fair value of intangible assets acquired
- estimates of future cashflows linked to contingent consideration in respect of acquisitions

ClearDebt Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

2. Significant Accounting Policies (continued)

Basis of Consolidation

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Inter-company transactions are therefore eliminated in full.

Business Combinations

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

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.

Goodwill

Goodwill arising on acquisition of subsidiaries or business is recognised as a separate asset on the balance sheet after the recognition at fair value of any other intangible assets identified at the time of acquisition.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being recognised immediately and charged to the consolidated income statement. Where the fair value of identifiable assets, liabilities and contingent liabilities exceeds the fair value of consideration paid, the excess is credited in full to the group income statement on the acquisition date. The Group carries out annual impairment tests for goodwill. Impairment losses in respect of goodwill are not reversed.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its intangibles and property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent of other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

ClearDebt Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

2. Significant Accounting Policies (continued)

Other Intangible Assets

Internal and externally acquired intangible assets are initially recognised at cost and subsequently amortised over their useful economic lives. The amortisation expense is shown separately on the face of the Group Income Statement. The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:-

Other intangibles	-	1 year straight line
Development costs	-	4 years straight line
Software development costs	-	4 years straight line

Expenditure arising from the Group's development costs and software development is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably;
- the Group has the intention to complete the asset and the ability and intention to use or sell it;
- sufficient resources are available to complete the development and to either sell or use the asset.

Where the criteria have not been achieved, software development expenditure is recognised as an expense in the period in which it is incurred.

Revenue

Revenue is recognised at the fair value of amounts receivable or received in relation to a range of services provided to clients as follows:

Individual Voluntary Arrangements (IVA)

Fees are earned for arranging and administering IVAs on behalf of individuals experiencing debt problems. Generally, revenue is accrued based upon the stage of completion of specific client contracts where the outcome can be assessed with reasonable certainty and the value for that service has been agreed between the Group and the client.

Nominee fees

Nominee fees are recognised upon the approval of an IVA proposal at a creditors meeting.

Supervisory fees

Supervisory fees are accrued on a monthly basis over the duration of the arrangement as the service is provided.

Debt management services

Fees are receivable for the management of debts on behalf of clients experiencing financial difficulties. Fees are recognised upon receipt of client payments on the basis that these arrangements are informal and there is no certainty that economic benefits will accrue until a payment is received.

Commissions

The Group also receives commission income from the referral of loans and other products. Commissions are recorded as they become due.

ClearDebt Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

2. Significant Accounting Policies (continued)

Property, Plant and Equipment

All property plant and equipment are initially recorded at cost.

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold Improvements	-	25% straight line
Fixtures & fittings	-	25% straight line

Residual value and estimated remaining lives are reviewed annually.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

Share-Based Compensation

Equity-settled share based payments are measured at the fair value of services received in exchange for the grant of options or warrants. The fair value determined is recognised as an expense if it relates to trading activities or in the share premium account if it relates to the issue of equity instruments. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or warrants granted, excluding the impact of any non-market vesting conditions (for example, profitability and growth targets). Non-market vesting conditions are included in the assumptions about the number of options or warrants that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options or warrants that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to reserves over the remaining vesting period.

The proceeds received net of any attributed transaction costs are credited to share capital (nominal value) and share premium when the options or warrants are exercised.

Leasing

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Financial Instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Trade and other receivables

Trade receivables are classified as loans and other receivables in accordance with IAS 39, measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

ClearDebt Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

2. Significant Accounting Policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less and are classified as other loans and receivables in accordance with IAS 39.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of amounts as defined above.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. An instrument will be classified as a financial liability when there is a contractual obligation to deliver cash or another financial asset to another enterprise.

Borrowings

Interest-bearing bank loans and overdrafts are classified as “other liabilities” in accordance with IAS 39. They are initially recorded at their fair value, net of any issue costs associated with borrowings. Borrowings are subsequently stated at amortised cost.

Finance charges, including premiums payable on settlement or redemption, are expensed to the income statement over the term of the instrument using an effective rate of interest and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Taxable losses differ from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Equity Reserves

Reserves in respect of issued share capital represent the nominal value of shares issued. The share premium reserve represents any premium received on the issue of shares in excess of the nominal value net of transaction costs incurred in the issuance of the shares.

Other reserves comprise reserves created in respect of equity-settled share based payments charged to the share premium account.

Retained losses are realised losses after the payment of dividends when dividends are paid.

ClearDebt Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

3. Segmental Information

The Group's total income, loss before taxation and net assets were all derived from its principal activities being the provision of IVA and other financial advice and appropriate solutions to individuals experiencing personal debt problems. All the Group's activities were undertaken wholly in the United Kingdom.

Year ended 30 June 2009

	Insolvency	Debt Management	Total 2009	Insolvency	Debt Management	Total 2008
	£	£	£	£	£	£
Revenue	766,366	2,620,569	3,386,935	486,586	1,382,604	1,869,190
Inter Group trading	175,125	(175,125)	-	-	-	-
Cost of sales	(463,787)	(1,486,783)	(1,950,570)	(533,481)	(1,227,902)	(1,761,383)
Gross profit /(loss)	477,704	958,661	1,436,365	(46,895)	154,702	107,807
Administrative expenses	(277,307)	(582,930)	(860,237)	(666,663)	(573,094)	(1,239,757)
Profit/(loss) from operations	200,397	375,731	576,128	(713,558)	(418,392)	(1,131,950)
Finance costs	-	(126,600)	(126,600)	-	(122,505)	(122,505)
Finance income	11,395	-	11,395	32,595	-	32,595
Profit/(loss) before taxation	211,792	249,131	460,923	(680,963)	(540,897)	(1,221,860)
Taxation	53,266	(107,127)	(53,861)	387,161	137,435	524,596
Profit/(loss) for year	265,058	142,004	407,062	(293,802)	(403,462)	(697,264)

ClearDebt Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

3. Segmental Information (continued)

Net operating assets are reconciled to equity funds as follows:

	2009	2008
	£	£
Gross assets		
Insolvency	4,674,784	4,300,999
Debt management	1,714,158	1,692,421
	<u>6,388,942</u>	<u>5,993,420</u>
Gross liabilities		
Insolvency	413,347	485,977
Debt management	1,440,277	1,454,187
	<u>1,853,624</u>	<u>1,940,164</u>
Capital expenditure to acquire property, plant and equipment		
Insolvency	11,715	50,033
Debt management	24,308	52,784
	<u>36,023</u>	<u>102,817</u>
Capital expenditure to acquire intangible assets		
Insolvency	23,496	-
Debt management	-	-
	<u>23,496</u>	<u>-</u>
Depreciation of property, plant and equipment		
Insolvency	30,508	27,875
Debt management	59,771	47,589
	<u>90,279</u>	<u>75,464</u>
Amortisation of intangible assets		
Insolvency	65,373	68,082
Debt management	11,250	175,500
	<u>76,623</u>	<u>243,582</u>

ClearDebt Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

4. Profit/(loss) from Operations

	2009	2008
	£	£
Profit/(loss) from operations is stated after charging:		
Depreciation of owned assets	90,279	75,464
Amortisation	76,623	243,582
Rentals – building	93,722	56,086
Auditor’s remuneration – audit	12,500	12,500
Auditor’s remuneration – other services	16,750	27,350
	<u> </u>	<u> </u>

Amounts payable to Baker Tilly UK Audit LLP and their associates in respect of both audit and non audit services:

	2009	
	£	%
Audit Services		
- Statutory audit	12,500	43%
Other Services		
The auditing of accounts of associates of the company pursuant to legislation.		
- Audit of subsidiaries where such services are provided by Baker Tilly UK Audit LLP and their associates	14,500	50%
Other services supplied pursuant to such legislation		
- Interim results	2,250	7%
Tax Services		
- Compliance services	-	
Corporate Finance	-	
	<u> </u>	
	<u>29,250</u>	

Amounts payable to Baker Tilly UK Audit LLP and their associates in respect of both audit and non audit services:

	2008	
	£	%
Audit Services		
- Statutory audit	12,500	31%
Other Services		
The auditing of accounts of associates of the company pursuant to legislation		
- Audit of subsidiaries where such services are provided by Baker Tilly UK Audit LLP and their associates	17,500	44%
Other services supplied pursuant to such legislation		
- Interim results	6,850	17%
Tax Services		
- Compliance services	-	
Corporate finance	3,000	8%
	<u> </u>	
	<u>39,850</u>	

ClearDebt Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

5. Separately Disclosable Items

	2009	2008
	£	£
Administrative Expenses	(77,500)	100,000

ClearDebt took legal action in early 2008 against the IVA Council and others for defamation after the IVA Council sent correspondence to ClearDebt's clients (and clients of other IVA companies) alleging they had been mis-sold IVAs. The case was settled on 21 November 2008 with the award of £250,000 to ClearDebt in respect of damages and legal costs together with a letter of apology. £77,500 of the provision made in 2008 for legal costs has been released in the current year after the receipt of the monies and the discharge of the associated legal costs.

6. Finance Costs

	2009	2008
	£	£
Interest payable on loans	126,600	122,505

7. Employees

Number of Employees

The average monthly numbers of employees (including the Directors) during the period was:

	2009	2008
	Number	Number
Directors	4	5
Sales and marketing	1	-
Advice team, management and administration	7	7
IVA processing team	9	9
DMP processing team	36	37
	<u>57</u>	<u>58</u>

Employment costs

	2009	2008
	£	£
Wages and salaries	1,093,653	814,239
Social security costs	96,973	66,253
Pension costs	-	-
	<u>1,190,626</u>	<u>880,492</u>

Directors' Emoluments

	2009	2008
	£	£
Directors' fees	48,000	48,000
Directors' emoluments	19,656	77,156
	<u>67,656</u>	<u>125,156</u>
Social security costs	2,516	9,876
Key management compensation	<u>70,172</u>	<u>135,032</u>

Key management consist of the statutory directors of the Group.

	Number	Number
Number of Directors to whom retirement benefits are accruing under a money purchase scheme	<u>-</u>	<u>-</u>

ClearDebt Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

8. Taxation	2009	2008
	£	£
<u>Analysis of current year</u>		
Current tax		
UK corporation tax payable	13,817	-
UK corporation tax repayment due	-	(102,793)
Under/(overprovision) from prior years	(15,412)	-
	<u> </u>	<u> </u>
Deferred tax		
Temporary differences, origination and reversal	150,818	(421,803)
Effect of tax rate changing on opening balance	(95,362)	-
	<u> </u>	<u> </u>
Total deferred tax debit/(credit)	(55,456)	(421,803)
	<u> </u>	<u> </u>
Tax on profit/(loss) for the period	53,861	(524,596)
	<u> </u>	<u> </u>
Factors affecting charge for year		
	2009	2008
	£	£
Profit/(loss) before taxation	460,923	(1,221,860)
	<u> </u>	<u> </u>
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 28% (2008: 21%)	129,058	(256,590)
EFFECTS OF:		
Expenses not deductible	302	3,051
Adjustment due to change of tax rate	(95,362)	-
Other prior year adjustment	25,019	-
Recognition of tax losses related to previous periods	-	(271,057)
Marginal relief	(5,156)	-
	<u> </u>	<u> </u>
Current tax expense/(credit) for year	53,861	(524,596)
	<u> </u>	<u> </u>
9. Earnings/(loss) per Ordinary Share		
	2009	2008
	£	£
Profit/(loss) for the financial year	407,062	(697,264)
	<u> </u>	<u> </u>
Average number of ordinary shares in issue	306,213,855	303,902,042
Dilutive potential of warrants	-	-
	<u> </u>	<u> </u>
	306,213,855	303,902,042
	<u> </u>	<u> </u>
Earnings/(loss) per share		
Basic loss per 2p (2008: 2p) ordinary share	0.13p	(0.23)p
Diluted loss per 2p (2008: 2p) ordinary share	0.13p	(0.23)p
	<u> </u>	<u> </u>

ClearDebt Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

9. Earnings/(loss) per Ordinary Share (continued)

The calculation of the basic and diluted earnings/(loss) per ordinary share of 0.13p (2008: loss of 0.23p) each has been based on the profit/(loss) for the relevant financial year and on 306,213,855 shares (2008: 303,902,042). This represents the weighted average number of ordinary shares in issue. The profit for the period and the weighted average number of ordinary shares for the purpose of calculating the diluted earnings per share are the same as for the basic earnings per share calculation. This is because the outstanding warrants were exercisable at a price above the ordinary share price for most of the year and would therefore not be dilutive under the terms of IAS 33. The loss for the year ended 30 June 2008 and the weighted average number of ordinary shares for the purposes of calculating the diluted loss per share are the same as for the basic loss per share calculation. This is because the outstanding warrants would have the effect of reducing the loss per ordinary share and therefore are not dilutive under the terms of IAS 33.

10. Intangible Assets

	Goodwill	Other intangibles	Development costs	Software Development costs	Total
	£	£	£	£	£
Cost – 2009					
At 1 July 2008	4,402,280	178,000	80,312	155,293	4,815,885
Additions			-	23,496	23,496
Arising on acquisition of Debt Advice Portal	55,612	-	-	30,000	85,612
Disposals	-	-	(80,312)	-	(80,312)
At 30 June 2009	<u>4,457,892</u>	<u>178,000</u>	<u>-</u>	<u>208,789</u>	<u>4,844,681</u>
Amortisation – 2009					
At 1 July 2008	-	170,500	58,765	81,806	311,071
Charge for year	-	7,500	21,547	47,576	76,623
Disposals	-	-	(80,312)	-	(80,312)
At 30 June 2009	<u>-</u>	<u>178,000</u>	<u>-</u>	<u>129,382</u>	<u>307,382</u>
Net book value					
At 30 June 2009	<u>4,457,892</u>	<u>-</u>	<u>-</u>	<u>79,407</u>	<u>4,537,299</u>
Cost – 2008					
At 1 July 2007	3,068,986	-	80,312	155,293	3,304,591
Arising on acquisition of subsidiary	1,333,294	208,000	-	-	1,541,294
Disposals	-	(30,000)	-	-	(30,000)
At 30 June 2008	<u>4,402,280</u>	<u>178,000</u>	<u>80,312</u>	<u>155,293</u>	<u>4,815,885</u>
Amortisation – 2008					
At 1 July 2007	-	-	35,259	37,230	72,489
Charge for year	-	175,500	23,506	44,576	243,582
Disposals	-	(5,000)	-	-	(5,000)
At 30 June 2008	<u>-</u>	<u>170,500</u>	<u>58,765</u>	<u>81,806</u>	<u>311,071</u>
Net book value					
At 30 June 2008	<u>4,402,280</u>	<u>7,500</u>	<u>21,547</u>	<u>73,487</u>	<u>4,504,814</u>

ClearDebt Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

10. Intangible Assets (continued)

Impairment Reviews

The total carrying value of £4,457,892 relating to goodwill is reviewed annually for impairment. This comprises £3,068,986 relating to the insolvency business and £1,388,906 relating to the debt management business.

For the purposes of impairment review the recoverable amount has been calculated as the value in use based on discounted future cash flow projections for a five year period.

Goodwill arising on ClearDebt acquisition (insolvency business)

Monthly revenue projections assume that the number of IVA cases approved will double over two years and then remain constant. Nominee fees per case are expected to remain at current levels together with average supervisory fees, and IVAs lasting a maximum of 5 years. Expenses are expected to rise 40% in the first year and then rise by approximately 5% in the second year and remain constant over the remaining three years. The appropriate discount factor used in the calculations is 10%.

Assumptions are based on recent experience and estimates of how economic conditions will affect levels of activity in the business.

The Group's cost of capital could increase to 13.9% or insolvency income fall short of projections by 15.5% without a matching fall in expenses before the carrying value of this part of goodwill would exceed the value in use.

Goodwill arising on Abacus acquisition (debt management business)

Monthly projections have been produced covering a five year period. Revenues are expected to grow 32% on a monthly basis over the first year, 13% over the second year and then grow by 2.5% over the remaining period. Expenses are expected to increase at about 10% for the first year, 7.5% for the second year and remain constant thereafter.

The assumptions are based on recent experience of monthly growth and estimates of how economic conditions will affect levels of activity in the business. The discount factor used in the calculations is 10%.

The Group's debt management income would need to fall short of projections by 36% or the Group's cost of capital could increase to 81% with out a matching fall in expenses before the carrying value of this part of goodwill would exceed the value in use.

Goodwill arising on the purchase of the software and database of The Debt Advice Portal.

Monthly projections have been produced covering a five year period. Revenues are expected to grow 500% on a monthly basis over the first year, 84% over the second year and then grow by 2.5% over the remaining period. Expenses are expected to remain constant over the period.

The assumptions are based on recent experience and the continued development of the portal and expansion of the referrer database. The discount factor used in the calculations is 10%.

The Group's income from referrers would need to fall short of projections by 74% before the carrying value of this part of goodwill would exceed the value in use.

ClearDebt Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

11. Property, Plant and Equipment

	Fixtures and Fittings £	Leasehold Improvements £	Total £
Cost – 2009			
At 1 July 2008	313,106	25,181	338,287
Additions	36,023	-	36,023
Transfer	(834)	834	-
At 30 June 2009	<u>348,295</u>	<u>26,015</u>	<u>374,310</u>
Depreciation - 2009			
At 1 July 2008	87,883	6,348	94,231
Charge for the year	84,490	5,789	90,279
Transfer	(834)	834	-
At 30 June 2009	<u>171,539</u>	<u>12,971</u>	<u>184,510</u>
Net book value			
At 30 June 2009	<u>176,756</u>	<u>13,044</u>	<u>189,800</u>
Cost – 2008			
At 1 July 2007	56,082	-	56,082
Additions	77,636	25,181	102,817
Arising on acquisition of subsidiary	179,388	-	179,388
At 30 June 2008	<u>313,106</u>	<u>25,181</u>	<u>338,287</u>
Depreciation - 2008			
At 1 July 2007	18,767	-	18,767
Charge for the year	69,116	6,348	75,464
At 30 June 2008	<u>87,883</u>	<u>6,348</u>	<u>94,231</u>
Net book value			
At 30 June 2008	<u>225,223</u>	<u>18,833</u>	<u>244,056</u>

ClearDebt Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

12. Trade and other Receivables

	2009	2008
	£	£
Trade Receivables	568,086	212,386
Prepayments	72,967	249,412
Other receivables	88,257	11,026
	<u>729,310</u>	<u>472,824</u>

Trade receivables are all due in less than one year and represent monies due in respect of IVA nominee and supervisors fees. These monies are collected from monthly debtor receipts. The trade receivables figure is shown net of provisions in respect of IVA failures amounting to £52,133 (2008:£57,313). There are no trade receivables that are past due that have not been impaired.

An analysis of the provision for impairment of receivables is as follows:

	2009	2008
	£	£
At beginning of year	57,313	31,823
Charge for the year	84,737	25,490
Utilised during the year	(89,917)	-
At end of year	<u>52,133</u>	<u>57,313</u>

13. Trade and other Payables

	2009	2008
	£	£
Trade payables	243,310	249,180
Corporation tax	13,817	-
Accruals	329,265	402,514
Other payables	67,232	88,470
	<u>653,624</u>	<u>740,164</u>

14. Financial Liabilities

Loans outstanding at 30 June 2009 were as follows:-

	2009	2008
	£	£
Loans	<u>1,200,000</u>	<u>1,200,000</u>

The loan to D E M Mond is repayable on 31 March 2011 or earlier at the Group's discretion although there is a confirmation in place that this support will continue should the Group not be in a position to repay the loan and continue to meet other liabilities as they fall due. Interest of £126,600 was paid by the Group to D E M Mond in the year in respect of the loan.

ClearDebt Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

15. Deferred Taxation

	2009 £	2008 £
Accelerated capital allowances	(28,614)	(2,015)
Tax losses carried forward	376,554	405,411
At 30 June 2009	<u><u>347,940</u></u>	<u><u>403,396</u></u>
	2009 £	2008 £
Movement in the period		
Accelerated Capital allowances at 1 July	(2,015)	(2,015)
Arising in the period	(26,599)	-
Accelerated capital allowances at 30 June	<u><u>(28,614)</u></u>	<u><u>(2,015)</u></u>
At 1 July	405,411	-
Deferred tax arising on acquisitions	-	(18,407)
Deferred tax credit/(charge) taken to the income statement	95,362	423,818
Use of tax losses	(124,219)	-
At 30 June	<u><u>376,554</u></u>	<u><u>405,411</u></u>

The recognition of the deferred tax asset in the current year is justified based upon the improved performance of the Group's businesses and projections of adequate profits to realise the asset.

16. Share Capital

	2009 £	2008 £
Company		
Authorised share capital		
750,000,000 (2008: 500,000,000) ordinary shares of 2 pence each	<u><u>15,000,000</u></u>	<u><u>15,000,000</u></u>
Allotted, called up and fully paid		
308,340,567 (2008: 304,590,567) ordinary shares of 2 pence each	<u><u>6,166,812</u></u>	<u><u>6,091,812</u></u>

On 23 January 2009 the Company issued 3,750,000 ordinary shares of 2p per share to acquire the software and database of The Debt Advice Portal.

At 30 June 2009 (2008: Nil) there were no share options outstanding over the Company's shares.

ClearDebt Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

16. Share Capital (continued)

Details of the warrants issued during the year and outstanding at 30 June 2009 are as follows:

	2009		2008	
	Number of Warrants	Weighted average exercise price in (p)	Number of warrants	Weighted average exercise price in (p)
Outstanding at beginning of year	40,736,775	2.0	31,599,058	2.0
Granted during the year	-	-	9,137,717	2.0
Lapsed during the year	(31,599,058)	(2.0)	-	-
Outstanding at the end of the year	<u>9,137,717</u>	<u>2.0</u>	<u>40,736,775</u>	<u>2.0</u>

No warrants were exercised during the year. The warrants outstanding at 30 June 2009 had a weighted average exercise price of 2.0p, and a weighted average remaining contractual life of 1.1 years.

The fair value of the warrants issued is measured by use of the Black-Scholes model. The inputs into the Black-Scholes model are as follows:-

	2009	2008
Share price (p)	-	2
Exercise price (p)	-	2
Expected life (years)	-	2
Risk-free rate (%)	-	5.75
Expected dividends (%)	-	-

Expected volatility was based upon the historical volatility of the Group's share price. The expected life is based upon historical data and has been adjusted based on management's best estimates for the effects of non-transferability, exercise restrictions and behaviour considerations.

There are no vesting conditions for the warrants already issued above. On 13 March 2007 the Company entered into a referral agreement with Money Helper. The agreement provided for the issue of up to 10 million warrants subject to certain vesting conditions at a price of 3p per ordinary share. These warrants would be exercisable up until 28 March 2010. At 30 June 2009 no warrants had been issued to Money Helper and the directors do not presently believe that any warrants will vest for issue under the agreement.

17. Share Based Compensation

The Group recognised the following expense related to share-based payments in the year.

	2009	2008
	£	£
Charged to share premium account	<u>-</u>	<u>97,814</u>

ClearDebt Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

18. Acquisition

On 19 January 2009, the Group purchased the business and assets of The Debt Advice Portal for a total consideration of £75,000 plus costs which was satisfied by the issue of 3,750,000 shares in ClearDebt Group Plc. At the date of acquisition The Debt Advice Portal had assets made up as follows:

	Book value	Fair value	Fair Value
	£	adjustment	£
	£	£	£
Other intangible assets	-	30,000	30,000
Goodwill arising on acquisition	<u> </u>	<u> </u>	55,612
			<u> </u>
			85,612
			<u> </u>
Settled by:			£
Shares issued at par			75,000
Acquisition costs			10,612
			<u> </u>
Total			85,612
			<u> </u>
Cash Outflow			£
Cash consideration			-
Acquisition costs			10,612
			<u> </u>
			10,612
			<u> </u>

Prior to acquisition of The Debt Advice Portal on 19 January 2009 the turnover and profits and losses were subsumed within another trading business and no separate record of revenue or profitability was formally recorded. There are therefore no details of pre-acquisition revenue or profitability that are able to be disclosed.

Since the acquisition of The Debt Advice Portal the Group has been further developing the software to become the Group's central platform to record and control referrals from all brokers and third party sources.

Post-acquisition income from referrers on The Debt Advice Portal database at the time of purchase amounted to £8,592.

ClearDebt Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

19. Related party transactions

D E M Mond is a partner in Hodgsons, Chartered Accountants, by whom ClearDebt Group Plc and ClearDebt were invoiced at cost for Google advertising, travelling, book-keeping, accountancy and utility charges to the value of £77,310 in the year (2008: £51,115). ClearDebt have also re-charged Hodgsons at cost £161,198 (2008: £102,492) for certain staff salaries, council taxes and office refurbishment borne by ClearDebt in the year. ClearDebt Group Plc made no payments on behalf of Hodgsons in the year.

D E M Mond made a loan to the Company in July 2007. As at 30 June 2009 the loan balance was £1,200,000 (2008: £1,200,000).

The loan is repayable on 31 March 2011 or earlier at the Group's discretion. The loan carries interest at a fixed rate and £126,600 was paid by the Group to D E M Mond in the year in respect of interest on the loan.

As at 30 June 2009 ClearDebt Group Plc had net amounts due from Hodgsons of £11,457 (2008: £15,000). ClearDebt and Hodgsons operate a central payroll function and, at the balance sheet date £97,883 (2008: £32,923) of wages cost was due to Hodgsons and included within trade and other creditors. No interest is being charged for the outstanding amounts.

Overall as at 17 September 2009 Hodgsons owes ClearDebt £203,286. No interest is being charged for the outstanding amounts.

20. Financial instruments

It is not the Group's policy to invest in financial derivatives. Although the financial risks are considered to be minimal at present, future interest rate, liquidity and foreign currency risk could arise and the Board will review its existing policies in the coming period. The Group finances its operations from cash resources and short term loans.

Interest rate risk

The Group's objective is to minimise its exposure to the effects of fluctuations in interest rates whilst balancing this against the need to minimise borrowing costs. To manage exposure to interest rate risk the Group has taken all borrowings on a fixed interest rate. The only assets that attract an interest rate risk are cash and cash equivalents.

Liquidity risk

It is the Group's policy to manage liquidity in order to achieve continuity of funding. This is managed by detailed projections and monitoring of expenditure with significant items of expenditure requiring approval of senior management

Foreign currency risk

The Group has no overseas assets or liabilities.

Interest rate risk profile of financial assets

All the financial assets of the Group were floating rate assets. Floating rate financial assets comprise cash deposits on money market deposit at call and interest is received at a rate of between 0.6 % and 6 %. At 30 June 2009 the financial assets of the Group totalled £584,593 (2008: £265,537).

Credit risk

The Group's objective is to minimise credit risk as far as possible whilst maximising returns on financial assets. The financial assets of the Group are placed on money markets with the Group's bankers and other banks. As such the Group is exposed to counter party risks with respect to deposits placed with its bankers. Financial institutions in which deposits are made are selected based on their credit rating as well as the returns offered.

ClearDebt Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

20. Financial instruments (continued)

Credit risk (continued)

There is an inherent risk of default in trade receivables. The Group minimises its risk by ensuring that IVAs are only entered into appropriately to minimise the risk of failure of the IVA. The risk of default will generally only arise if an IVA fails in the first 6 months.

Details of the exposure and ageing of the trade receivables are shown at note 12. The total exposure to the Group at 30 June 2009 in respect of trade receivables and cash amounts to £1,152,679 (2008: £477,923).

Capital

The Group defines capital as equity and long term debt.

The Group's objectives for managing capital is to balance the risk and reward to shareholders by ensuring an appropriate level of gearing. There are no restrictions on the makeup of the Group's capital.

Interest rate risk profile of financial liabilities

The interest rate profile of the financial liabilities of the Group as at 30 June 2009 is as follows:

	Fixed rate financial liabilities £	Floating rate financial liabilities £	Financial liabilities on which no interest is paid £	Total £
2009 Sterling	1,420,500	-	-	1,420,500
2008 Sterling	1,420,500	-	-	1,420,500

Maturity of financial liabilities

The maturity profile of the Group's financial liabilities as at 30 June 2009 was as follows:

	2009 £	2008 £
Payable within one year	-	-
Payable between one and two years	1,420,500	1,420,500
Payable between two and five years	-	-

Currency exposures

The Group has no overseas assets or liabilities.

Fair values of financial assets and financial liabilities

The fair values, based upon the market value or discounted cash flows of the financial instruments detailed above was not materially different from their book values.

ClearDebt Group Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

21. Operating Lease Commitments

Total rentals under operating leases charged to the income statement were as follows:-

	2009	2008
	£	£
Operating leases	93,722	56,086
	<u> </u>	<u> </u>

The future minimum lease payments under operating leases that have initial or remaining terms in excess of one year at 30 June 2009 were as follows:

	2009	2008
	£	£
Payable within one year	93,722	93,722
Payable between one and two years	93,722	93,722
Payable between two and five years	89,100	182,822
	<u> </u>	<u> </u>
	276,544	370,266
	<u> </u>	<u> </u>

The operating leases represent leases on the office premises used by the Group and which are due to expire between April and August 2012.

ClearDebt Group Plc
COMPANY BALANCE SHEET
As at 30 June 2009

	<i>Notes</i>	2009 £	2008 £
Fixed Assets			
Investments	2	4,606,294	4,606,294
		4,606,294	4,606,294
Current Assets			
Debtors: amounts falling due within one year	3	156,882	180,850
Debtors: amounts falling due after one year	4	1,336,361	1,663,008
Cash at bank		423,610	230,379
		1,916,853	2,074,237
Creditors: amounts falling due within one year	5	(26,689)	(60,430)
Net Current Assets		1,890,164	2,013,807
Total assets less current liabilities		6,496,458	6,620,101
Creditors: amounts falling due after one year	6	(1,200,000)	(1,200,000)
Net Assets		5,296,458	5,420,101
Capital And Reserves			
Called up share capital	7	6,166,812	6,091,812
Share premium account	9	279,948	279,948
Share based compensation reserve	9	97,814	97,814
Profit and loss account	9	(1,248,116)	(1,049,473)
Equity Shareholders' Funds		5,296,458	5,420,101

The financial statements were approved by the Board of Directors and authorised for issue on 17 September 2009 and are signed on its behalf by:

D E M Mond
Director

ClearDebt Group Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with UK Generally Accepted Accounting Principles (UK GAAP).

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are the differences between the Company taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax arrangements in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is calculated at the rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

Cash Flow Statement

The Company has taken advantage of the exemption permitted by FRS1 not to present a cash flow statement.

Investments

Fixed asset investments are stated at cost except where in the opinion of the directors, there has been permanent diminution in the value of the investments, in which case an appropriate adjustment is made.

Share-Based Compensation

Equity-settled share based payments are measured at the fair value of services received in exchange for the grant of options or warrants. The fair value determined is recognised as an expense if it relates to trading activities or in the share premium account if it relates to the issue of equity instruments. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options or warrants granted, excluding the impact of any non-market vesting conditions (for example, profitability and growth targets). Non-market vesting conditions are included in the assumptions about the number of options or warrants that are expected to become exercisable. At each balance sheet date, the company revises its estimates of the number of options or warrants that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to reserves over the remaining vesting period.

The proceeds received net of any attributable transaction costs are credited to share capital (nominal value) and share premium when the options or warrants are exercised.

ClearDebt Group Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. Loss attributable to the Members of the Parent Company

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account for these financial statements. The loss dealt with in the accounts of the parent company was £198,643 (2008: £192,208).

2. Fixed Asset Investments

	Shares in subsidiary undertakings £
Cost	
As at 1 July 2008 and 30 June 2009	4,606,294
	=====
Net Book Values	
At 30 June 2009	4,606,294
	=====
At 30 June 2008	4,606,294
	=====

Shares in subsidiary undertakings are stated at cost. ClearDebt Group Plc owns directly the following principal subsidiaries which are included in the consolidated accounts:

Company	Activity	Class of shares	Holding	Profit for period	Reserves 30 June 2009
ClearDebt Limited	Financial Advisors	Ordinary	100%	331,252	(738,621)
ClearCash Limited	Pre-Paid Card	Ordinary	100%	-	-
Abacus (Financial Consultants) Limited	Debt Management	Ordinary	100%	123,561	181,496
The Debt Advice Portal Limited	Debt Management	Ordinary	100%	-	-

During the year the Debt Advice Portal Limited was formed with £1 share capital to protect the name of the business and assets acquired by ClearDebt Limited.

3. Debtors: amounts falling due within one year

	2009 £	2008 £
Other debtors	17,500	11,026
Prepayments and accrued income	4,306	34,748
Deferred tax asset	135,076	135,076
	=====	=====
	156,882	180,850
	=====	=====

The deferred tax asset relates to tax losses available to offset against future taxable profits.

4. Debtors - amounts falling due after one year

	2009 £	2008 £
Amounts owed by Group undertakings	1,336,361	1,663,008
	=====	=====

ClearDebt Group Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS

5. Creditors : amounts falling due within one year

	2009 £	2008 £
Trade creditors	8,369	45,139
Accruals	18,320	15,291
	<u>26,689</u>	<u>60,430</u>

Included within Trade creditors is £nil (2008: £16,061) relating to amounts owed to related parties. See note 8.

6. Creditors – amounts falling due after one year

	2009 £	2008 £
Loan	<u>1,200,000</u>	<u>1,200,000</u>

7. Share Capital

	2009 £	2008 £
Company		
Authorised share capital		
750,000,000 (2007: 500,000,000) ordinary shares of 2 pence each	<u>15,000,000</u>	<u>15,000,000</u>
Allotted, called up and fully paid		
308,340,567 (2008: 304,590,567) ordinary shares of 2 pence each	<u>6,166,812</u>	<u>6,091,812</u>

On 19 January 2009, the ClearDebt purchased the software and database of The Debt Advice Portal for a total consideration of £75,000 plus costs which was satisfied by the issue of 3,750,000 shares in ClearDebt Group Plc.

At 30 June 2009 (2008: nil) there were no share options outstanding over the Company's shares.

Details of the warrants issued during the year and outstanding at 30 June 2009 are as follows:

	2009		2008	
	Number of warrants	Weighted average exercise price in (p)	Number of warrants	Weighted average exercise price in (p)
Outstanding at beginning of year	40,736,775	2.0	31,599,058	2.0
Granted during the year	-	-	9,137,717	2.0
Lapsed during the year	(31,599,058)	(2.0)		-
	<u>9,137,717</u>	<u>2.0</u>	<u>40,736,775</u>	<u>2.0</u>

No warrants were exercised during the year. The warrants outstanding at 30 June 2009 had a weighted average exercise price of 2.0p, and a weighted average remaining contractual life of 1.1 years.

ClearDebt Group Plc

NOTES TO THE COMPANY FINANCIAL STATEMENTS

7. Share Capital (continued)

The fair value of the warrants issued is measured by use of the Black-Scholes model. The inputs into the Black-Scholes model are as follows:-

	2009	2008
Share price (p)	-	2
Exercise price (p)	-	2
Expected life (years)	-	2
Risk-free rate (%)	-	5.75
Expected dividends (%)	-	-

Expected volatility was based upon the historical volatility of the Group's share price. The expected life is based upon historical data and has been adjusted based on management's best estimates for the effects of non-transferability, exercise restrictions and behaviour considerations.

There are no vesting conditions for the warrants issued above. On 13 March 2007 the Company entered into a referral agreement with Money Helper. The agreement provided for the issue of up to 10 million warrants subject to certain vesting conditions at a price of 3p per ordinary share. These warrants would be exercisable up until 28 March 2010. At 30 June 2009 no warrants had been issued and the directors do not presently believe as at 30 June 2009 that any warrants will vest for issue under the agreement

8. Related Party Transactions

At 30 June 2009 £11,457 (2008:£16,061) was owed to Hodgsons and D E M Mond. The highest balance in the year was £15,000 and the lowest balance £11,269.

9. Equity Reserves

Company	Share based compensation £	Share premium £	Profit and loss account £
At 1 July 2008	97,814	279,948	(1,049,473)
Loss for the year	-	-	(198,643)
At 30 June 2009	97,814	279,948	(1,248,116)

10. Substantial shareholdings

The company is aware of the following substantial interests in the ordinary share capital as at 17 September 2009.

	Number of shares held	% of Total
D. E. M. Mond	119,054,616	38.61
O. Mond	16,959,800	5.50
S. Mond	13,512,231	4.38
A. Mond	13,099,236	4.25
D. Murray	11,921,125	3.87

The Directors are not aware of any other person who is beneficially interested in 3% or more of the issued share capital.

Board of Directors

The Directors of the Company who held office during the year and are in office at the date of this report are as follows:

G Carey FCIB (Non-Executive Chairman)
D E M Mond FCA FCCA
A F Smith
A J Leon FCA
D Morris (Resigned 10 July 2008)

ClearDebt Group Plc

SHAREHOLDERS' INFORMATION

Trading Record

	2009	2008	2007	18 months to June 2006 UK GAAP
	£	£	£	£
Revenue	3,386,935	1,869,190	420,963	174,796
Profit/(loss) for the financial period	407,062	(697,264)	(657,494)	(502,628)
Cash generated by/(used in) operations	380,807	(652,233)	(809,137)	(291,781)