CPP SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

COMPANY REGISTRATION NUMBER 03709675

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COMPANY INFORMATION

Directors	S Parker S Kennedy
Secretary	A Titchener (appointed 21 April 2012)
Auditor	Deloitte LLP Chartered Accountants and Statutory Auditor 1 City Square Leeds United Kingdom LS1 2AL
Bankers	Barclays Bank plc 1 Park Row Leeds
Registered office	Holgate Park Holgate Road York YO26 4GA
Registered number	03709675

CPP SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited financial statements for the year ended 31 December 2011

Principal Activities and Review of the Business

The Company's principal activity during the year was the leasing of property to another CPPGroup Company The Company is expected to continue this activity for the foreseeable future

This company qualifies as small in accordance with the provisions of section 382 (3) of the Companies Act 2006 and is therefore exempt from the requirement to present an enhanced business review

Results

Details of the results for the year are set out in page 5 and show a profit after taxation of £11,207 (2010 £93,407) No dividend has been paid during the year (2010 £nil)

The Company has net assets of £268,966 (2010 £257,759) and has the continuing support of its ultimate parent company, CPPGroup Plc

Going Concern

The directors have made suitable enquiries, including consideration of the liquidity position and borrowing facilities available and continued support of the parent company taking into account the current Group cash flow forecast, the current uncertain economic environment and outcome of the FSA investigation in relation to products sold by another company in the wider Group On 24 February 2012 it was announced that agreement had been reached with the FSA on the scope of actions necessary to address certain failings in its sales processes in the UK The agreement includes changes to the renewal process and a Past Business Review of direct sales of Card Protection and Identity Protection, with redress offered where appropriate CPP Services Limited provide property rental services to Card Protection Plan Limited, the Company in which those products sit

As a result of these enquiries, the Directors have a reasonable expectation of the continued support of the parent company and that the Company has adequate resources to continue to operate for the foreseeable future and accordingly the Directors have continued to adopt the going concern basis in preparing the financial statements

Principal Risks and Uncertainties

The Company manages its risk in line with the CPPGroup risk management policy and control framework which is disclosed in the Group's Annual Report

The financial risks of the Company are managed by the Group Treasury function of the ultimate parent Company, CPPGroup Plc

Directors

The Directors set out below have held office during the year and subsequently

E Woolley - resigned 21/10/2011
S Parker
S Kennedy -appointed 21/10/2011

Auditors

Each of the persons who are Directors at the date of approval of this report confirms that

- so far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware, and
- each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This information is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

Deloitte LLP have expressed a willingness to continue in office as auditor Accordingly, a resolution to ratify their appointment and to re-appoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board on 6th June 2012 and signed on its behalf by

S Parker
Director

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period In preparing these financial statements, the Directors are required to

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

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CPP SERVICES LIMITED

We have audited the financial statements of CPP Services Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17 The financial reporting framework that has been applied in their preparation 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 Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards on Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the 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, or returns adequate for our audit have not been received from branches not visited by us, or
  the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law and not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report

Stephen Williams (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom

Dated 6 June 2012

PROFIT AND LOSS ACCOUNT

	Notes	2011 £	2010 £
Turnover - continuing operations	4	1,190,539	1,507,896
Cost of sales		(953,855)	(1,134,963)
Gross profit		236,684	372,933
Administrative expenses		(25,702)	(46,318)
Operating profit - continuing operations	5	210,982	326,615
Interest payable and similar charges	6	(174,271)	(161,656)
Profit on ordinary activities before taxation		36,711	164,959
Tax on profit on ordinary activities	7	(25,504)	(71,552)
Profit on ordinary activities after taxation	13,14	11,207	93,407

Statement of total recognised gains and losses

The Company has no recognised gains or losses other than as stated above, and therefore no statement of total recognised gains and losses has been shown

BALANCE SHEET

	Notes	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Tangible assets	8		5,757,468		5,947,213
Current assets					
Debtors	9	206,964		499,848	
Cash at bank and in hand		2,051,301		1,438,986	
		2,258,264		1,938,834	
Creditors: amounts falling due within one year	10	(7,422,327)		(7,276,402)	
Net current liabilities			(5,164,063)		(5,337,568)
Total assets less current liabilities			593,405		609,645
Provisions for liabilities	11		(324,439)		(351,886)
Net assets			268,966		257,759
Capital and reserves					
Called up share capital	12		100		100
Profit and loss account	13		268,866		257,659
Equity shareholder's funds	14		268,966		257,759

Approved by the Board on 6th June 2012 and signed on its behalf by

S Parker
Director

Company Number 03709675

NOTES TO THE FINANCIAL STATEMENTS

1 **Basis of Preparation**

The financial statements are prepared in accordance with applicable law and United Kingdom accounting standards The particular accounting policies adopted are described below and have been applied consistently in the current and prior year

Going Concern

As stated in the Directors' Report, the directors have made suitable enquiries, including consideration of the liquidity position and borrowing facilities available and continued support of the parent company taking into account the current Group cash flow forecast, the current uncertain economic environment and outcome of the FSA investigation in relation to products sold by another company in the wider Group On 24 February 2012 it was announced that agreement had been reached with the FSA on the scope of actions necessary to address certain failings in its sales processes in the UK The agreement includes changes to the renewal process and a Past Business Review of direct sales of Card Protection and Identity Protection, with redress offered where appropriate CPP Services Limited provide property rental services to Card Protection Plan Limited, the Company in which those products sit

As a result of these enquiries, the Directors have a reasonable expectation of the continued support of the parent company and that the Company has adequate resources to continue to operate for the foreseeable future and accordingly the Directors have continued to adopt the going concern basis in preparing the financial statements

2 **Accounting Policies**

(a) **Accounting Convention**

The financial statements are prepared under the historical cost convention

(b) **Turnover**

Turnover represents the invoiced value of property rent supplied by the Company, net of value added tax, and is derived from one class of business wholly in the UK

(c) **Tangible Fixed Assets**

The cost of tangible fixed assets is their purchase cost Freehold land is not depreciated Depreciation is provided on all other tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows

Freehold property	2 5% straight line
Leasehold improvements	over the life of the relevant lease
Computer equipment	25% straight line
Fixtures and Fittings	25% straight line

(d) **Operating Leases**

Rentals paid under operating leases as a lessee are charged on a straight line basis over the term of the lease Rentals receivable under operating leases as a lessor are credited to turnover on a straight line basis

(e) **Taxation**

Current taxation, including UK corporation tax and foreign tax, is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on tax rates and law Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

(f) **Cashflow Statement**

The Company has not prepared a cashflow statement on the basis that it is a wholly owned subsidiary of CPPGroup Plc and consolidated financial statements are prepared by that Company and are publicly available

3 **Directors and Employees**

In the current and prior year no Director emoluments have been recharged to CPP Services Limited as their services to this Company are considered to be highly immaterial, furthermore the Company had no other employees or related costs

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Operatıng Lease Rentals

	2011	2010
	£	£
Aggregate rentals receıvable ın the year ın respect of operatıng leases	1,190,539	1,507,896

5 Operatıng Profit

	2011	2010
Thıs ıs stated after chargıng	£	£
Depreciatıon	195,604	237,972
Operatıng lease rentals	686,355	830,890
Fees payable to the Company's audıtor for the audıt of the Company accounts	2,999	2,880

6 Interest Payable and Sımılar Charges

	2011	2010
	£	£
Interest on ıntercompany loans	174,271	161,656

7 Taxation

		2011	2010
		£	£
The tax charged on profit on ordınary actıvıtıes for the year was as follows			
UK Corporatıon tax at 26 5% (2010 28%)	- Current year	52,951	71,485
	- Prıor year	-	(1,000)
Total Current Tax		52,951	70,485
Deferred tax	- Current year	(27,447)	1,067
Total Recognısed Tax Charge for the Year		25,504	71,552

The tax charge for the perıod ıs hıgher (2010 hıgher) than that resultıng from applyıng the standard rate of corporatıon tax ın the UK 26 5% (2010 28%) The dıfferences are explaıned ın the followıng reconcılıatıon

	2011	2010
	£	£
Profit on ordınary actıvıtıes before tax	36,711	164,959
UK corporatıon tax @ 26 5% (28%)	9,728	46,189
Factors affectıng the charge for the perıod		
Expenses not deductıble for tax	41,759	39,979
Accelerated capıtal allowances	27,447	(1,067)
Effects of other tax rates/credıts	-	(583)
Effect of change ın tax rates	(25,983)	(13,033)
Prıor year adjustments	-	(1,000)
Current tax charge for the year	52,951	70,485

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Tangible Fixed Assets	Freehold Land £	Freehold Property £	Leasehold Improve-ments £	Computer Equipment £	Fixtures and Fittings	Total £
Cost						
At 1 January 2011	758,752	6,518,836	1,068,507	1,195	132,317	8,479,607
Additions	-	-	-	-	5,859	5,859
At 31 December 2011	758,752	6,518,836	1,068,507	1,195	138,176	8,485,466
Depreciation						
At 1 January 2011	-	1,621,776	902,667	1,195	6,756	2,532,394
Charge for the year	-	164,754	18,054	-	12,796	195,604
At 31 December 2011	-	1,786,530	920,721	1,195	19,552	2,727,998
Net book value						
At 31 December 2011	758,752	4,732,306	147,786	-	118,624	5,757,468
At 31 December 2010	758,752	4,897,060	165,840	-	125,561	5,947,213

Freehold Land, Freehold Property and Leasehold Improvements are held exclusively for the use in operating leases to another CPPGroup Company

9 Debtors

	2011 £	2010 £
Trade debtors	8,640	-
Prepayments and other debtors	198,324	499,848
	206,964	499,848

10 Creditors Amounts Falling Due within One Year

	2011 £	2010 £
Trade creditors	450	2,832
Accruals and deferred income	4,199	44,503
Amounts owed to group undertakings	7,364,727	7,224,317
Corporation tax	52,951	4,750
	7,422,327	7,276,402

There are no fixed dates for repayment of the intercompany loans Interest has been charged at market rates

CPPGroup Plc's and CPP Worldwide Holding Ltd's bank loans and overdrafts are secured by fixed and floating charges on the UK assets of the Group which include assets held by the Company

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Provisions for Liabilities

	Balance at 1 January 2011 £	Charge to profit and loss account £	Balance at 31 December 2011 £
Deferred taxation	351,886	(27,447)	324,439

	Provided		Not provided	
	2011 £	2010 £	2011 £	2010 £
Capital allowances in excess of depreciation	324,439	351,886	-	-

12 Called up Share Capital

	2011 £	2010 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

13 Reserves

	Profit and Loss 2011 £
As at 1 January 2011	257,659
Retained profit for the year	11,207
As at 31 December 2011	268,866

14 Reconciliation of the Movement in Equity Shareholder's Funds

	2011 £	2010 £
Profit for the financial year after taxation	11,207	93,407
Movement in equity shareholder's funds	11,207	93,407
Equity shareholder's funds at 1 January	257,759	164,352
Equity shareholder's funds at 31 December	268,966	257,759

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Other Financial Commitments

At 31 December 2011 the Company had annual commitments under non-cancellable operating leases as set out below

	Land & Buildings 2011 £	Land & Buildings 2010 £
Operating leases which expire		
Within one year	-	357,600
Within two to five years	-	490,968
In over five years	490,980	-
	490,980	848,568

16 Related Party and Control

At the balance sheet date the Company was a wholly owned subsidiary of CPP Holdings Limited which is incorporated in the UK and is itself a wholly owned subsidiary of CPPGroup Plc which is controlled by its majority shareholder, Mr H M Ogston Advantage has been taken of the related party disclosure exemptions in respect of group transactions on the grounds that consolidated accounts are prepared by the parent company CPP Group Plc, which is the parent of the largest and smallest groups for which consolidated accounts are prepared and of which the Company is a member Copies of these accounts may be obtained from the Company's registered office at Holgate Park, Holgate Road, York, YO26 4GA

17 POST BALANCE SHEET EVENTS

On 24th February 2012 the Group announced that it had reached agreement with the FSA on the scope of the actions necessary to address certain failings in its sales processes in the UK The Group has agreed to make changes to its renewals process and to carry out a Past Business Review under FSA supervision of direct sales of its Card Protection and Identity Protection products from 2005, with redress offered where appropriate

The background to, and full description of, the agreed actions to be undertaken by the Group are provided in the annual report of CPPGroup Plc