

CPP SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012



COMPANY REGISTRATION NUMBER 03709675

**CPP SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

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CPP SERVICES LIMITED

COMPANY INFORMATION

Director	S Parker
Secretary	A Titchener (appointed 20 April 2012)
Auditor	Deloitte LLP Chartered Accountants and Statutory Auditor 1 City Square Leeds United Kingdom LS1 2AL
Banker	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
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REPORT OF THE DIRECTOR

The Director presents his annual report and the audited financial statements for the year ended 31 December 2012

Principal Activities and Review of the Business

The Company's principal activity during the year was the leasing of property to Card Protection Plan Limited, 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 7 and show a profit before taxation of £146,422 (2011: £36,711). No dividend has been paid during the year (2011: £nil).

The Company has net assets of £382,559 (2011: £268,966) and has the continuing support of its ultimate parent company, CPPGroup Plc.

Going Concern

The Company is party to a Group banking facility, a cross guarantee in respect of a Group wide bank account netting arrangement and has inter-company balances due to the wider Group which may become payable. The bank facility is secured against the assets of the Company. In respect of these factors the Director has made suitable enquiries including consideration of the liquidity position and borrowing facilities available to the Group taking into account the current Group cash flow forecast and risks facing the Group, which include trading and customer redress uncertainties.

The potential impact of customer redress on Group resources includes assumptions around the response rates within a redress exercise. There is a risk that response rates may reach a level that cannot be funded by the Group, which could lead to the Group not being able to continue to trade or the conditions of the bank facility not being met.

Given the possible impact of customer redress uncertainties, there is material uncertainty that casts significant doubt as to the Group and Company's ability to continue as a going concern, and therefore the Company may be unable to realise its assets or discharge its liabilities in the normal course of business.

The Company provides services to a single customer, Card Protection Plan Limited, a company in the wider Group in which customer redress uncertainties arise. There is a risk that this source of trade could cease.

Nevertheless, having considered the above uncertainties and all the information available, the director has a reasonable expectation that the Company has adequate resources to continue to operate for the foreseeable future and accordingly the director has 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:

S Parker
S Kennedy -resigned 27/07/2012

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REPORT OF THE DIRECTOR
(Continued)

Auditors

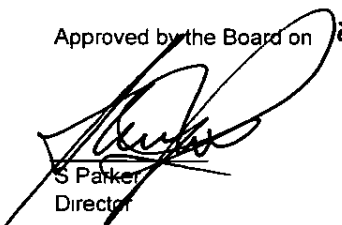
Each of the persons who are Directors at the date of approval of this report confirms that

- 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 21 July 2013 and signed on its behalf by



S Parker
Director

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DIRECTOR'S RESPONSIBILITIES STATEMENT

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

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has 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 director must not approve the financial statements unless he is 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 Director is 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 Director is 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. He is 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 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 18. 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 Director's 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 2012 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures in note 1 to the financial statements concerning the Company's ability to continue as a going concern in the context of the wider Group's trading and customer redress uncertainties.

The Company is party to a Group banking facility, is subject to certain security arrangements, and has inter-company balances due to the wider Group which may become payable. Therefore, the Company's ability to remain a going concern relies upon the wider Group's compliance with the terms of the bank facility. The possible impact of trading and customer redress uncertainties on compliance with the terms of the banking facility indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and, therefore, that the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Having considered these matters, the director has concluded that it is appropriate to prepare these financial statements on a going concern basis. The financial statements do not include any adjustments that would result if the Company were unable to continue as a going concern. Our opinion is not modified in respect of these matters.

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

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



Peter Birch FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom

Dated 1 August 2013

CPP SERVICES LIMITED
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PROFIT AND LOSS ACCOUNT

	Notes	2012 £	2011 £
Turnover	4	1,083,280	1,190,539
Cost of sales		(750,054)	(953,855)
Gross profit		333,226	236,684
Administrative expenses		(10,225)	(25,702)
Operating profit - continuing operations	5	323,001	210,982
Interest payable and similar charges	6	(176,579)	(174,271)
Profit on ordinary activities before taxation		146,422	36,711
Tax on profit on ordinary activities	7	(32,829)	(25,504)
Profit on ordinary activities after taxation	14,15	113,593	11,207

Statement of total recognised gains and losses

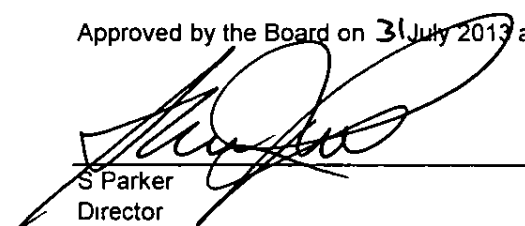
The Company has no recognised gains or losses other than as stated above, and therefore no statement of total recognised gains and losses has been shown

**CPP SERVICES LIMITED
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BALANCE SHEET

	Notes	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets	8		5,561,327		5,757,468
Current assets					
Debtors	9	137,508		206,964	
Cash at bank and in hand	10	2,559,799		2,051,300	
		<u>2,697,307</u>		<u>2,258,264</u>	
Creditors amounts falling due within one year	11	<u>(7,581,105)</u>		<u>(7,422,327)</u>	
Net current liabilities			(4,883,798)		(5,164,063)
Total assets less current liabilities			<u>677,529</u>		<u>593,405</u>
Provisions for liabilities	12		(294,970)		(324,439)
Net assets			<u><u>382,559</u></u>		<u><u>268,966</u></u>
Capital and reserves					
Called up share capital	13		100		100
Profit and loss account	14		382,459		268,866
Equity shareholder's funds	15		<u><u>382,559</u></u>		<u><u>268,966</u></u>

Approved by the Board on 31 July 2013 and signed on its behalf by


S Parker
Director

Company Number 03709675

**CPP SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
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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.

Under Section 400 of the Companies Act 2006, the Company is exempt from the obligation to prepare and deliver consolidated financial statements, since throughout the period under review it was a subsidiary of CPPGroup plc which has published consolidated financial statements including the results of the Company. The Financial Statements therefore present information only about the Company as an entity and not about the sub-group it heads.

Going Concern

The Director, at the time of approving the financial statements has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, he continues to adopt the Going Concern basis of accounting in preparing the financial statement. Further details of the Director's assessment are set out in the Director's Report on page 2.

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	40 years straight line
Leasehold improvements	over the life of the relevant lease
Computer equipment	4 years straight line
Fixtures and Fittings	4 years 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Operating Lease Rentals

	2012	2011
	£	£
Aggregate rentals receivable in the year in respect of operating leases	<u>1,083,280</u>	<u>1,190,539</u>

5 Operating Profit

	2012	2011
	£	£
This is stated after charging		
Depreciation	196,141	195,604
Operating lease rentals	533,580	686,355
Fees payable to the Company's auditor for the audit of the Company accounts	<u>3,149</u>	<u>2,999</u>

6 Interest Payable and Similar Charges

	2012	2011
	£	£
Interest on intercompany loans	<u>176,579</u>	<u>174,271</u>

7 Taxation

	2012	2011
	£	£
The tax charged on profit on ordinary activities for the year was as follows		
UK Corporation tax at 24.5% (2011: 26.5%)	62,947	52,951
- Current year	(649)	-
- Prior year		
Total Current Tax	<u>62,298</u>	<u>52,951</u>
Deferred tax		
- Current year	(29,615)	(27,447)
- Prior year	146	-
Total Recognised Tax Charge for the Year	<u>32,829</u>	<u>25,504</u>

The tax charge for the period is lower (2011: higher) than that resulting from applying the standard rate of corporation tax in the UK: 24.5% (2011: 26.5%). The differences are explained in the following reconciliation:

	2012	2011
	£	£
Profit on ordinary activities before tax	<u>146,422</u>	<u>36,711</u>
UK corporation tax @ 24.5% (26.5%)	35,873	9,728
Factors affecting the charge for the period		
Expenses not deductible for tax	-	41,759
Accelerated capital allowances	39,351	27,447
Tax losses received for nil consideration	(12,277)	-
Effect of change in tax rates	-	(25,983)
Adjustments to tax charge in respect of prior periods	(649)	-
Current tax charge for the year	<u>62,298</u>	<u>52,951</u>

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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 2012	758,752	6,518,836	1,068,507	1,195	138,176	8,485,466
Additions	-	-	-	-	-	-
At 31 December 2012	<u>758,752</u>	<u>6,518,836</u>	<u>1,068,507</u>	<u>1,195</u>	<u>138,176</u>	<u>8,485,466</u>
Depreciation						
At 1 January 2012	-	1,786,530	920,721	1,195	19,552	2,727,998
Charge for the year	-	165,207	18,103	-	12,831	196,141
At 31 December 2012	<u>-</u>	<u>1,951,737</u>	<u>938,824</u>	<u>1,195</u>	<u>32,383</u>	<u>2,924,139</u>
Net book value						
At 31 December 2012	<u>758,752</u>	<u>4,567,099</u>	<u>129,683</u>	<u>-</u>	<u>105,793</u>	<u>5,561,327</u>
At 31 December 2011	<u>758,752</u>	<u>4,732,306</u>	<u>147,786</u>	<u>-</u>	<u>118,624</u>	<u>5,757,468</u>

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

9 Debtors

	2012 £	2011 £
Trade debtors	-	8,640
Prepayments and other debtors	<u>137,508</u>	<u>198,324</u>
	<u>137,508</u>	<u>206,964</u>

- 10** The Company is party to a cross-guarantee in respect of a bank account netting arrangement in which it is a participant alongside certain other Group companies. At the balance sheet date, cash and cash equivalents of £2,559,799 (2011 £2,051,300) were held in bank accounts subject to this arrangement

11 Creditors Amounts Falling Due within One Year

	2012 £	2011 £
Trade creditors	11,835	450
Accruals and deferred income	3,149	4,199
Amounts owed to group undertakings	7,566,121	7,364,727
Corporation tax	-	52,951
	<u>7,581,105</u>	<u>7,422,327</u>

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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Provisions for Liabilities

	Balance at 1 January 2012		Charge to profit and loss account	Balance at 31 December 2012
	£		£	£
Deferred taxation	<u>324,439</u>		<u>(29,469)</u>	<u>294,970</u>
	Provided		Not provided	
	2012	2011	2012	2011
	£	£	£	£
Capital allowances in excess of depreciation	<u>294,970</u>	<u>324,439</u>	<u>-</u>	<u>-</u>

13 Called up Share Capital

	2012	2011
	£	£
Authorised 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

14 Reserves

	Profit and Loss 2012
	£
As at 1 January 2012	268,866
Retained profit for the year	113,593
As at 31 December 2012	<u>382,459</u>

15 Reconciliation of the Movement in Equity Shareholder's Funds

	2012	2011
	£	£
Profit for the financial year after taxation	<u>113,593</u>	<u>11,207</u>
Movement in equity shareholder's funds	113,593	11,207
Equity shareholder's funds at 1 January	268,966	257,759
Equity shareholder's funds at 31 December	<u>382,559</u>	<u>268,966</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Other Financial Commitments

At 31 December 2012 the Company had annual commitments under non-cancellable operating leases as set out below

	Land & Buildings 2012 £	Land & Buildings 2011 £
Operating leases which expire		
Within one year	-	-
Within two to five years	490,980	-
In over five years	-	490,980
	<u>490,980</u>	<u>490,980</u>

17 Related Party and Control

Certain bank loans taken out by Group entities are secured against the assets of the Company. The total amount outstanding on these loans at 31 December 2012 amounted to £43,500,000 (2011 £43,500,000). Since the balance sheet date the amount outstanding on these loans has reduced to £13,000,000.

The Company is a wholly owned subsidiary of CPP Holdings Limited. The ultimate parent company is CPPGroup Plc which is controlled by its majority shareholder, Mr Hamish Macgregor Ogston CBE. Advantage has been taken of the related party disclosure exemptions in respect of group transactions since consolidated financial statements have been prepared by the ultimate parent company CPPGroup 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.

18 POST BALANCE SHEET EVENTS

On 31 July 2013 the Group, of which the Company is part, announced that it had agreed to a three year extension of its bank facility to 31 July 2016. The Company is an obligor to the bank facility and as such its assets are secured against the bank loan, refer to note 17. The extended facility has been reduced from £43.5 million at 31 December 2012 to £13 million.