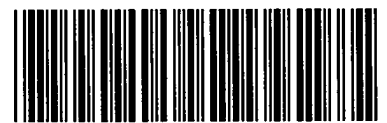


CPP SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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COMPANY REGISTRATION NUMBER: 03709675

**CPP SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

CONTENTS

Pages:

1	Company Information
2-3	Director's Report
4	Independent Auditor's Report
5	Profit and Loss Account
6	Balance Sheet
7-11	Notes to the Accounts

**CPP SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

COMPANY INFORMATION

Director	C Parsons
Secretary	L Beavis
Auditor	Deloitte LLP Chartered Accountants and Statutory Auditor 1 City Square Leeds United Kingdom LS1 2AL
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 2014**

DIRECTOR'S REPORT

The Director presents the Annual Report and the audited financial statements for the year ended 31 December 2014.

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 prepare a strategic report under section 414B. The Company's ultimate parent Company is CPPGroup Plc ("the Group") which is listed on the AIM stock exchange and registered in the UK.

Review of the business and future developments

Details of the results for the year are set out in page 5 and show a profit before taxation of £97,375 (2013: loss of £2,010,715).

No dividend has been paid during the current or preceeding year.

The Company has net liabilities of £1,485,595 (2013: net liabilities of £1,542,887).

Going Concern

The Company, currently in a net liabilities position, 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 enquires including consideration of the liquidity position and borrowing facilities available to the Group taking into account the current Group cash flow forecasts and uncertainty from the risks facing the Group, which include trading, residual customer redress and the medium term strategy.

The Company provides services to a single customer, Card Protection Plan Limited, a company in the wider Group.

Having considered 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.

Directors

The Directors holding office during the year and up to the date of signing of the financial statements are as follows:

C Parsons
B Escott (Resigned 16 February 2015)

Secretary

The Secretary holding office during the year and up to the date of signing of the financial statements is as follows:

L Beavis

**CPP SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

DIRECTOR'S REPORT (continued)

Statement of Director's Responsibilities

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 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 accounting 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 the Director to ensure that the financial statements comply with the Companies Act 2006. The Director 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.

Auditors

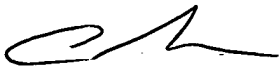
Each of the persons who is a Director at the date of approval of this report confirms that:

- 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 auditor is unaware; and
- the Director 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 auditor is aware of that information.

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

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board on 15 April 2015 and signed on its behalf by:



C Parsons
Director

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 2014 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 Director's Responsibilities Statement, the Director is 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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.

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 from preparing a Strategic Report or in preparing the Director's Report.



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

Dated: 15 April 2015

CPP SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

PROFIT AND LOSS ACCOUNT

	Notes	2014 £	2013 £
Turnover	3	1,083,280	1,083,280
Cost of sales		(628,120)	(724,192)
Gross profit		455,160	359,088
Exceptional Items	4	-	(2,062,880)
Administrative expenses		(6,367)	(11,660)
Total administrative expenses		(6,367)	(2,074,540)
Operating Profit - before exceptional items	5	448,793	347,428
Operating Profit / (loss) - after exceptional items	5	448,793	(1,715,452)
Interest payable and similar charges	6	(351,418)	(295,263)
Profit / (loss) on ordinary activities before taxation		97,375	(2,010,715)
Tax on profit / (loss) on ordinary activities	7	(40,083)	85,269
Profit / (loss) on ordinary activities after taxation	13,14	57,292	(1,925,446)

All results arise from continuing operations.

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.

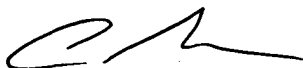
CPP SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

BALANCE SHEET

	Notes	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible assets	8		3,184,640		3,302,394
Current assets					
Debtors	9	127,691		127,691	
Cash at bank and in hand	16	3,183,819		2,846,002	
		<u>3,311,510</u>		<u>2,973,693</u>	
Creditors: amounts falling due within one year	10	<u>(7,856,888)</u>		<u>(7,687,947)</u>	
Net current liabilities			(4,545,378)		(4,714,254)
Total assets less current liabilities			<u>(1,360,738)</u>		<u>(1,411,860)</u>
Provisions for liabilities	11		(124,857)		(131,027)
Net liabilities			<u>(1,485,595)</u>		<u>(1,542,887)</u>
Capital and reserves					
Called up share capital	12		100		100
Profit and loss account	13		(1,485,695)		(1,542,987)
Equity shareholder's deficit	14		<u>(1,485,595)</u>		<u>(1,542,887)</u>

Notes on pages 7 to 11 form an integral part of the financial statements.

Approved by the Board on 15 April 2015 and signed on its behalf by:



C Parsons
Director

Company Number: 03709675

CPP SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

CPP Services Limited is a company incorporated in England and Wales under the Companies Act 2006 and domiciled in the United Kingdom. The financial statements are prepared in accordance with applicable law and accounting standards generally accepted in the United Kingdom ("UK GAAP"). The particular accounting policies adopted are described below and have been applied consistently in the current and prior year.

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, the Director 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.

Accounting Convention

The financial statements are prepared under the historical cost convention.

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.

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

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.

Taxation

Current taxation, including UK corporation 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.

Cash flow Statement

The Company has not prepared a cash flow 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.

2. 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 immaterial; furthermore the Company had no other employees or related costs.

CPP SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Operating Lease Rentals

	2014 £	2013 £
Aggregate rentals receivable in the year in respect of operating leases	<u>1,083,280</u>	<u>1,083,280</u>

4. Exceptional Items

In the prior year, the freehold property in the UK was impaired following the market value assessment by Sanderson Weatherall Chartered Surveyors and Property Valuers. The property was valued at £3,100,000 resulting in an impairment loss of £2,062,880 (see note 9).

5. Operating Profit

	2014 £	2013 £
This is stated after charging:		
Depreciation	117,753	196,053
Operating lease rentals	490,980	508,296
Fees payable to the Company's auditor for the audit of the Company accounts	<u>3,312</u>	<u>3,389</u>

6. Interest Payable and Similar Charges

	2014 £	2013 £
Interest on intercompany loans	<u>351,418</u>	<u>295,263</u>

7. Taxation

	2014 £	2013 £
The tax charged on profit / (loss) on ordinary activities for the year was as follows:		
UK Corporation tax at 21.50% (2013: 23.25%)	46,253	57,702
Adjustment in respect of prior year UK corporation tax	<u>-</u>	<u>20,972</u>
Total Current Tax	<u>46,253</u>	<u>78,674</u>
Deferred tax		
UK deferred tax - current year	(6,170)	(155,772)
Adjustment in respect of prior year UK deferred tax	<u>-</u>	<u>(8,171)</u>
Total Recognised Tax Charge/(Credit) for the Year	<u>40,083</u>	<u>(85,269)</u>

The tax charge for the period is lower than that resulting from applying the standard rate of corporation tax in the UK: 21.50% (2013: 23.25%). The differences are explained in the following reconciliation:

	2014 £	2013 £
Profit / (loss) on ordinary activities before tax	<u>97,375</u>	<u>(2,010,715)</u>
UK corporation tax at 21.50% (2013: 23.25%)	20,936	(467,423)
Factors affecting the charge for the period:		
Accelerated capital allowances	25,317	525,125
Adjustments to tax charge in respect of prior periods	<u>-</u>	<u>20,972</u>
Current tax charge for the year	<u>46,253</u>	<u>78,674</u>

Deferred tax is provided at 20.00% at 31 December 2014 (2013: 20.00%).

A reduction in the UK corporation tax rate from 23% to 21% (effective 1 April 2014) was substantively enacted on 2 July 2013, and the effect of this change is reflected in the figures above. A further reduction to 20% (effective 1 April 2015) was also substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

CPP SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Tangible Fixed Assets	Freehold Land and Property £	Leasehold Improvements £	Computer Equipment £	Fixtures and Fittings	Total £
Cost					
At 1 January 2014 and 31 December 2014	<u>7,277,588</u>	<u>1,068,507</u>	<u>1,195</u>	<u>138,176</u>	<u>8,485,466</u>
Depreciation					
At 1 January 2014	4,177,588	962,396	1,195	41,893	5,183,072
Charge for the year	86,713	22,059	-	8,982	117,754
At 31 December 2014	<u>4,264,301</u>	<u>984,455</u>	<u>1,195</u>	<u>50,875</u>	<u>5,300,826</u>
Net book value					
At 31 December 2014	<u>3,013,287</u>	<u>84,052</u>	<u>-</u>	<u>87,301</u>	<u>3,184,640</u>
At 31 December 2013	<u>3,100,000</u>	<u>106,111</u>	<u>-</u>	<u>96,283</u>	<u>3,302,394</u>

In the prior year, the Company recognised impairment losses in respect of freehold land and property to its market value of £3,100,000 resulting in an impairment of loss of £2,062,880. This impairment loss was recognised as an exceptional item through the profit and loss account. No such impairment losses were recognised in 2014.

Included in freehold land and property is freehold land at its cost value of £759,000 (2013: £759,000) which is not depreciated.

The NBV of freehold land and buildings held for rental purposes at the year end was £3,013,287 (2013: £3,100,000)

9. Debtors

	2014 £	2013 £
Prepayments and other debtors	<u>127,691</u>	<u>127,691</u>

10. Creditors: Amounts Falling Due within One Year

	2014 £	2013 £
Amounts owed to group undertakings	7,851,101	7,682,112
Trade creditors	2,475	2,475
Accruals and deferred income	3,312	3,360
	<u>7,856,888</u>	<u>7,687,947</u>

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

CPP SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Provisions for Liabilities

	Balance at 1 January 2014 £	Charge to profit and loss account £	Balance at 31 December 2014 £								
Deferred taxation	131,027	(6,170)	124,857								
	<table> <tr> <th colspan="2">Provided</th><th colspan="2">Not provided</th></tr> <tr> <th>2014 £</th><th>2013 £</th><th>2014 £</th><th>2013 £</th></tr> </table>		Provided		Not provided		2014 £	2013 £	2014 £	2013 £	
Provided		Not provided									
2014 £	2013 £	2014 £	2013 £								
Capital allowances in excess of depreciation	124,857	131,027	-								

12. Called up Share Capital

	2014 £	2013 £
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 Deficit 2014 £
As at 1 January 2014	(1,542,987)
Profit for the financial year	57,292
As at 31 December 2014	(1,485,695)

14. Reconciliation of the Movement in Equity Shareholder's Funds

	2014 £	2013 £
Profit / (loss) for the financial year after taxation	57,292	(1,925,446)
Movement in equity shareholder's funds	57,292	(1,925,446)
Equity shareholder's (deficit) / funds at 1 January	(1,542,887)	382,559
Equity shareholder's deficit at 31 December	(1,485,595)	(1,542,887)

CPP SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Other Financial Commitments

At 31 December 2014 the Company had annual commitments under non-cancellable operating leases as set out below:

	Land & Buildings	
	2014	2013
	£	£
Operating leases which expire:		
Within two to five years	<u>490,980</u>	<u>490,980</u>

16. Related Parties 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 2014 amounted to £13,000,000 (2013: £13,000,000).

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. Cash at bank and in hand includes an amount of £3,183,819 (2013: £2,846,002) which is held in a bank account subject to this arrangement.

The Company is a wholly owned subsidiary of CPP Holdings Limited. The ultimate parent company is CPPGroup Plc which was controlled during the year by its majority shareholder, Mr Hamish Ogston. On 11 February 2015, Mr Hamish Ogston's holding in the ultimate parent company reduced to 43.00%, resulting in the Group no longer having a controlling party. 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.

17. Post Balance Sheet Events

The Group has renegotiated its bank loan with the Amended and Restated Facility becoming effective on 11 February 2015. The Amended and Restated Facility has a three year term to 28 February 2018. The Company is an obligor to the bank facility and as such its assets are secured against the bank loan, refer to note 16. The extended facility has been reduced from £13,000,000 at 31 December 2014 to £5,000,000.