

CPP Services Limited
Annual report and financial statements
For the year ended 31 December 2017

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Company registration number: 03709675

CPP Services Limited
Annual report and financial statements
For the year ended 31 December 2017

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Company Information

Directors	J Walsh O Laird
Company secretary	L Beavis
Auditor	Deloitte LLP Statutory Auditor 1 City Square Leeds LS1 2AL
Registered office	6 East Parade Leeds United Kingdom LS1 2AD
Registered number	03709675

CPP Services Limited
Annual report and financial statements
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Directors' Report

The Directors present their annual report and financial statements of CPP Services Limited (the Company) for the year ended 31 December 2017.

Principal activities

The principal activity of the Company during the year was the leasing of a property to Card Protection Plan Limited, another entity within the CPP Group Plc group of companies (the Group). The Group provides assistance products and services. Following the sale of investment property, the Company will facilitate the final exit costs until completion.

Review of the business and future developments

The results for the year are set out on page 7 and show that the profit on ordinary activities after taxation amounted to £578,369 (2016: £1,605,560).

On 30 June 2017, the Company disposed of its investment property for total consideration of £5,325,000 resulting in a gain on disposal of £198,497. The Company reversed a previously recognised impairment charge in respect of the property, resulting in an additional credit of £295,855 to the profit and loss account. The reversal reflects the change in estimate of the recoverable amount of the property following its sale to its disposal value less costs to sell of £4,619,644. The impairment reversal has been presented as an exceptional item through the profit and loss account. As a direct result of the sale a dilapidations provision of £420,000 has been recognised on the balance sheet and included as a cost of disposal. The provision has not been utilised as at the 31 December 2017. Revenue has been generated during the year by rental income from its investment property up to the point of disposal. As all revenue and costs incurred in the year related to disposed property the amounts are presented as discontinued operations on the profit and loss account.

There have been no dividends paid during either the current or prior year. No dividends have been proposed since the year end. The Company has net assets of £744,390 (2016: £166,021).

As the Company was not a fully trading entity within the Group at 31 December 2017, the Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. 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 is an obligor to the Group's borrowing arrangements. Subsequent to the balance sheet date the Group has extended its borrowing arrangements, in the form of a committed £5.0 million revolving credit facility (RCF), for a period of three years to February 2021. The RCF has been extended on improved terms with the margin decreasing to 2.5% and certain other conditions being reduced or removed.

Directors

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

J Walsh	
M Corcoran	Resigned 30 April 2017
O Laird	Appointed 5 June 2017

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Directors' Report (continued)

Company secretary

The Company secretary holding office during the year and up to the date of signing of these financial statements was as follows:

L Beavis.

Basis of preparation

Following the discontinuation of activity in the Company, as disclosed in note 1 of the financial statements, the Directors have presented the accounts under a basis other than going concern. Therefore all profit and loss account balances are classified as discontinued operations. There is no further impact of the adopted basis of preparation. There is currently no intention to liquidate the entity, therefore on the conclusion of all assets and liabilities the entity will become dormant.

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), including FRS 101 "Reduced Disclosure Framework". 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 judgements and accounting estimates that are reasonable and prudent; and
- 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. 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
- they have taken all the steps that they ought to have taken as a Director in order 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.

On behalf of the Board on 3 May 2018



O Laird
Director

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Independent auditor's report to the members of CPP Services Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of CPP Services Limited (the 'Company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the

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Independent auditor's report to the members of CPP Services Limited (continued)

work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:
The information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

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Independent auditor's report to the members of CPP Services Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 are 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 and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.



Peter Birch FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds United Kingdom

Dated: 3 May 2018

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Profit and loss account

	Note	2017 £	2016 £
Revenue	2	369,863	1,083,280
Cost of sales		(144,634)	(619,127)
Gross Profit		225,229	464,153
Administrative income		484,097	1,530,758
Operating Profit	3	709,326	1,994,911
Analysed as:			
Underlying operating profit		413,471	460,773
Exceptional Items	3	295,855	1,534,138
Interest payable and similar charges	4	(245,305)	(344,068)
Profit on ordinary activities before taxation		464,021	1,650,843
Taxation	5	114,348	(45,283)
Profit on ordinary activities after taxation		578,369	1,605,560

All results arise from discontinued operations.

The Company has no income other than as stated above and therefore no statement of other comprehensive income has been presented.

The notes on pages 10 to 16 are an integral part of these financial statements.

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Balance Sheet

At 31 December 2017

	Note	2017 £	2016 £
Non-current assets			
Tangible fixed assets	6	-	39,934
Investment property	7	-	4,373,999
		-	4,413,933
Current assets			
Debtors	8	6,468	2,913
Cash and cash equivalents		1,207,228	4,050,881
		1,213,696	4,053,794
Current liabilities			
Creditors: Amounts falling due within one year	9	(49,306)	(8,198,443)
Provisions	10	(420,000)	-
Net current assets / (liabilities)		744,390	(4,144,649)
Total assets less current liabilities		744,390	269,284
Deferred tax liabilities	11	-	(103,263)
Net assets		744,390	166,021
Capital and reserves			
Called-up share capital	12	100	100
Profit and loss account		744,290	165,921
Shareholders' funds		744,390	166,021

The Annual report and financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The notes on pages 10 to 16 are an integral part of these financial statements.

Approved by the Board on 3 May 2018 and signed on its behalf by:



O Laird
Director

Company Registration Number: 03709675

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Statement of Changes in Equity

	Called-up share capital £	Retained earnings £	Total £
Balance at 1 January 2016	100	(1,439,639)	(1,439,539)
Profit for the year	-	1,605,560	1,605,560
Balance at 31 December 2016	100	165,921	166,021
Profit for the year	-	578,369	578,369
Balance at 31 December 2017	100	744,290	744,390

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Notes to the financial statements

1. Accounting Policies

The principal accounting policies are summarised below.

Basis of preparation

CPP Services Limited is a private company limited by shares incorporated in England and Wales under the Companies Act 2006 and domiciled in the United Kingdom. The financial statements have been prepared under the historical cost basis. The presentation currency of these financial statements is pounds sterling because that is the currency of the primary economic environment in which the Company operates. All amounts in the financial statements have been rounded to the nearest £1.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, standards not yet effective, financial instruments and related party transactions. Where required, equivalent disclosures are given in the consolidated accounts of CPPGroup Plc. The consolidated accounts of CPPGroup Plc are available to the public and can be obtained as set out in note 14.

The following new and revised Standards and Interpretations have been adopted in the current period. The application of these specific Standards and Interpretations has not had a material effect on the Company.

Standard	Subject
IAS 12 (Amendments)	Recognition of deferred tax assets for unrecognised losses
IAS 7 (Amendments)	Disclosure initiative
Annual improvements to IFRSs	2014 - 2016 cycle

Following discontinuation of the Company's principal activity during the current year, as discussed in the Directors' Report on page 3, the Directors have prepared the financial statements on a basis other than that of a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis. The prior year comparative has been restated to be presented as discontinued operations.

Accounting convention

The financial statements are prepared under the historical cost convention.

Revenue

Revenue 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. Depreciation is provided on all 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:

Leasehold improvements	over the shorter of the life of the relevant lease or useful economic life
Fixtures and Fittings	4 years straight line

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Notes to the financial statements (continued)

1. Accounting Policies (continued)

Investment property

Investment Property consists of freehold land and property which is held for rental. Investment properties are held under the cost model. The cost of investment property is their purchase cost. Freehold land is not depreciated. Depreciation is provided on freehold property 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
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Annually the Company reviews the carrying amounts of its investment property to determine whether there is 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. The recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted at 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 assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense in the profit and loss account immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset may be 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 in prior years.

Taxation

Taxation on the profit or loss for the period comprises both current and deferred. Taxation is charged or credited to the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the tax is also included within equity. Current tax is the expected tax payable on the taxable income for the period using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on all taxable and deductible temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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.

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Notes to the financial statements (continued)

1. Accounting Policies (continued)

Key assumptions and areas of estimation uncertainty

In the application of the Company's accounting policies, as described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. We do not consider there to be any in the current period.

Exceptional items

Items which are exceptional, being material in terms of size and/or nature, are presented separately from underlying business performance in the profit and loss account. The separate reporting of exceptional items helps provide an indication of the Company's underlying business performance

Remunerations of directors and employees

In the current and prior year none of the Directors received any remuneration in respect of their services as Directors of the Company; furthermore the Company has no employees or related costs. No amounts have been recharged to this Company as their services to this Company are considered to be highly immaterial.

2. Revenue

	2017	2016
	£	£
Aggregate rental revenue from operating leases	<u>369,863</u>	<u>1,083,280</u>

3. Operating profit

	2017	2016
	£	£
Operating profit is stated after charging\crediting:		
Depreciation	90,145	187,092
Operating lease rentals	50,302	412,423
Fees payable to Company's auditor for the audit of the Company's accounts	2,688	3,312
Profit on disposal of investment property	<u>(198,497)</u>	<u>-</u>
	(55,362)	602,827
Exceptional Items:		
Impairment charge reversal	(295,855)	(1,534,138)

For further details of the exceptional impairment charge reversal and profit on disposal of investment property, refer to note 7.

4. Interest payable and similar charges

	2017	2016
	£	£
Interest payable on amounts owed to Group entities	<u>245,305</u>	<u>344,068</u>

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Notes to the financial statements (continued)

5. Taxation

	2017	2016
	£	£
UK Corporation tax based on the profit for the year at 19.25% (2016: 20.00%) was as follows:		
UK corporation tax (credit) / charge	(16,792)	55,052
Adjustment in respect of prior year UK corporation tax	5,707	(8)
Total current tax (credit) / charge	(11,085)	55,044
UK deferred tax credit – current year	(103,263)	(9,761)
Total recognised tax (credit) / charge for the period	(114,348)	45,283

The tax (credit) / charge differs from that resulting from applying the standard rate of UK corporation tax to profit before tax. The difference is explained below:

	2017	2016
	£	£
Profit on ordinary activities before tax	464,021	1,650,843
Tax charge at the UK corporation tax rate of 19.25% (2016: 20.00%)	89,324	330,169
Factors affecting the credit for the period:		
Expenses not deductible for tax	17,354	27,616
Non taxable (gain)/loss on disposal of investment property	(38,211)	-
Movement on previously unrecognised deferred tax	(145,237)	-
Reversal of investment property impairment	(56,952)	(306,828)
Adjustments to tax charge in respect of prior periods	5,707	(8)
Effect of change in tax rates	13,667	(5,666)
Total tax (credit)/charge for the period	(114,348)	45,283

The UK Finance (No 2) Act 2015 was enacted on 18 November 2015. It provided for a reduction in the main rate of UK corporation tax from 20.00% to 19.00% effective from 1 April 2017. The UK Finance Act 2016 was enacted on 15 September 2016. It provides for a further reduction to 17.00% from 1 April 2020. These changes will reduce the Company's future tax charges accordingly.

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Notes to the financial statements (continued)

6. Tangible fixed assets	Leasehold Improvements £	Fixture and fittings £	Total £
Cost			
At 1 January 2017	1,068,507	138,176	1,206,683
Disposals	(1,068,507)	(138,176)	(1,206,683)
At 31 December 2017	-	-	-
Depreciation			
At 1 January 2017	1,028,573	138,176	1,166,749
Charge for the year	39,934	-	39,934
Disposals	(1,068,507)	(138,176)	(1,206,683)
At 31 December 2017	-	-	-
Net Book Value			
At 31 December 2017	-	-	-
At 31 December 2016	39,934	-	39,934
7. Investment Property			Freehold land & property £
Cost			
At 1 January 2017			7,277,588
Disposals			(7,277,588)
At 31 December 2017			-
Depreciation			
At 1 January 2017			2,903,589
Charge for the year			50,211
Impairment charge reversal			(295,855)
Disposals			(2,657,945)
At 31 December 2017			-
Net Book Value			
At 31 December 2017			-
At 31 December 2016			4,373,999

During the year the Company sold its investment property for £5,325,000. As a result a previously recognised impairment charge was reversed by £295,855 increasing the recoverable amount of the property following its sale to its fair value less costs to sell of £4,619,644. The impairment reversal has been presented as an exceptional credit item through the profit and loss account. Selling costs of £506,859 were incurred with the sale, resulting in a profit on disposal of £198,496 which is included in Administrative income on the profit and loss account.

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Notes to the financial statements (continued)

8. Debtors

	2017 £	2016 £
Prepayments and other debtors	<u>6,468</u>	<u>2,913</u>

9. Creditors: Amounts falling due in less than one year

	2017 £	2016 £
Amounts payable to other Group companies	46,306	8,195,131
Accrued Expenses	<u>3,000</u>	<u>3,312</u>
	<u>49,306</u>	<u>8,198,443</u>

There are no fixed dates for repayment of the intercompany loans. Interest has been charged at LIBOR plus 4%.

As part of the Group capital restructuring strategy the Company settled intercompany amounts of £8,140,086 with Card Protection Plan Limited during the year.

10. Provisions

	2017 £	2016 £
As at 1 January 2017	-	-
Additions	<u>420,000</u>	-
As at 31 December 2017	<u>420,000</u>	-

As a result of the sale of the investment property, a provision of £420,000 has been recognised for the cost of repair due to building dilapidations prior to vacating. It is expected the provision will unwind over the next 12 months. For further details of the sale, refer to note 7.

11. Deferred tax liabilities

	Capital Allowances £
At 1 January 2016	113,024
Charge to profit and loss account	<u>(9,761)</u>
At 31 December 2016	<u>103,263</u>
Charge to profit and loss account	<u>(103,263)</u>
At 31 December 2017	<u>-</u>

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Notes to the financial statements (continued)

12. Share capital	2017 Number	2017 £	2016 Number	2016 £
Authorised £1 ordinary shares	1,000	1,000	1,000	1,000
Called up, allotted and fully paid £1 ordinary shares	100	100	100	100

13. Leases

Operating leases – lessee

The total future value of minimum lease payments is due as follows:

	2017 £	2016 £
Not later than 1 year	-	83,216
Later than one year and not later than 5 years	-	-
	<u>-</u>	<u>83,216</u>

Operating leases – lessor

The minimum rent receivables under non-cancellable operating leases are as follows:

	£	£
Not later than 1 year	-	961,510
Later than one year and not later than 5 years	-	1,781,420
	<u>-</u>	<u>2,742,930</u>

On 30 June 2017, CPP Services Limited disposed of the freehold land and property which it leased out to other Group Companies. All future operating lease rentals ceased at this point. In addition the property which CPP Services Limited leased was not renewed in 2017 on maturity.

14. Related parties and control

Certain bank loans taken out by Group entities are secured against the assets of the Company. There was nothing outstanding on these loans at 31 December 2017 (2016: nil).

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 £1,207,228 (2016: £4,050,881) 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. 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 6 East Parade, Leeds, LS1 6AD.