CPPGroup Services Limited

Annual Report and Financial Statements

For the year ended 31 December 2019



Company registration number: 09160126

CPPGroup Services Limited
Annual Report and Financial Statements
For the year ended 31 December 2019

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CPPGroup Services Limited
Annual Report and Financial Statements
For the year ended 31 December 2019

Company Information

Directors	J Walsh G Sidle
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	09160126

Directors' Report

The Directors present their Annual Report and audited Financial Statements of CPPGroup Services Limited (the Company) for the year ended 31 December 2019.

Principal activities

The principal activity of the Company during the year was providing a range of services to subsidiary undertakings of CPPGroup Plc (the Group). The Company is expected to continue this activity for the foreseeable future.

Review of the business and future developments

The details of the results for the year are set out on page 7 and show that the loss before taxation amounted to £1,993,000 (2018: £1,765,000).

On 1 January 2019, the Company adopted the new accounting standard IFRS 16 *Leases*. The new standard has resulted in the recognition of lease liabilities and right-of-use assets in the balance sheet of the Company. Further detail is provided in notes 1, 9 and12.

There have been no dividends paid during either the current or prior year. No dividends have been proposed since the year end. During the year an impairment loss of £290,000 (2018: nil) was recognised on externally acquired software that is no longer in use. The Company has net liabilities of £6,010,000 (2018: £4,325,000).

The Company is an obligor to the Group's borrowing arrangements, which is in the form of a committed £5.0 million revolving credit facility (RCF), for a three year term to February 2021. The RCF bears interest at a variable rate of LIBOR plus 2.5%.

The Directors believe that key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the Company.

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.

Subsequent events

The outbreak of the COVID-19 pandemic has occurred subsequent to the balance sheet date. COVID-19 is having a disruptive impact on global economies, including the UK market in which the Company operates. COVID-19 could impact the Company's operational capacity through reduced staffing levels. The Company has enacted business continuity plans with all colleagues presently working from home. At this time, no increased sickness levels have been reported or disruption in the services that the Company provides to the wider Group. Further detail is provided in note 15.

Going Concern

The Company, currently in a net liabilities position, is party to a Group banking facility and a cross guarantee in respect of a Group wide bank account netting arrangement. The bank facility is secured against the assets of the Company. In respect of these factors the Directors have made suitable enquiries including consideration of the liquidity position and borrowing facilities available to the Group and continued support of its parent company, taking into account the current Group cash flow forecast. The Group's profit and cash flow forecasts are subject to robust downside stress testing which has included the impact of COVID-19 on operations across the Group.

Having considered all the information available, the Directors have a reasonable expectation that the Company has adequate resources to continue to operate for at least 12 months from the date of this report and accordingly the Directors have continued to adopt the going concern basis in preparing the financial statements.

Directors' Report (continued)

Directors

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

J Walsh
G Sidle

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

Insurance

The Company has appropriate insurance cover in place in respect of any potential litigation against Directors.

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.

Directors' Report (continued)

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.

Authorised and approved on behalf of the Board on 27 April 2020.

J Walsh
Director

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of CPPGroup Services Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year 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 which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 15.

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 Financial Reporting Council's (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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 year 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.

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

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.

Matters on which we are required to report by exception

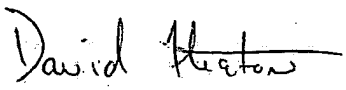
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report

We have nothing to report in respect of these matters.

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.



David Heaton (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds United Kingdom
27 April 2020

Income statement

	Note	2019 £'000	2018 £'000
Administrative expenses		(1,992)	(1,758)
Operating loss	2	**(1,992)**	**(1,758)**
Analysed as:			
EBITDA		(734)	(1,260)
Depreciation and amortisation	2	(1,223)	(498)
Exceptional items	2	(35)	-
Interest receivable and similar income	3	39	-
Interest payable and similar charges	4	(40)	(7)
Loss before taxation		**(1,993)**	**(1,765)**
Taxation	5	330	182
Loss after taxation		**(1,663)**	**(1,583)**

All results arise from continuing operations.

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

The notes on pages 11 to 21 are an integral part of these financial statements.

Balance Sheet
At 31 December 2019

	Note	2019 £'000	2018 £'000
Non-current assets			
Property, plant & equipment	7	594	669
Intangible assets	8	550	846
Right-of-use assets	9	1,400	-
		2,544	1,515
Current assets			
Inventory		-	64
Debtors	10	3,991	3,969
		3,991	4,033
Current liabilities			
Creditors: amounts falling due within one year	11	(11,109)	(9,873)
Lease liabilities	12	(316)	-
		(11,425)	(9,873)
Net current liabilities		(7,434)	(5,840)
Non-current liabilities			
Lease liabilities	12	(1,120)	-
Net liabilities		(6,010)	(4,325)
Capital and reserves			
Share capital	13	-	-
Accumulated losses		(6,010)	(4,325)
Shareholders' deficit		(6,010)	(4,325)

The notes on pages 11 to 21 are an integral part of these financial statements.

Approved by the Board and authorised for issue on 27 April 2020 and signed on its behalf by:



J Walsh
Director

Company Registration Number: 09160126

Statement of Changes in Equity

	Share capital £'000	Accumulated losses £'000	Total £'000
Balance at 1 January 2018	-	(2,742)	(2,742)
Total comprehensive loss	-	(1,583)	(1,583)
Balance at 31 December 2018	-	(4,325)	(4,325)
Change of accounting policy – IFRS 16	-	(22)	(22)
Balance at 1 January 2019	**-**	**(4,347)**	**(4,437)**
Total comprehensive loss	-	(1,663)	(1,663)
Balance at 31 December 2019	**-**	**(6,010)**	**(6,010)**

Notes to the financial statements

1. Accounting Policies

Basis of preparation

CPPGroup Services Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The financial statements have been prepared under the historical cost basis. The presentation currency of these financial statements is sterling.

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 Standards and Interpretations have become effective and where applicable have been adopted in these financial statements. No Standards or Interpretations have been adopted early in these financial statements.

Standard	Subject
IFRS 16	Leases
IFRIC 23	Uncertainty over tax treatments
IAS 28 (amendments)	Long-term interests in Associates and Joint Ventures
Annual improvements to IFRSs	2016-2018 cycle

Following the adoption of IFRS 16 *Leases* the Company has changed its accounting policies. In accordance with the transition provisions for IFRS 16 the Company has applied the cumulative catch-up approach and has not restated comparative information.

On adoption of IFRS 16, the Company has recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases*. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 January 2019. The incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 2.5%.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the Standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics, including geographical location;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- relying on previous assessment of whether a lease is onerous.

The Company has also elected not to apply IFRS 16 to contracts that were not identified as containing a lease under IAS 17 and IFRIC 4 *Determining whether an arrangement contains a lease*.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Measurement of lease liabilities

The associated lease liabilities for all leases were measured on a retrospective basis as if the new rules had always been applied. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 January 2019. The incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 2.5%.

The following lease liabilities were recognised at 1 January 2019:

	2019 £'000
Lease liabilities	1,745

Measurement of right-of-use assets

The associated right-of-use assets for all leases were measured on a retrospective basis as if the new rules had always been applied. Any identified restoration costs were added to the initial costs of the right-of-use assets. Any right-of-use assets associated with leases previously deemed to be onerous were impaired where the previous assessment of the nature of the onerous lease remained appropriate. Right-of-use assets are depreciated using a straight line approach over their deemed useful economic life, which is based on interpretation of lease contract length in line with the requirements of the Standard.

The following right-of-use assets were recognised at 1 January 2019:

	2019 £'000
Property	1,432
Equipment	291
Total	**1,723**

All other new or amended standards and interpretations applied for the first time in the period commencing 1 January 2019 have not impacted the amounts recognised in prior periods.

The Company has revised its income statement format to include EBITDA from 1 January 2019. This presentation is in line with Group. EBITDA is an Alternative Performance Measure ("APM"). The Company previously used an alternative APM, underlying operating profit. The Directors consider that EBITDA provides a better understanding of the underlying performance of the business. The prior period income statement and relevant notes have been represented to reflect the change.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources, as per the letter of support from CPPGroup Plc, to continue in operational existence for the at least 12 months from the date of this report. Accordingly they continue to adopt the going concern basis of accounting in preparing the financial statements. Further details of the Directors' assessment are set out in the Directors' Report on page 2.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Property, plant & equipment

The tangible fixed assets are carried at their purchase cost, less accumulated depreciation and any impairment loss. 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 lease or useful economic life
Computer equipment	4 years straight line
Fixtures and Fittings	4 years straight line

Leases

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company's lease consists of a property from which the Company operates. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and low value assets. For these leases, the Company recognises the lease payments as an expense through the income statement on a straight line basis over the term of the lease.

Lease liabilities
The lease liabilities are initially measured at the present value of the lease payments, discounted by using the relevant incremental borrowing rate available to the Company. Lease liabilities include the net present value of the following: lease payments; fixed payments, including any incentives; variable lease payments; and amounts payable under residual value guarantees.
Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period providing a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets
Right-of-use assets are measured at cost comprising the following: the amount of the initial measurement of lease liability and any lease payments made at or before the commencement date; less any lease incentives received, any initial direct costs and final committed restoration costs.
The right-of-use asset is depreciated on a straight line basis over the shorter of the asset's useful life and the lease term.

In the comparative period operating lease payments (net of any incentives received from the lessor) were charged to the income statement on a straight line basis over the term of the lease.

Notes to the financial statements (continued)

Intangible assets

Intangible assets are carried at their purchase cost, less accumulated amortisation and any impairment loss. Amortisation is provided on all intangible fixed assets, and commences when the assets are ready for their intended use, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Externally acquired software	4 - 5 years straight line
Internally generated software	4 - 5 years straight line

Amortisation is charged to administrative expenses in the Income statement. If the recoverable amount of an asset is estimated to be less than its carrying amount, an impairment loss has been suffered with the carrying amount of the asset reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in the income statement.

Where the 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.

Intercompany loans

Intercompany loans are initially recorded at fair value and subsequently held at amortised cost using the effective interest method, less any allowance for irrecoverable amounts. Any estimated irrecoverable amounts are recognised in profit or loss. In accordance with IFRS 9, the Company recognises a lifetime expected credit loss (ECL) when there has been a significant increase in credit risk since initial recognition. The assessment of lifetime ECL considers all possible default events over the expected life of the intercompany loan.

Inventory

Inventory held by the Company represents units of finished goods of LASU product inventory. Inventory represents finished goods stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Taxation

Taxation on the profit or loss for the period comprises both current and deferred. Taxation is charged or credited to the Income statement, 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.

Notes to the financial statements (continued)

1. Accounting policies (continued)

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.

Key assumptions and 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.

2. Operating loss

	2019 £'000	2018 £'000
Operating loss is stated after charging:		
Operating lease charges	14	465
Depreciation on plant, property and equipment	309	299
Depreciation right-of-use assets	323	-
Amortisation of intangible assets	301	199
Impairment of Intangible assets	290	-
Write-down of inventory	64	-
Exceptional items – restructuring costs	35	-
Fees payable to Company's auditor for audit of financial statements	5	5
Release of deferred income in relation to use of assets	(130)	(130)

Exceptional restructuring costs of £35,000 (2018: nil) relate to a redundancy programme in the central IT function.

3. Interest receivable and similar income

	2019 £'000	2018 £'000
Interest receivable on amounts due from Group entities	39	-

4. Interest payable and similar charges

	2019 £'000	2018 £'000
Interest on lease liabilities – IFRS 16	40	-
Interest payable on amounts due to Group entities	-	7
	40	7

Notes to the financial statements (continued)

5. Taxation

	2019 £'000	2018 £'000
UK Corporation tax based on the loss for the year at 19.00% (2018: 19.00%) was as follows:		
Current tax (credit)/charge:		
UK corporation tax	(209)	(488)
Adjustment in respect of prior year UK corporation tax	(121)	106
Total current tax	(330)	(382)
UK deferred tax charge	-	200
Total recognised tax credit for the year	(330)	(182)

The tax credit differs from that resulting from applying the standard rate of UK corporation tax to loss before tax. The difference is explained below:

	2019 £'000	2018 £'000
Loss before tax	(1,993)	(1,765)
Tax at the UK corporation tax rate of 19.00% (2018: 19.00%)	(379)	(335)
Factors affecting the credit for the year:		
Movement in unprovided deferred tax	152	(4)
Adjustments to tax charge in respect of prior periods	(121)	106
ESOP adjustment	21	13
Other adjustments	(9)	38
Expenses not deductible for tax	6	-
Total tax credit for the year	(330)	(182)

UK corporation tax is calculated at 19.00% (2018: 19.00%) of the estimated assessable loss for the year.

At the balance sheet date, the Company has unused tax losses of £1,208,000 (2018: £461,000) available for offset against future profits not recognised on the balance sheet.

Notes to the financial statements (continued)

6. Employee benefit expense

The aggregate payroll costs of employees, were	2019 £'000	2018 £'000
Wages and salaries	1,057	1,025
Pension costs	99	67
Social security costs	125	95
Share-based payments	121	108
Total	1,402	1,295

The average monthly number of employees during the year was 90 (2018: 89). No amounts have been recharged to the Company in respect of Director's remuneration in the year as the value of their services to the Company is considered to be immaterial.

7. Property, plant & equipment

	Leasehold improvements	Computer hardware	Fixtures & equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2019	284	754	104	1,142
Additions	103	150	10	263
Disposals	-	(74)	-	(74)
At 31 December 2019	387	830	114	1,331
Accumulated depreciation				
At 1 January 2019	66	378	29	473
Charge for the year	101	180	28	309
Disposal	-	(45)	-	(45)
At 31 December 2019	167	513	57	737
Carrying value				
At 31 December 2018	218	376	75	669
At 31 December 2019	220	317	57	594

Property, plant and equipment are depreciated at rates reflective of their individual expected useful life in accordance with the Company policy presented in note 1.

Notes to the financial statements (continued)

8. Intangible assets

	Externally acquired software	Internally generated software	Total
	£'000	£'000	£'000
Cost			
At 1 January 2019	1,838	837	2,675
Additions	38	257	295
At 31 December 2019	1,876	1,094	2,970
Accumulated amortisation			
At 1 January 2019	1,351	478	1,829
Charge for the year	157	144	301
Impairment	290	-	290
At 31 December 2019	1,798	622	2,420
Carrying value			
At 31 December 2018	487	359	846
At 31 December 2019	78	472	550

Intangible asset additions of £295,000 have been recognised during the year in relation to both internal and external software development. This represents the cost of upgrading Group product and platform capabilities.

An impairment loss of £290,000 was recognised on externally acquired software that is no longer in use.

Notes to the financial statements (continued)

9. Right-of-use assets

IFRS 16 was adopted on 1 January 2019; this has resulted in the Company recognising the following right-of-use assets:

	Property £'000	Equipment £'000	Total £'000
Cost			
At 1 January 2019 and 31 December 2019	1,432	291	1,723
Accumulated depreciation			
At 1 January 2019	-	-	-
Charge for the year	254	69	323
At 31 December 2019	254	69	323
Carrying value			
At 1 January 2019	1,432	291	1,723
At 31 December 2019	1,178	222	1,400

	2019 £'000
Depreciation on right-of-use assets	323
Interest expense on lease liabilities	40
Expense related to short-term leases	9
Expenses related to leases of low value assets	5

10. Debtors

	2019 £'000	2018 £'000
Prepayments and other debtors	712	862
Amounts due from Group companies	3,279	3,107
	3,991	3,969

Prepayments includes £460,700 (2018: £764,171) advanced maintenance and services contract charges.

During the year the Company continued to be the principal central recharges entity for the Group and amounts due from Group companies reflects recharge activity during the year for services provided. A mark-up is applied to the recharges at a market rate. Due to the short term trading nature of these balances interest is not applied.

There are no fixed dates for repayment of the intercompany loans. Interest has been charged at LIBOR plus 2.5%. Intercompany loans are repayable on demand.

Notes to the financial statements (continued)

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

	2019 £'000	2018 £'000
Overdrafts	9,276	7,745
Trade creditors	62	320
Amounts due to Group companies	50	194
Accruals and deferred income	1,721	1,614
	11,109	9,873

There are no fixed dates for repayment of the intercompany loans and they are repayable on demand. Interest has been charged at the market rate which is LIBOR plus 2.5%.

No interest has been charged on the overdraft. The overdraft is part of the bank accounting netting arrangement referred to in note 13.

12. Lease liabilities

IFRS 16 was adopted on 1 January 2019. The company has lease arrangements in relation to property and certain equipment that had previously been classified as operating leases. The adoption of IFRS 16 has resulted in the Company recognising the following lease liabilities:

	2019 £'000
At 1 January 2019	1,745
Interest	40
Lease payments	(349)
At 31 December 2019	1,436

Recognised as:	£'000
Current lease liabilities	316
Non-current lease liabilities	1,120
	1,436

13. Share capital

	2019 Number	2019 £000	2018 Number	2018 £000
Authorised £1 ordinary shares	1	-	1	-
Called up, allotted and fully paid £1 ordinary shares	1	-	1	-

Notes to the financial statements (continued)

14. Related parties and ultimate control

Certain bank loans taken out by Group entities are secured against the assets of the Company. No balance was outstanding on these loans at 31 December 2019 (2018: 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. Creditors includes an overdraft amount of £9,275,818 (2018: £7,745,155) 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 2AD.

15. Post balance sheet events

The COVID-19 pandemic is having a disruptive effect on global economies, including the UK market in which the Company operates. In response to the pandemic the Company has invoked BCP plans, with all colleagues presently working from home and servicing to the wider-Group and ultimately the Group's customers maintained.

The Company is in a net liability position and makes losses and therefore relies upon the support of the Group. Sales performance across the Group is currently impacted, however, recovery in new sales activity is expected once markets have moved beyond their respective lockdown periods. A material impact on the Group's renewal rates is not anticipated. The Group's revenue, profit and cash flow forecasts are subject to robust downside stress testing which has included the impact of COVID-19 on operations across the Group.