

process benchmarking Limited
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 December 2016
(Registered Number 02944342)



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STRATEGIC REPORT

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

The directors present their report and the audited financial statements for the year ended 31 December 2016.

The Business Model

The principal activity of the Company is providing high quality credit risk management and other benchmarking services. The Company works predominately with credit risk managers who want to monitor the success of the risk management activities by comparing their outcomes with their peers.

For the year ended 31 December 2016, the Company generated revenues of £2.4 million (2015: £2.2 million) and operating profits of £0.3 million (2015: operating profits £0.9 million).

Objectives and Strategies

process benchmarking Limited's primary objective for 2017 is to continue to increase its market share and to make further progress in improving its margins as the business grows in scale. The Company will continue to invest further in systems, data, infrastructure and human resources in order to achieve a high level of turnover growth for its three year plan.

Principal Risks and Uncertainties

In operating its business and strategy, the Company is exposed to a number of inherent risks. As part of a group wide risk management framework, the Board has implemented robust procedures for the assessment, management and reporting of risks. This includes periodic review of the key risks and the effectiveness of controls and processes in place to manage those risks. The principal risks faced by the Company are summarised below:

- The business provides credit solutions and operates in a market which has grown strongly. The Company faces exposure to both UK and broader global economic cycles and events which may trigger adverse market conditions resulting in reduced demand for the Company's products and services impacting financial performance.
- The Company's business model is dependent upon the integrity of data assets which are maintained on the Company's IT systems, and related analytics and software tools which deliver products and services to customers. As such the business is at risk from cyber attacks, either directly or through business partners, which may result in breaches of IT security, loss or misuse of data, or otherwise compromise solutions and services provided to customers.
- The Company is dependent on its IT environment to deliver products and services to customers. The business faces the risk that this environment may not be sufficiently resilient or flexible to support changing customer requirements, changes in technology, or increasing scale and volumes driven by the expansion of the business.
- The Company is exposed to potential changes in legislation and regulations or the broader regulatory environment which may impact the operations of the business.

The Company manages the above risks through a wide range of actions including ongoing monitoring of the economic and competitive market environment, ongoing assessment and investment in IT security and infrastructure, maintenance of business continuity plans, investments in new products, people and technologies to ensure our products and services remain competitive and differentiated, and focus on customer service and delivery, to ensure that we are able to effectively meet or exceed the objectives of our customers. The effectiveness of these actions is monitored on an ongoing basis, and plans varied to meet changing requirements of the business.

Activities in Research and Development

The Company undertakes significant research and development activities in the area of software and database development, where new products are developed in order to provide innovative solutions and services to its customers ahead of its competitors.

Corporate and Social Responsibility

The Company is part of a wider Group which has a significant investment in its corporate and social responsibility. The Group takes measures to reduce the carbon footprint, including promoting recycling and energy efficiency. The Group also has a strong interest in local and national charities as well as motivating staff to take part in charitable events and enjoying a healthy lifestyle.

The Company looks to provide rewarding and progressive careers for all of its staff, with wide ranging training initiatives and promotion opportunities offered wherever possible. The levels of staff retention and satisfaction provide the most effective measure of such initiatives, and are monitored on a regular basis.

STRATEGIC REPORT (CONTINUED)

Going Concern Basis

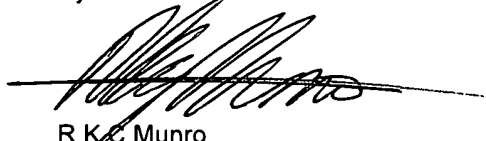
The financial forecasts prepared by the directors continue to show the Company increasing revenues and profits, while continuing to generate cash to meet its financial obligations and continue to enable it to invest in infrastructure.

The Directors have a reasonable expectation that the Company has adequate resources to trade profitably for the foreseeable future and therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

Approval

This report was approved by the board of directors on 22 September 2017 and signed on its behalf by:

By order of the board

A handwritten signature in black ink, appearing to read 'R K C Munro', is written over a horizontal line.

R K C Munro
Director
22 September 2017

DIRECTORS' REPORT

Directors

The directors who held office during the year were as follows:

Mr M J Gordon
Mr R K C Munro
Mr A R Lloyd

M J Gordon and R K C Munro are also directors of the Company's immediate parent undertaking, Callcredit Information Group Limited.

Dividends

No dividends were paid during the current or previous year. The directors do not recommend the payment of a dividend (2015: £nil).

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Policy and practice on payment of creditors

The Company's policy concerning the payment of suppliers is to agree terms of payment in advance and to make payment in accordance with agreed terms and any other legal obligations. At 31 December 2016, there were 2 days (2015: 1 days) purchases in trade creditors.

Political and charitable contributions

The Company made no political contributions (2015: £nil) during the year. Donations to UK charities amounted to £nil (2015: £1k).

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company.

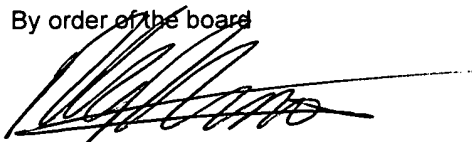
Disclosure of information to Auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



R K C Munro
Director
One Park Lane
Leeds
LS3 1EP

22 September 2017
Company registered number: 02944342

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent ;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROCESS BENCHMARKING LIMITED

We have audited the financial statements of process benchmarking Limited for the year ended 31 December 2016 set out on pages 6 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; 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 Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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 are not made; or
- we have not received all the information and explanations we require for our audit.



Mike Barradell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
28 September 2017

Statement of Profit and Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2016

	<i>Note</i>	2016 £000	2015 £000
Revenue	1	2,370	2,174
Cost of sales		(138)	(105)
Gross profit		2,232	2,069
Administrative expenses		(1,945)	(1,149)
Operating profit	1,2,3,4	287	920
Financial income	5	43	12
Net financing income		43	12
Profit before tax		330	932
Taxation	6	(68)	(191)
Profit for the year		262	741
Total comprehensive income for the year		262	741

There are no discontinued operations in either the current or preceding years.

The Statement of Comprehensive Income is prepared on an unmodified historical cost basis.

There were no recognised income and expense items in the year other than those reflected in the above Statement of Comprehensive Income.

The notes on pages 10 to 24 form part of these financial statements.

Statement of Financial Position

AT 31 DECEMBER 2016

	Note	2016 £000	2015 £000
Non-current assets			
Property, plant and equipment	7	1	3
Intangible assets	8	9	-
Trade and other receivables	10	32	-
Deferred tax assets	9	2	3
		<u>44</u>	<u>6</u>
Current assets			
Trade and other receivables	10	3,812	2,980
Cash and cash equivalents	11	322	48
		<u>4,134</u>	<u>3,028</u>
Total assets		<u><u>4,178</u></u>	<u><u>3,034</u></u>
Current liabilities			
Trade and other payables	12	1,170	288
Total liabilities		<u>1,170</u>	<u>288</u>
Equity			
Share capital	14	1	1
Retained earnings		3,007	2,745
Total equity		<u>3,008</u>	<u>2,746</u>
Total equity and liabilities		<u><u>4,178</u></u>	<u><u>3,034</u></u>

These financial statements were approved by the board of directors on 22 September 2017 and were signed on its behalf by:



R K C Munro
Director

Company registered number: 02944342

The notes on pages 10 to 24 form part of these accounts.

Statement of Changes in Equity

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2015	1	2,004	2,005
Total comprehensive income for the year			
Profit for the year	-	741	741
Total comprehensive income for the year	-	741	741
Balance at 31 December 2015	1	2,745	2,746

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2016	1	2,745	2,746
Total comprehensive income for the year			
Profit for the year	-	262	262
Total comprehensive income for the year	-	262	262
Balance at 31 December 2016	1	3,007	3,008

The notes on pages 10 to 24 form part of these accounts.

Cash Flow Statement

FOR YEAR ENDED 31 DECEMBER 2016

	<i>Note</i>	2016 £000	2015 £000
Cash flows from operating activities			
Profit after taxation		262	741
Adjustments for:			
Depreciation, amortisation and impairment		3	2
Financial income		(43)	(12)
Increase in trade and other receivables		(886)	(416)
Increase/(decrease) in trade and other payables		880	(483)
Taxation		68	191
Cash generated from operating activities		284	23
Net cash from operating activities		284	23
Cash flows used in investing activities			
Acquisition of property, plant and equipment	7	-	(1)
Acquisition of other intangible assets	8	(10)	-
Net cash used in investing activities		(10)	(1)
Net increase in cash and cash equivalents		274	22
Cash and cash equivalents at 1 January		48	26
Cash and cash equivalents at 31 December	11	322	48

The notes on pages 10 to 24 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

process benchmarking Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 02944342 and the registered address is One Park Lane, Leeds, LS3 1EP.

The Company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

1.2 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 1.

As a subsidiary, the Company is a cross guarantor to the Group's financing facilities. As part of these facilities standard financial covenants apply to the Group in respect of the Group debt in relation to leverage. There are four years left on these facilities.

The Directors have prepared detailed forecasts which have been reviewed during the approval of these accounts, and the Directors are confident that, taking account of reasonably possible changes in trading performance, the Group will be able to operate within the level of its current facility and meet all relevant covenants.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

1.4 Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and any recognised impairment loss. Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Profit or Loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the entity.

Depreciation is recognised so as to write off the cost or valuation of tangible fixed assets less their residual values over their useful lives, as set out below on a straight line basis unless stated otherwise. Fixed asset purchases are depreciated on a monthly basis from the date the asset is available for utilisation. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Office equipment	3 - 5 years
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Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.5 Intangible assets and goodwill

Deferred development costs

Deferred development expenditure comprises the product development costs of commercially exploitable systems to the extent that they are recoverable.

Development costs are capitalised in accordance with IAS 38 when staff are working on products and projects where the following can be demonstrated:

- technical feasibility of completing the intangible asset so that it will be available for use or sale
- intention to complete the intangible asset and use or sell it
- ability to use or sell the intangible asset
- how the intangible asset will generate future economic benefits
- availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- ability to measure reliably the expenditure attributable to the intangible asset during its development

and, for this reason, are not regarded as realised losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Deferred development costs	Straight line amortisation over 3 - 5 years
Software	3 years

NOTES TO THE FINANCIAL (CONTINUED)

1 Accounting policies (continued)

1.6 Impairment

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to 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 asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.7 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

1.8 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

1.9 Revenue

Revenue is generally recognised when all contractual obligations have been met in accordance with IAS18. Normally this occurs when all material delivery obligations of the service have been met.

The Company provides benchmarking reports to its clients. The contract allows the Company access to the client's data for a specific period of time (6 to 12 months) for the purpose of preparing the agreed reports. Upon delivery of the initial report to the client the significant risks and rewards of the report are transferred, the amount of revenue can be measured reliably and revenue is recognised.

Revenue is recognised exclusive of VAT.

1.10 Expenses

Operating lease payments

Payments made under operating leases are recognised in the profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss as an integral part of the total lease expense.

Financing income

Financing income comprise interest receivable on funds invested.

Interest income is recognised in profit or loss as it accrues, using the effective interest method.

1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

1.12 *Adopted IFRS not yet applied*

The following Adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 9 Financial Instruments (effective from 1 January 2018), IFRS 10 and IAS 28 (amendments) Sale or contribution of assets between an investor and its associate or joint venture, IFRS 15 Revenue from contracts with customers (effective from 1 January 2018), IAS 7 (amendments) Disclosure initiative (effective from 1 January 2017), IAS 12 (amendments) Recognition of Deferred Tax Assets for Unrealised Losses (effective from 1 January 2017), IFRS 16 Leases (effective from 1 January 2019).

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments and IFRS 15 will have an impact on revenue recognition and related disclosures. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 and IFRS 15 until a detailed review has been completed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2016 £000	2015 £000
Depreciation of property, plant and equipment	2	2
Amortisation of intangibles	1	-
Staff costs (see note 3)	1,400	874
Rentals payable under operating leases	103	92
Audit of the financial statements	5	5

Following the implementation of new processes across the Group, the Group is better able to track and allocate central overheads, resulting in an increase in costs to the Company in the year.

3 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2016	2015
Sales and operations	30	23
Administration	2	-
	<u>32</u>	<u>23</u>

The aggregate payroll costs of these persons were as follows:

	2016 £000	2015 £000
Wages and salaries	1,255	758
Social security costs	103	75
Other pension costs	52	41
Capitalised staff costs	(10)	-
	<u>1,400</u>	<u>874</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Directors' remuneration

	2016 £000	2015 £000
Remuneration		
Emoluments	1,457	1,243
Company contributions to money purchase pension scheme	9	34

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £841k (2015: £533k), and company pension contributions of £nil (2015: £nil) were made to a money purchase scheme on their behalf.

The Directors' remuneration above is the full remuneration paid by Callcredit Information Group Limited. The work of the Directors' covers various subsidiaries within the Group.

Key management are considered to be the same as directors for the Company.

	Number of directors	
	2016	2015
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	1

5 Finance income and expense

Recognised in the Statement of Profit and Loss

	2016 £000	2015 £000
Finance income		
Interest income on financial assets	43	12
Total finance income	43	12

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Taxation

Recognised in the Statement of Profit and Loss

	2016 £000	2015 £000
Current tax expense		
UK corporation tax at 20% (2015: 20.25%)	-	191
Group relief payable	66	-
Adjustments for prior years	1	1
Total current tax expense	67	192
Deferred tax expense		
Origination and reversal of temporary differences	2	(1)
Adjustment for prior years	(1)	-
Total deferred tax expense/(credit)	1	(1)
Total tax expense	68	191

Reconciliation of effective tax rate

The current tax charge for the period is higher (2015: higher) than the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit excluding taxation	330	932
Tax using the UK corporation tax rate of 20% (2015: 20.25%)	66	189
Non-deductible expenses	2	2
Adjustments to tax charge in respect of previous periods	1	1
Adjustments to tax charge in respect of previous periods - deferred tax	(1)	-
Depreciation in excess of capital allowances	-	(1)
Group relief claimed	(66)	(191)
Payment for group relief	66	191
Total tax expense	68	191

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future tax charge accordingly. The deferred tax asset at 31 December 2016 has been calculated based on these rates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Property, plant and equipment

	Office equipment £000	Total £000
Cost		
Balance at 1 January 2015	101	101
Additions	1	1
Disposals	(33)	(33)
Balance at 31 December 2015	69	69
Balance at 1 January 2016	69	69
Disposals	(64)	(64)
Balance at 31 December 2016	5	5
Depreciation and impairment		
Balance at 1 January 2015	97	97
Depreciation charge for the year	2	2
Disposals	(33)	(33)
Balance at 31 December 2015	66	66
Balance at 1 January 2016	66	66
Depreciation charge for the year	2	2
Disposals	(64)	(64)
Balance at 31 December 2016	4	4
Net book value		
At 1 January 2015	4	4
At 31 December 2015 and 1 January 2016	3	3
At 31 December 2016	1	1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Intangible assets

	Software £000	Deferred development expenditure £000	Total £000
Cost			
Balance at 1 January 2016	-	-	-
Additions	1	9	10
Balance at 31 December 2016	1	9	10
Amortisation and impairment			
Balance at 1 January 2016	-	-	-
Amortisation for the year	1	-	1
Balance at 31 December 2016	1	-	1
Net book value			
At 31 December 2015 and 1 January 2016	-	-	-
At 31 December 2016	-	9	9

Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with IAS 38.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Deferred tax assets and (liabilities)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000
Property, plant and equipment	2	3	-	-	2	3
Tax assets	2	3	-	-	2	3
Net tax assets	2	3	-	-	2	3

Movement in deferred tax during the year

	1 January 2016 £000	Recognised in income £000	31 December 2016 £000
Property, plant and equipment	3	(1)	2
	3	(1)	2

Movement in deferred tax during the prior year

	1 January 2015 £000	Recognised in income £000	31 December 2015 £000
Property, plant and equipment	4	(1)	3
	4	(1)	3

10 Trade and other receivables

	2016 £000	2015 £000
Trade receivables	300	268
Trade receivables due from related parties	10	-
Other receivables due from related parties	228	-
Loan amounts owed by group companies	3,070	2,620
Prepayments and accrued income	236	92
	<u>32</u>	<u>-</u>
Non-current	3,812	2,980
Current		

Intercompany balances are repayable on demand. Intercompany loan balances are charged interest at LIBOR + 1%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Cash and cash equivalents

	2016 £000	2015 £000
Cash at bank	322	48
Cash and cash equivalents per cash flow statements	322	48

12 Trade and other payables

	2016 £000	2015 £000
Current		
Trade payables	4	1
Trade payables due to related parties	13	36
Other payables due to related parties	881	-
Accruals and deferred income	187	78
Social security and other taxes	22	20
VAT	55	153
Other payables	8	-
	1,170	288

Intercompany balances are repayable on demand. Intercompany loan balances are charged interest at LIBOR + 1%.

13 Employee benefits

Pension plan

The Company operates a defined contribution pension plan.

The total expense relating to this plan in the current year was £52k (2015: £41k).

14 Capital and reserves

Share capital

	2016 £000	2015 £000
Allotted, called up and fully paid 1,000 Ordinary shares of £1 each	1	1
	1	1

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Financial instruments

15 (a) Fair values of financial instruments

The Company's financial instruments include trade and other receivables, trade and other payables, cash and cash equivalents. The fair values for each class of financial assets and financial liabilities together are not materially different from their carrying amount.

Trade and other receivables, trade and other payables, and cash

The fair value of trade and other receivables, and trade and other payables are assessed based upon discounted cash flows at prevailing interest rates. Cash and cash equivalents approximate to their book values.

Derivative financial instruments

The Company has no derivative financial instruments.

15 (b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, mainly banking institutions and credit providers.

Banking institutions are not considered to be a significant credit risk due to their size and financial resources. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the balance sheet date the directors believe that there were no significant concentrations of credit risk based on the size, age and nature of trade receivable balances as well as the historical recovery rates with these companies. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Credit quality of financial assets and impairment losses

The aging of trade receivables at the balance sheet date was:

	Gross 2016 £000	Gross 2015 £000
Not past due	144	-
Past due 0-30 days	39	173
Past due 31-120 days	103	75
More than 120 days	24	20
	<u>310</u>	<u>268</u>

There was no allowance for impairment in respect of trade debtors in the current or preceding periods.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Financial instruments (continued)

15 (c) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Liquidity is managed on a Group basis and the Group finances its operations through a mixture of cash from retained profits and bank borrowing. The Group has continued with its policy of ensuring that there are sufficient funds to meet the expected funding requirements of the Group's operations and investment opportunities. The Group has continued to monitor its liquidity position through budgetary procedures and cash flow analysis.

16 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings		Other	
	2016 £000	2015 £000	2016 £000	2015 £000
Less than one year	108	95	1	1
Between one and five years	16	7	-	-
	<u>124</u>	<u>102</u>	<u>1</u>	<u>1</u>

During the year £103k was recognised as an expense in the profit and loss in respect of operating leases (2015: £92k).

17 Commitments

Capital commitments

There are no capital commitments at the end of the financial year for which provision has been made.

18 Related parties

Identity of related parties with which the Company has transacted

Crown Acquisition Topco Limited is the ultimate parent company incorporated in England and Wales. For the year the Company had related party arrangements with Crown Acquisition Topco Limited and the other companies related to it. All related party transactions are on an arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Related parties (continued)

Other related party transactions

	2016 £000	Sales to 2015 £000	Purchases from 2016 £000	2015 £000
Fellow Subsidiaries	25	235	166	87
	<u>25</u>	<u>235</u>	<u>166</u>	<u>87</u>
			2016 £000	2015 £000
Net interest credited from Parent			43	12
Loans paid to Parent			<u>407</u>	<u>351</u>
		Receivables outstanding	Payables outstanding	
	2016 £000	2015 £000	2016 £000	2015 £000
Parent - loan	3,070	2,620	-	-
Parent - other balances	-	-	221	-
Fellow Subsidiaries - trade balances	10	-	13	-
Fellow Subsidiaries - other balances	228	-	660	36
	<u>3,308</u>	<u>2,620</u>	<u>894</u>	<u>36</u>

19 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Crown Acquisition Topco Limited which is the ultimate parent company, incorporated in England and Wales.

The immediate parent company is Callcredit Information Group Limited.

The largest group in which the results of the Company are consolidated is that headed by Crown Acquisition Topco Limited, incorporated in England and Wales. The smallest group in which they are consolidated is that headed by Callcredit Information Group Limited incorporated in England and Wales. The consolidated financial statements of Crown Acquisition Topco Limited are available to the public and may be obtained from; The Company Secretary, One Park Lane, Leeds, LS3 1EP.