

Process Benchmarking Limited
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 December 2017
(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 2017.

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. The Company is a part of the Callcredit Information Group (the "Group").

For the year ended 31 December 2017, the Company generated revenues of £2.5 million (2016: £2.4 million) and operating profits of £0.8 million (2016: operating profits £0.3 million).

Objectives and Strategies

Process Benchmarking Limited's primary objective for 2018 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 risk management and other benchmarking solutions and marketing services 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 outlook for the UK economy faces additional uncertainty arising from the UK's ongoing planned withdrawal from the European Union.
- The Company operates in a competitive market and faces the risk of increasing competition from both new and established market participants. Competitors may erode the Company's position and share of the market through development of superior products and services to the Company, lower pricing and more effective go to market strategies.
- 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, and reputational damage.
- 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.
- Through the strength of its products and services, the Company has successfully grown a number of key customer relationships with the result that a small number of total customers account for a large share of overall sales and profits. Loss of these customers, either to Competitors or a significant curtailment of the trading relationships, would have a material impact on the financial performance of the business.
- People at the Group are critical to its ability to meet the needs of its customers and achieve its goals as a business. Failure to attract or retain suitable employees across the business could limit the Group's ability to deliver its business plan commitments.
- The Company operates in an increasingly complex and regulated environment and is therefore subject to a significant and comprehensive set of rules and regulations. Those rules and regulations (and any changes in the interpretation of them) could impact how the company operates, and in particular, how it collects and processes personal data. As a processor of personal data, the Company has operated within data protection legislation, which was superseded by the General Data Protection Regulation ("GDPR"), which came into force from 25 May 2018. Compliance with the GDPR will be overseen by the Information Commissioner's Office ("ICO"). The ICO have significant enforcement powers, which if exercised, could impact the Company's ability to access and process data, could require the Company to modify its products and services and could result in an increase in its operational costs and/or a reduction in its revenue.

STRATEGIC REPORT (CONTINUED)

The Company manages the above risks through a wide range of actions including ongoing monitoring of the economic, regulatory 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 compliant, 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 Group, of which the Company is part, 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. The Company has not undertaken any significant research and development activity in the year.

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.

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 27 September 2018 and signed on its behalf by:

By order of the board



R K C Munro

Director

27 September 2018

DIRECTORS' REPORT

The directors present the annual report and financial statements of the company for the year ended 31 December 2017.

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 (2016: £nil).

Post balance sheet event

On 19th June 2018, Vail Holdings UK Limited (part of the TransUnion group of companies) acquired the entire share capital of Crown Acquisition Topco Limited.

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 2017, there were nil days (2016: 2 days) purchases in trade creditors.

Political and charitable contributions

The Group made no political contributions (2016: £nil) during the year. The Group made donations to UK charities amounting to £27k (2016: £28k).

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.

DIRECTORS' REPORT (CONTINUED)

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.

By order of the board



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

27 September 2018

Company registered number: 02944342

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

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 group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group 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 ("the Company") for the year ended 31 December 2017 which comprise the Statement of Profit and Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and related notes, including the accounting policies in note 1.

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 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and directors' report and, in doing so, consider whether, based on our financial statement audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; 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

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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 opinion we have formed.



Mike Barradell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
27 September 2018

Statement of Profit and Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2017

	<i>Note</i>	2017 £000	2016 £000
Revenue	1	2,455	2,370
Cost of sales		(96)	(138)
Gross profit		2,359	2,232
Administrative expenses		(1,537)	(1,945)
Operating profit	1,2,3,4	822	287
Financial income	5	45	43
Net financing income		45	43
Profit before tax		867	330
Taxation	6	(172)	(68)
Profit from continuing operations		695	262
Profit for the year		695	262
Total comprehensive income for the year		695	262

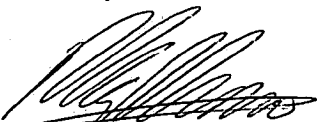
The notes on pages 12 to 27 form part of these financial statements.

Statement of Financial Position

AT 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Non-current assets			
Property, plant and equipment	7	-	1
Intangible assets	8	10	9
Trade and other receivables	10	15	32
Deferred tax assets	9	6	2
		<u>31</u>	<u>44</u>
Current assets			
Trade and other receivables	10	4,581	3,812
Cash and cash equivalents	11	40	322
		<u>4,621</u>	<u>4,134</u>
Total assets		<u>4,652</u>	<u>4,178</u>
Current liabilities			
Trade and other payables	12	949	1,170
Tax payable		-	-
		<u>949</u>	<u>1,170</u>
Total liabilities		<u>949</u>	<u>1,170</u>
Equity			
Share capital	14	1	1
Retained earnings		3,702	3,007
Equity attributable to the owners of the Company		<u>3,703</u>	<u>3,008</u>
Total equity		<u>3,703</u>	<u>3,008</u>
Total equity and liabilities		<u>4,652</u>	<u>4,178</u>

These financial statements were approved by the board of directors on 27 September 2018 and were signed on its behalf by:



RKC Munro
Director

Company registered number: 02944342

The notes on pages 12 to 27 form part of these accounts.

Statement of Changes in Equity

	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

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2017	1	3,007	3,008
Total comprehensive income for the year			
Profit for the year	-	695	695
Total comprehensive income for the year	-	695	695
Balance at 31 December 2017	1	3,702	3,703

The notes on pages 12 to 27 form part of these accounts.

Cash Flow Statement

FOR YEAR ENDED 31 DECEMBER 2017

<i>Note</i>	2017 £000	2016 £000
Cash flows (used in)/from operating activities		
Profit after taxation	695	262
Adjustments for:		
Depreciation, amortisation and impairment	4	3
Financial income	(45)	(43)
Increase in trade and other receivables	(882)	(886)
(Decrease)/increase in trade and other payables	(221)	880
Taxation	172	68
	<u>(277)</u>	<u>284</u>
Cash generated from operating activities		
	<u>(277)</u>	<u>284</u>
Cash flows used in investing activities		
Interest received	-	-
Capitalised development expenditure	8 (5)	-
Acquisition of other intangible assets	8 -	(10)
	<u>(5)</u>	<u>(10)</u>
Net cash used in investing activities		
	<u>(5)</u>	<u>(10)</u>
Cash flows from financing activities		
	<u></u>	<u></u>
Net (decrease)/increase in cash and cash equivalents	(282)	274
Cash and cash equivalents at 1 January	322	48
Cash and cash equivalents at 31 December	<u><u>40</u></u>	<u><u>322</u></u>
11		

The notes on pages 12 to 27 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Process Benchmarking Limited (the "Company") is a private company incorporated and domiciled in the United Kingdom under the Companies Act and is registered in England and Wales. 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.

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.

The Group has agreed to provide financial support for the next 12 months.

1.3 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents, interest-bearing borrowing, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value plus any directly attributable transaction costs. 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 less any directly attributable transaction costs. 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 and are measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1.4 *Property, plant and equipment*

Property, plant and equipment are stated in the statement of financial position 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 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 of property, plant and equipment less their residual values over their useful lives, as set out below, on a straight line basis unless stated otherwise. Property, plant and equipment 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 periods are as follows:

Office equipment	3 - 5 years
Leasehold improvements	Remaining term of the lease
IT servers	5 years
IT equipment	3 years

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.

Internally created databases

Internally created databases comprise the data purchase and capture costs of internally developed databases, for use by customers to determine the credit-worthiness of individuals. The costs are capitalised as development costs in accordance with IAS 38.

NOTES TO THE FINANCIAL (CONTINUED)

1 Accounting policies (continued)

1.5 Intangible assets and goodwill (continued)

Purchased data assets

Purchased data assets comprise data sets purchased externally for resale on a licensed basis and incorporation into the Group's products which fulfil the IAS38 definition of intangible assets.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Databases and Purchased data assets	Straight line amortisation over 3 – 10 years
Deferred development costs	Straight line amortisation over 3 – 10 years from the date the asset is available for use
Customer contracts	Straight line amortisation over 5 years
Software	Straight line amortisation over 3 years

1.6 Impairment

Financial assets

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 the 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 and 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

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.

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.

Revenue is recognised exclusive of VAT when the sale has been invoiced. All revenue arises on the sale of products and services relating to the principal activities of the Company. Interest income is recognised on an accruals basis.

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 and expenses

Financing income comprise interest receivable on funds invested.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

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 reporting date, and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset only if certain criteria are met.

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 the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will 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 reporting 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. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

1.12 Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Management does not deem there to be any significant judgements or assumptions and estimation uncertainties requiring disclosure.

1.13 Adopted IFRS not yet applied

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:

IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018); IFRS 9 Financial Instruments (effective from 1 January 2018); IFRS 16 Leases (effective from 1 January 2019); IFRS 17 Insurance Contracts (effective from 1 January 2021); IFRS 10 and IAS 28 (amendments) Sale or contribution of assets between an investor and its associate or joint venture (effective date to be determined).

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, with the exception of IFRS 15. Please see further information on the IFRS 15 impact below.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

1.14 Estimated impact of the adoption of IFRS 15

The Company is required to adopt IFRS 15 Revenue from Contracts with Customers from 1 January 2018. The Company has assessed the estimated impact that the initial application of IFRS 15 will have on its financial statements. The estimated impact of the adoption of these standards on the Company's equity as at 1 January 2018 is based on assessments undertaken to date and is summarised below.

£m	As at 31 December 2017	Estimated adjustments due to adoption of IFRS 15	Estimated adjusted opening balance at 1 Jan 2018
Retained Earnings	4	(1)	3

The total estimated adjustment to the opening balance of the Company's equity at 1 January 2018 is £1m. The principal component of the estimated adjustment are as follows.

- A decrease of £1m in retained earnings is due to deferred recognition of revenue from annual customer contracts.

It is estimated the revenue in 2017 would not change significantly as a result of IFRS 15.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18.

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 for the purpose of preparing the agreed reports.

Under current revenue recognition policies, where these contracts are non-recourse, the revenues are recognised at the service start date as long as it is likely that the revenue will flow to the entity. Under IFRS 15, the revenue will be recognised on a straight-line basis, as the customer has access to the services over the specific time period. The impact of this is revenue recognition is deferred, and there will be a contract liability arising at the balance sheet date, due to the majority of customers being invoiced annually in advance for the services.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2017 £000	2016 £000
Depreciation of property, plant and equipment	-	2
Amortisation of intangibles	3	1
Staff costs (see note 3)	1,156	1,400
Rentals payable under operating leases	109	103
Audit of the financial statements	5	5
	<u>1,273</u>	<u>1,511</u>

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	
	2017	2016
Sales and operations	27	30
Administration	-	2
	<u>27</u>	<u>32</u>

The aggregate payroll costs of these persons were as follows:

	2017 £000	2016 £000
Wages and salaries	999	1,255
Social security costs	104	103
Other pension costs	57	52
Capitalised staff costs	(2)	(10)
	<u>1,156</u>	<u>1,400</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Directors' remuneration

	2017 £000	2016 £000
Remuneration		
Emoluments	1,212	1,466
Pension contributions	10	-
	<u>1,222</u>	<u>1,466</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £602k (2016: £841k), and company pension contributions of £nil (2016: £nil) were made to a money purchase scheme on their behalf.

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

Directors' remuneration was borne by another group company.

5 Finance income and expense

Recognised in the Statement of Profit and Loss

	2017 £000	2016 £000
Finance income		
Interest income on financial assets	45	43
Total finance income	<u>45</u>	<u>43</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Taxation

Recognised in the Statement of Profit and Loss

	2017 £000	2016 £000
Current tax expense		
UK corporation tax at 19.25% (2016: 20%)	-	-
Group relief payable / (receivable)	171	66
Adjustments for prior years	5	1
Total current tax expense	176	68
Deferred tax expense		
Origination and reversal of temporary differences	-	2
Adjustment for prior years	(4)	(1)
Total deferred tax (credit)/expense	(4)	-
Total tax expense	172	68

Reconciliation of effective tax rate

The current tax charge for the period is higher (2016: higher) than the standard rate of corporation tax in the UK of 19.25% (2015: 20%). The differences are explained below:

	2017 £000	2016 £000
Profit excluding taxation	867	330
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	167	66
Non-deductible expenses	4	2
Adjustments to tax charge in respect of previous periods	5	1
Adjustments to tax charge in respect of previous periods - deferred tax	(4)	(1)
Group relief surrendered / (claimed)	(171)	(66)
Payment / (receipt) for group relief	171	66
Total tax expense	172	68

A reduction in the UK corporation tax rate 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 2017 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 2016	69	69
Disposals	(64)	(64)
Balance at 31 December 2016	5	5
Balance at 1 January 2017	5	5
Balance at 31 December 2017	5	5
Depreciation and impairment		
Balance at 1 January 2016	66	66
Depreciation charge for the year	2	2
Disposals	(64)	(64)
Balance at 31 December 2016	4	4
Balance at 1 January 2017	4	4
Depreciation charge for the year	1	1
Balance at 31 December 2017	5	5
Net book value		
At 1 January 2016	3	3
At 31 December 2016 and 1 January 2017	1	1
At 31 December 2017	-	-

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
Balance at 1 January 2017	1	9	10
Additions	-	5	5
Balance at 31 December 2017	1	14	15
Amortisation and impairment			
Balance at 1 January 2016	-	-	-
Amortisation for the year	1	-	1
Balance at 31 December 2016	1	1	2
Balance at 1 January 2017	1	1	2
Amortisation for the year	-	3	3
Balance at 31 December 2017	1	4	5
Net book value			
At 31 December 2016 and 1 January 2017	-	9	9
At 31 December 2017	-	10	10

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		Net	
	2017 £000	2016 £000	2017 £000	2016 £000
Property, plant and equipment	2	2	2	2
Other	4	-	4	-
	<u>6</u>	<u>2</u>	<u>6</u>	<u>2</u>
Tax assets	6	2	6	2
	<u>6</u>	<u>2</u>	<u>6</u>	<u>2</u>
Net tax assets	<u>6</u>	<u>2</u>	<u>6</u>	<u>2</u>

Movement in deferred tax during the year

	1 January 2017 £000	Recognised in income £000	31 December 2017 £000
Property, plant and equipment	2	-	2
Other	-	4	4
	<u>2</u>	<u>4</u>	<u>6</u>

Movement in deferred tax during the prior year

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

10 Trade and other receivables

	2017 £000	2016 £000
Trade receivables	247	300
Trade receivables due from related parties (Note 18)	29	10
Other receivables due from related parties (Note 18)	1,021	228
Loan amounts owed by group companies (Note 18)	3,150	3,070
Other receivables	5	-
Prepayments and accrued income	144	236
	<u>15</u>	<u>32</u>
Non-current	15	32
Current	<u>4,581</u>	<u>3,812</u>

Intercompany balances are repayable on demand. Intercompany loan balances are charged interest at 1.5%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Cash and cash equivalents

	2017 £000	2016 £000
Cash at bank	40	322
Cash and cash equivalents	<u>40</u>	<u>322</u>

12 Trade and other payables

	2017 £000	2016 £000
Trade payables	-	4
Trade payables due to related parties (Note 18)	-	13
Other payables due to related parties (Note 18)	849	881
Accruals and deferred income	9	187
Social security and other taxes	24	22
VAT	51	55
Other payables	16	8
	<u>949</u>	<u>1,170</u>

Intercompany balances are repayable on demand. Intercompany loan balances are charged interest at 1.5%.

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 £57k (2016: £52k).

14 Capital and reserves**Share capital**

	2017 £000	2016 £000
Allotted, called up and fully paid 1,000 Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

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.

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 2017 £000	Impairment 2017 £000	Gross 2016 £000	Impairment 2016 £000
Not past due	169	-	144	-
Past due 0-30 days	23	-	39	-
Past due 31-120 days	24	-	103	-
More than 120 days	60	-	24	-
	<u>276</u>	<u>-</u>	<u>310</u>	<u>-</u>

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2017 £000	2016 £000
Balance at 1 January	-	-
Impairment loss recognised	-	-
Impairment loss reversed	-	-
Receivables written off during the year	-	-
	<u>-</u>	<u>-</u>
Balance at 31 December	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (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	
	2017 £000	2016 £000	2017 £000	2016 £000
Less than one year	108	108	-	1
Between one and five years	152	16	-	-
	<u>260</u>	<u>124</u>	<u>-</u>	<u>1</u>

During the year £109k was recognised as an expense in the profit and loss in respect of operating leases (2016: £103k).

17 Commitments

Capital commitments

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Related parties

Identity of related parties with which the Company has transacted

At the balance sheet date, 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.

Other related party transactions

	Sales to		Purchases from	
	2017 £000	2016 £000	2017 £000	2016 £000
Fellow Subsidiaries	158	25	56	166
	<u>158</u>	<u>25</u>	<u>56</u>	<u>166</u>
			2017 £000	2016 £000
Net interest credited from Parent			45	43
Loans paid to Parent			<u>35</u>	<u>407</u>
			2017 £000	2016 £000
Parent - loan	3,150	3,070	-	-
Parent - other balances	-	-	383	221
Fellow Subsidiaries - trade balances	29	10	-	13
Fellow Subsidiaries - other balances	1,021	228	466	660
	<u>4,200</u>	<u>3,308</u>	<u>849</u>	<u>894</u>

19 Ultimate parent company and parent company of larger group

At the balance sheet date, the Company was a subsidiary undertaking of Crown Acquisition Topco Limited which was the ultimate parent company, incorporated in England and Wales. Please see note 20 for details of the post the balance sheet event. Following this transaction, the ultimate parent company is TransUnion, incorporated in the United States of America.

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 Crown Acquisition Midco 2 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.

20 Post balance sheet event

On 19th June 2018, Vail Holdings' UK Limited (part of the TransUnion group of companies) acquired the entire share capital of Crown Acquisition Topco Limited.