

Claybrook Computing Limited

Annual Report and Unaudited Financial Statements

for the year ended 31 December 2017

FRIDAY



L34 *L7FEW30J* 28/09/2018 #17
COMPANIES HOUSE

Contents

	Page(s)
Company information	1
Strategic report	2 to 3
Directors' report	4 to 5
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Notes to the unaudited financial statements	9 to 20

Claybrook Computing Limited

Registration number: 01287205

Company information

Directors	J Stier
	G Wakeley
	R Williams
Company secretary	K Cong
Registered office	Sutherland House Russell Way Crawley West Sussex RH10 1UH

Claybrook Computing Limited

Registration number: 01287205

Strategic report for the year ended 31 December 2017

The directors present their strategic report for Claybrook Computing Limited for the year ended 31 December 2017.

General information

Claybrook Computing Limited (the "Company") is a private company limited by shares, incorporated and domiciled in England and Wales.

The Company is a wholly owned subsidiary of Equiniti Holdings Limited which is part of the Equiniti Group plc group of companies (the "Group"). The Group comprises Equiniti Group plc, which is listed on the London Stock Exchange, and its subsidiary companies as listed in note 4.4 of the Equiniti Group plc consolidated financial statements for the year ended 31 December 2017. Copies of these financial statements are available from the locations listed in note 17 of the notes to the financial statements.

The registered office address of the Company is:

Sutherland House
Russell Way
Crawley
West Sussex
RH10 1UH

Principal activity

The principal activity of the Company is the provision of software and computer consultancy to pension funds and related businesses in respect of pension scheme administration, pension payroll, pension fund accounting and actuarial valuation.

Review of the business

The directors are satisfied with the results of the Company for the year and of its financial position at 31 December 2017, both of which are in line with expectations.

The Company has onboarded new contracts during the course of 2017, and has again won industry recognition for its Compendia platform which was voted the leading pension administration platform in the industry for the third consecutive year. The directors consider that the financial information on pages 6 to 20 is sufficient to allow a full understanding of the business.

The Company's key financial performance indicators during the year were as follows:

	2017	2016
	£	£
Revenue	12,783,000	12,837,000
EBITDA*	5,270,000	5,214,000
Profit before income tax	3,184,000	3,649,000

*EBITDA is defined as earnings before interest, tax, depreciation and amortisation.

Future developments

The Company continues to support and improve its Compendia platform and develop new functionality to enhance the experience of pension scheme members and scheme administrators. Whilst the prevailing long-term trend is for pension schemes to move towards a fully outsourced administration solution, the Company continues to have success in winning new business. The desire of pension schemes to improve their members' access to information and services, coupled with the desire to reduce the costs of administration and to access real-time management information provides the Company with market opportunity for its technology, and informs the road map for future development.

Claybrook Computing Limited

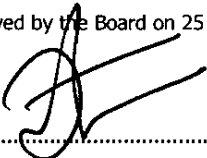
Registration number: 01287205

Strategic report for the year ended 31 December 2017 (continued)

Principal risks and uncertainties

The directors of the ultimate parent undertaking, Equiniti Group plc, manage the Group's risks and performance. For this reason a discussion of the Group's risks has not been included by the Company's directors. The principal risks and uncertainties, together with the development, performance and position, and an analysis using key performance indicators of the Group, which include those of the Company and the Group, are discussed in the business review of Equiniti Group plc's annual report.

Approved by the Board on 25 September 2018 and signed on its behalf by:


.....
J Stier
Director

Company registration number: 01287205

Claybrook Computing Limited

Registration number: 01287205

Directors' report for the year ended 31 December 2017

The directors present their report and the unaudited financial statements for the Company for the year ended 31 December 2017.

Directors of the Company

The directors who held office during the year and up to the date of signing the financial statements were as follows:

J Stier

G Wakeley

R Williams

Review of the business and future developments

The Company results, future developments and principal risks are discussed in the strategic report on pages 2 to 3.

Dividends

The directors do not recommend the payment of a final dividend.

Research and development

The Company continues to commit resources to the development of new and improved technologies and capabilities, in order to derive new solutions and to enhance our client and customer experiences, improve our services and products and meet the ever changing regulatory requirements for the services the Company provides. Expenses incurred are required to be capitalised when it is probable that future economic benefits will be attributable to the asset and that costs can be measured reliably, in accordance with the relevant accounting standards and the Company's accounting policies.

Going concern

The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the financial statements.

Directors' liabilities

The directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. Directors' and officers' liability insurance has been purchased by the Group's ultimate parent company, Equiniti Group plc, and was in place throughout the year under review and up to the date of approval of the Financial Statements. The insurance does not provide cover in the event that the director is proved to have acted fraudulently. Indemnity insurance is maintained for the Company's Directors and officers against liability in respect of proceedings brought by third parties, subject to the terms and conditions of the Companies Act 2006.

Claybrook Computing Limited

Registration number: 01287205

Directors' report for the year ended 31 December 2017 (continued)

Statement of directors responsibilities in respect of the financial statements

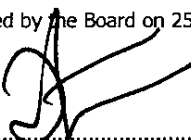
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 Reduced Disclosure Framework, 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 period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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. The directors 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.

Approved by the Board on 25 September 2018 and signed on its behalf by:


.....
J Stier
Director

Company registration number: 01287205

Claybrook Computing Limited

Registration number: 01287205

Statement of comprehensive income for the year ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
Revenue		12,783	12,837
Operating costs before depreciation and amortisation	3	<u>(7,513)</u>	<u>(7,623)</u>
Earnings before interest, tax, depreciation and amortisation		5,270	5,214
Depreciation of property, plant and equipment	7	(8)	(25)
Amortisation of intangible assets	8	<u>(2,078)</u>	<u>(1,540)</u>
Profit before income tax		3,184	3,649
Income tax expense	6	<u>(684)</u>	<u>(233)</u>
Profit and total comprehensive income for the financial year		<u><u>2,500</u></u>	<u><u>3,416</u></u>

The notes on pages 9 to 20 form an integral part of these financial statements.

Claybrook Computing Limited

Registration number: 01287205

Statement of financial position as at 31 December 2017

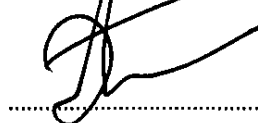
	Note	2017 £ 000	2016 £ 000
Assets			
Non-current assets			
Property, plant and equipment	7	24	13
Intangible assets	8	6,401	5,994
Deferred tax assets	6	341	469
		<u>6,766</u>	<u>6,476</u>
Current assets			
Trade and other receivables	9	20,736	15,753
Income tax asset		-	342
		<u>20,736</u>	<u>16,095</u>
Total assets		<u>27,502</u>	<u>22,571</u>
Liabilities			
Current liabilities			
Trade and other payables	10	10,518	8,620
Income tax liability		496	-
		<u>11,014</u>	<u>8,620</u>
Net assets		<u>16,488</u>	<u>13,951</u>
Equity			
Share capital	11	-	-
Share-based payments reserve	12	54	17
Retained earnings		<u>16,434</u>	<u>13,934</u>
Total equity		<u>16,488</u>	<u>13,951</u>

For the financial year ending 31 December 2017 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements on pages 6 to 20 were approved by the Board on 25 September 2018 and signed on its behalf by:



J Stier

Director

Company registration number: 01287205

The notes on pages 9 to 20 form an integral part of these financial statements.

Claybrook Computing Limited

Registration number: 01287205

Statement of changes in equity for the year ended 31 December 2017

	Share capital £ 000	Share-based payments reserve £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2017	-	17	13,934	13,951
Profit and total comprehensive income for the financial year	-	-	2,500	2,500
Share-based payments expense	-	37	-	37
At 31 December 2017	-	54	16,434	16,488

	Share capital £ 000	Share-based payments reserve £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2016	-	1	10,518	10,519
Profit and total comprehensive income for the financial year	-	-	3,416	3,416
Share-based payments expense	-	16	-	16
At 31 December 2016	-	17	13,934	13,951

The notes on pages 9 to 20 form an integral part of these financial statements.

Claybrook Computing Limited

Registration number: 01287205

Notes to the unaudited financial statements for the year ended 31 December 2017

1 Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), under the historical cost convention and in accordance with the Companies Act 2006, as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

These financial statements are presented in British Pounds ("£") which is the Company's functional currency.

Summary of disclosure exemptions

The following disclosure exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of IAS 1 Presentation of financial statements:
 - 10(d) - Statement of cash flows
 - 16 - Statement of compliance with all IFRS
 - 38B-D - Additional comparative information in respect of IAS 16 Property, plant and equipment, paragraph 73(e) and IAS 38 Intangible assets, paragraph 118 (e)
 - 134-136 - Capital management disclosures
- IAS 7 Statement of cash flows
- IAS 8 Accounting policies, changes in accounting estimates and errors, paragraphs 30 and 31 - New standards issued but not yet effective
- IAS 24 Related party disclosures - Related party disclosures with transactions entered into between wholly owned group companies and paragraph 17, key management compensation
- IAS 36 Impairment of assets, paragraphs 134(d) to 134(f) and 135(c) to 135(e) - Key assumptions and estimates used to measure value in use of cash-generating units
- IFRS 2 Share-based payments, paragraphs 45(b) and 46-52 - Exemption from disclosing the number and the weighted average exercise price of share options and how the fair values were determined
- IFRS 7 Financial Instruments: Disclosures
- IFRS 13 Fair value measurement, paragraphs 91-99 - Valuation techniques and inputs used for fair value measurement of assets and liabilities

Going concern

The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the financial statements.

New standards, interpretations and amendments

There are no standards, interpretations and amendments effective for the first time from 1 January 2017 that have had a material effect on the financial statements.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses.

**Notes to the unaudited financial statements for the year ended 31 December 2017
(continued)****1 Accounting policies (continued)****Depreciation**

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Asset class	Depreciation method and rate
Office equipment	2 - 10 years
Fixtures and fittings	3 - 20 years

Intangible assets**Software**

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software project and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation

Amortisation is charged to the statement of comprehensive income 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:

Asset class	Amortisation method and rate
Software development	3 - 5 years

Impairment of non-financial assets

Assets that have an indefinite useful life, for example intangible assets not ready for use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("CGUs"). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Claybrook Computing Limited

Registration number: 01287205

Notes to the unaudited financial statements for the year ended 31 December 2017 (continued)

1 Accounting policies (continued)

Financial assets

Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired and management determine the classification of its financial assets on initial recognition.

Recognition and measurement

Purchases and sales of financial assets are recognised on the transaction date when the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. They are subsequently carried at fair value and any gains or losses arising from changes in the fair value are recognised in the income statement within interest income or expense.

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. They are included in non-current assets if their maturity is greater than 12 months after the end of the reporting period.

Trade receivables

Trade receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest method less provisions for impairment. Provisions for impairment are recognised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The impairment recorded is the difference between the carrying value of the receivable and the estimated future cash flows, discounted where appropriate. Any impairment is recognised in the statement of comprehensive income within administrative expenses.

Trade payables

Trade payables represent liabilities for goods and services received by the Company prior to the end of the financial year which are unpaid. The amounts within trade payables are unsecured. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Financial liabilities

Classification

The Company classifies debt and equity instruments as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Under IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Recognition and measurement

Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are treated as distributions and are recorded directly in equity.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Claybrook Computing Limited

Registration number: 01287205

Notes to the unaudited financial statements for the year ended 31 December 2017 (continued)

1 Accounting policies (continued)

Share-based payments

The Company's ultimate parent company, Equiniti Group plc, operates a number of equity-settled share based compensation plans under which the Company receives services from employees as consideration for equity instruments (options) of Equiniti Group plc. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee over a specified period of time; and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specific period of time).

At the end of each reporting date, the Company revises its estimates of the number of options that are expected to vest, based on the non-market vesting conditions and service conditions. It recognises the impact of the revisions to original estimates, if any, in the statement of comprehensive income with a corresponding adjustment to equity.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separately administered fund. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense in the statement of comprehensive income as incurred. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense.

Revenue recognition

Revenue is measured as the fair value of consideration received for services and software supplied, net of discounts and value added tax, and is almost entirely attributable to the United Kingdom.

Revenue is recognised when the performance obligations have been performed or the significant risks and rewards of ownership are transferred to the customer and it is probable that the economic benefits resulting from this performance will flow to the Company and the revenue can be reliably measured.

Amounts recognised as revenue but not yet billed are reflected in the statement of financial position as accrued income. Amounts billed in advance of work performed are deferred in the statement of financial position as deferred income.

Revenue from fixed-price contracts, which may span a number of years, is recognised over the period the services are delivered to the client. Where the Company provides staff to customers at hourly or daily rates, revenue is recognised on the basis of time worked.

Hardware sales and software licences are recognised when goods and perpetual licences are delivered. Technical support revenues and term licences are recognised rateably over the term of the agreement.

Revenue is recognised and deferred on multiple element contracts, for example the sale of a perpetual licence with an annual maintenance and support contract, when an element of the contracted work has not been completed. When products are bundled together for the purpose of sale, the associated revenue, net of all applicable discounts, is allocated between the constituent parts of the bundle on a relative fair value basis. The Company has a systematic basis for allocating relative fair values in these situations, based upon the latest market values.

Government grants

Grants that compensate the Company for expenses incurred relating to employment are recognised in the statement of comprehensive income as they are earned. Grants relating to intangible assets are netted against the related expenditure, prior to capitalisation, and amortised over the useful life of the asset.

**Notes to the unaudited financial statements for the year ended 31 December 2017
(continued)**

1 Accounting policies (continued)

Finance income and costs

Net finance costs comprise interest payable, interest receivable on own funds and foreign exchange gains and losses that are recognised in the statement of comprehensive income.

Interest income and interest payable is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement within finance income or costs.

Tax

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

The Company is a member of the Equiniti Group plc tax group in which all eligible Group companies taxable profits and losses are group relieved. All eligible Group companies share liability for the Groups overall tax liability and record their own share of tax payable or receivable at the reporting date. The balance is subsequently paid to or received from a fellow Group company or settled via the intercompany loan account.

Current tax is the expected tax payable on the taxable income for the period, using tax rates applicable 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 statement of financial position 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 asset can be utilised.

2 Critical accounting judgements and key sources of estimation uncertainty

There are no significant accounting estimates or judgements within these financial statements.

Claybrook Computing Limited

Registration number: 01287205

**Notes to the unaudited financial statements for the year ended 31 December 2017
(continued)****3 Operating costs before depreciation and amortisation**

	2017	2016
	£ 000	(re-presented)
		£ 000
Expenses by nature:		
Payroll expense (note 4)	7,734	7,650
Net staff costs recharged to fellow Group companies	(6,695)	(6,843)
Staff costs deferred in respect of contracts	-	(412)
Direct costs	54	181
Bought in services	397	339
Premises costs	589	68
Operating lease costs	-	29
Other expenses	5,916	7,597
Government grants for research and development	(482)	(986)
	<u>7,513</u>	<u>7,623</u>

Employees of the Company may spend time working on projects that generate revenue in other Group companies. When this happens, the associated cost of these employees is recharged to the fellow Group company. The 2016 comparative staff costs have been re-presented to reflect the payroll expense separately from other staff costs recharged to fellow Group companies.

4 Staff numbers and costs

The average monthly number of persons employed by the Company during the year, analysed by category was as follows:

	2017	2016
	Number	Number
Operations	<u>118</u>	<u>138</u>

The aggregate payroll costs of these persons (including directors' remuneration) were as follows:

	2017	2016
	£ 000	£ 000
Wages and salaries	6,537	6,482
Social security costs	700	742
Other pension costs	460	410
Share-based payment expenses	37	16
	<u>7,734</u>	<u>7,650</u>

5 Directors' remuneration

The Company directors have been remunerated by other Group companies in the current and prior year and no reasonable breakdown for their services provided to this Company is possible.

Claybrook Computing Limited

Registration number: 01287205

**Notes to the unaudited financial statements for the year ended 31 December 2017
(continued)****6 Income tax expense**

Tax charged in the statement of comprehensive income:

	2017 £ 000	2016 £ 000
Current taxation		
UK corporation tax	889	662
Adjustments in respect of prior periods	<u>(333)</u>	<u>(617)</u>
	<u>556</u>	<u>45</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	(153)	61
Arising from changes in tax rates and laws	-	37
Adjustments in respect of prior periods	<u>281</u>	<u>90</u>
	<u>128</u>	<u>188</u>
Tax expense in the statement of comprehensive income	<u><u>684</u></u>	<u><u>233</u></u>

The tax on profit before income tax for the year is higher than the standard rate of corporation tax in the UK (2016 - lower than the standard rate of corporation tax in the UK) of 19.25% (2016 - 20%).

The differences are reconciled below:

	2017 £ 000	2016 £ 000
Profit before tax	<u>3,184</u>	<u>3,649</u>
Corporation tax at the standard UK rate of 19.25% (2016 - 20%)	613	730
Non-deductible expenses	5	4
Exercise of employee share options	6	-
Effect of changes in tax rates	20	26
Effect of research and development tax credit	92	-
Adjustments in respect of prior periods	<u>(52)</u>	<u>(527)</u>
Total tax expense	<u><u>684</u></u>	<u><u>233</u></u>

Future tax changes

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 current tax charge accordingly.

Claybrook Computing Limited

Registration number: 01287205

**Notes to the unaudited financial statements for the year ended 31 December 2017
(continued)****6 Income tax expense (continued)****Deferred tax**

Deferred tax assets are as follows:

	Asset £ 000	Liability £ 000	Net deferred tax £ 000
2017			
Amortisation	-	(251)	(251)
Accelerated tax depreciation	581	-	581
Other post-employment benefits	11	-	11
	<u>592</u>	<u>(251)</u>	<u>341</u>
2016			Asset £ 000
Amortisation			307
Accelerated tax depreciation			162
Other post-employment benefits			-
			<u>469</u>

The deferred tax assets, which are calculated using the UK corporation tax rates substantively enacted on 6 September 2016, are expected to be recovered at least 12 months after the balance sheet date.

Deferred tax movement during the current year:

	At 1 January 2017 £ 000	Recognised in income £ 000	At 31 December 2017 £ 000
Amortisation	307	(558)	(251)
Accelerated tax depreciation	162	419	581
Other post-employment benefits	-	11	11
Net tax assets/(liabilities)	<u>469</u>	<u>(128)</u>	<u>341</u>

Deferred tax movement during the prior year:

	At 1 January 2016 £ 000	Recognised in income £ 000	At 31 December 2016 £ 000
Amortisation	490	(183)	307
Accelerated tax depreciation	167	(5)	162
Other post-employment benefits	-	-	-
Net tax assets	<u>657</u>	<u>(188)</u>	<u>469</u>

Claybrook Computing Limited

Registration number: 01287205

**Notes to the unaudited financial statements for the year ended 31 December 2017
(continued)****7 Property, plant and equipment**

	Fixtures and fittings £ 000	Office equipment £ 000	Total £ 000
Cost or valuation			
At 1 January 2017	98	294	392
Additions	-	25	25
Disposals	(38)	(49)	(87)
Transfers	(20)	20	-
At 31 December 2017	<u>40</u>	<u>290</u>	<u>330</u>
Accumulated depreciation			
At 1 January 2017	88	291	379
Charge for the year	3	5	8
Eliminated on disposal	(32)	(49)	(81)
Transfers	(20)	20	-
At 31 December 2017	<u>39</u>	<u>267</u>	<u>306</u>
Carrying amount			
At 31 December 2017	<u>1</u>	<u>23</u>	<u>24</u>
At 31 December 2016	<u>10</u>	<u>3</u>	<u>13</u>

8 Intangible assets

	Software development £ 000
Cost or valuation	
At 1 January 2017	20,282
Additions	<u>2,485</u>
At 31 December 2017	<u>22,767</u>
Amortisation	
At 1 January 2017	14,288
Amortisation charge	<u>2,078</u>
At 31 December 2017	<u>16,366</u>
Carrying amount	
At 31 December 2017	<u>6,401</u>
At 31 December 2016	<u>5,994</u>

Claybrook Computing Limited

Registration number: 01287205

**Notes to the unaudited financial statements for the year ended 31 December 2017
(continued)****9 Trade and other receivables**

	2017 £ 000	2016 £ 000
Trade receivables	2,382	1,991
Provision for impairment of trade receivables	-	(18)
Net trade receivables	2,382	1,973
Receivables from related parties	15,529	11,373
Accrued income	1,316	1,494
Prepayments	13	-
Other receivables	1,496	913
	<u>20,736</u>	<u>15,753</u>

Excluding trade receivables, none of these financial assets are either past due or impaired. Receivables from Group undertakings are non-interest bearing and are repayable on demand.

The Company has the ability to sell certain trade receivables in a debt factoring arrangement on a non-recourse basis. Invoices factored are all covered by trade credit insurance. Trade receivables shown above are net of £582,886 (2016: £nil) cash received in advance at the year end.

Trade receivables include amounts that are past due at the end of the reporting period and which an allowance for doubtful debts has not been recognised as the amounts are still considered recoverable and there hasn't been a significant change in credit quality.

Age of trade receivables that are past due but not impaired

	2017 £ 000	2016 £ 000
0 to 30 days	279	459
31 to 60 days	-	356
61 to 90 days	34	-
More than 90 days	18	22
	<u>331</u>	<u>837</u>

10 Trade and other payables

	2017 £ 000	2016 £ 000
Amounts due to Group undertakings	7,602	5,242
Deferred income	1,675	2,154
Accrued expenses	501	585
Other payables	740	639
	<u>10,518</u>	<u>8,620</u>

Amounts due to Group undertakings are non-interest bearing and repayable on demand.

11 Share capital**Allotted, called up and fully paid shares**

	2017		2016
	Number	£ 000	Number
			£ 000
Ordinary shares of £1 each	<u>100</u>	<u>-</u>	<u>100</u>
			<u>-</u>

Claybrook Computing Limited

Registration number: 01287205

Notes to the unaudited financial statements for the year ended 31 December 2017 (continued)

12 Reserves

Share-based payments reserve

The share-based payments reserve represents the amounts recognised in equity in respect of the equity-settled share-based compensation plans. See note 13 for further details.

13 Share-based payments

Sharesave Plan 2015

Scheme description

Share options issued by the ultimate parent company, Equiniti Group plc, have been granted to full time directors and employees of the Company who enter into Her Majesty's Revenue & Customs approved share savings scheme. Participants can save a maximum of £500 per month over three to five years. The number of shares over which an option is granted is such that the total option price payable for those shares corresponds to the proceeds on maturity of the related savings contract. The exercise price is calculated as 80% of the average share price over the three preceding days or, in relation to new issue shares, the nominal value of a share. Granted options vest over the maturity of the savings contract and can be exercised over a period of 6 months after vesting.

Charge arising from share-based payments

The total charge for the year relating to this scheme was £15,000 (2016 - £11,000).

Outstanding share options

Details of share options outstanding at the end of the year were as follows:

	2017	2016
Weighted average exercise price (£)	1.19	1.27
Expected weighted average remaining life (years)	<u>1</u>	<u>2</u>

Performance Share Plan

Scheme description

Share options issued by the ultimate parent company Equiniti Group plc, have been granted to directors and selected employees of the Company at nil cost. For share options granted under the PSP scheme, they are conditional on a minimum 6% earnings per share growth and median total shareholder return over a three year vesting period. Granted options can be exercised over a period of up to 10 years.

Charge arising from share-based payments

The total charge for the year relating to this scheme was £22,000 (2016 - £5,000).

Outstanding share options

Details of share options outstanding at the end of the year were as follows:

	2017	2016
Weighted average exercise price (£)	nil	nil
Expected weighted average remaining life (years)	<u>9</u>	<u>9</u>

Deferred Annual Bonus Plan

Scheme description

30% of annual bonus earned for certain Company directors and selected employees is compulsorily deferred into an award over shares issued by the ultimate parent company Equiniti Group plc, which vests over a three year period. The number of options granted is calculated using the market value on grant date. Options, once vested, can be exercised up to 10 years after the grant date.

Claybrook Computing Limited

Registration number: 01287205

Notes to the unaudited financial statements for the year ended 31 December 2017 (continued)

13 Share-based payments (continued)

Charge arising from share-based payments

The total charge for the year relating to this scheme was £nil (2016 - £nil).

Outstanding share options

Details of share options outstanding at the end of the year were as follows:

	2017	2016
Weighted average exercise price (£)	1.94	-
Expected weighted average remaining life (years)	10	-

14 Post-employment benefits

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £460,000 (2016 - £410,000).

15 Dividends

The Company did not pay a dividend during the year (2016 - £nil) and no dividends have been proposed post year end.

16 Contingent liabilities

The Company, along with other companies in the Group, has provided a guarantee in relation to a Senior Facility Agreement comprising of a term and revolving credit facility made available to Equiniti Holdings Limited. The facilities comprise term loan facilities of £250,000,000 and US\$92,000,000, and a multicurrency revolving credit facility of £199,000,000 of which the drawn balance was £nil at 31 December 2017 (2016 - £56,000,000). Both facilities are repayable in 2020.

17 Parent and ultimate parent undertaking

The Company is a wholly owned subsidiary of Equiniti Holdings Limited, a company incorporated in England and Wales. The Company is controlled by its ultimate parent company Equiniti Group plc, a public listed company incorporated in England and Wales and listed on the London Stock Exchange.

The most senior parent entity and the parent of the smallest and largest group producing publicly available financial statements in which these are consolidated is Equiniti Group plc. These financial statements are available online at www.equiniti.com or upon request from:

Sutherland House
Russell Way
Crawley
West Sussex
RH10 1UH