Park Direct Credit Limited

FINANCIAL STATEMENTS

for the year ended

31 March 2017

Company Registration No. 3690060

PRINCIPAL ACTIVITY

The principal activity of the company is that of the provision of short term loans.

BUSINESS REVIEW

This business has not issued any new loans in the year although it is continuing to collect the residual balance at a satisfactory rate.

The results for the year are shown in the statement of comprehensive income on page 5.

RISKS & UNCERTAINTIES

The key risk to Park Direct Credit Limited is interest rate risk due to the large balance due to related parties which is interest bearing.

On behalf of the board

C Houghton
Director

27 June 2017

The directors submit their annual report and the audited accounts for the year ended 31 March 2017 for Park Direct Credit Limited, company number 3690060.

RESULTS AND DIVIDENDS

The company made a loss before taxation in the year of £3,238,794 (2016 – loss of £3,117,010). The loss is principally due to the interest applied on the group loan. The directors do not recommend the payment of a dividend (2016 - £nil).

FINANCIAL INSTRUMENTS

Financial risk management objectives and policies and an indication of exposure to financial risk are detailed in note 16.

DIRECTORS

The directors of the company during the year ended 31 March 2017 were:

P R Johnson (resigned 3 June 2016)
C Houghton
M R Stewart

The directors are employed by Park Group plc who bear their emoluments which, together with all share-based payment costs, are not recharged. This is because a fair apportionment is not possible as services are provided to multiple entities. Details of their emoluments, including those of the highest paid, can be found in the remuneration report of that company's accounts.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND 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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOING CONCERN

The financial statements have been prepared on a going concern basis on the strength of the financial support being made available from its parent undertaking see note 1.1.

DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

In accordance with section 489 of the Companies Act 2006, a resolution for the reappointment of Ernst & Young LLP as auditors of the group is to be proposed at the forthcoming AGM.

On behalf of the board

M R Stewart
Director

27 June 2017

Independent auditor's report to the members of Park Direct Credit Limited

We have audited the financial statements of Park Direct Credit Limited for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements;

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Stuart Watson (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds
28 June 2017

Park Direct Credit Limited
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2017

	Notes	2017 £	2016 £
Cost of sales	3	-	(457)
Other income	2	3,221	5,296
Gross profit/(loss)		3,221	4,839
Administrative expenses		(4,845)	(3,774)
Operating (loss)/profit	3	(1,624)	1,065
Finance income	4	11	-
Finance costs	4	(3,237,181)	(3,118,075)
Loss before taxation		(3,238,794)	(3,117,010)
Taxation	5	647,029	620,229
Loss for the year being total comprehensive income for the year		(2,591,765)	(2,496,781)

All amounts relate to continuing activities.

Park Direct Credit Limited
STATEMENT OF FINANCIAL POSITION
At 31 March 2017

	Notes	2017 £	2016 £
Assets			
Non-current assets			
Deferred tax assets	8	22,118	28,559
		22,118	28,559
Current assets			
Trade and other receivables	9	653,471	630,388
Cash and cash equivalents	10	13,610	10,526
		667,081	640,914
Total assets		689,199	669,473
Liabilities			
Current liabilities			
Trade and other payables	11	(56,518,414)	(53,906,923)
Total liabilities		(56,518,414)	(53,906,923)
Net liabilities		(55,829,215)	(53,237,450)
Shareholders' equity			
Share capital	13	2	2
Retained earnings		(55,829,217)	(53,237,452)
Total equity attributable to equity holders of the parent		(55,829,215)	(53,237,450)

Approved by the board of directors and signed on its behalf on 27 June 2017.

C Houghton - Director

Park Direct Credit Limited
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2017

	Share capital £	Retained earnings £	Total £
At 1 April 2016	2	(53,237,452)	(53,237,450)
Loss	-	(2,591,765)	(2,591,765)
Total comprehensive income for the year	-	(2,591,765)	(2,591,765)
At 31 March 2017	2	(55,829,217)	(55,829,215)

	Share capital £	Retained earnings £	Total £
At 1 April 2015	2	(50,740,671)	(50,740,669)
Loss	-	(2,496,781)	(2,496,781)
Total comprehensive income for the year	-	(2,496,781)	(2,496,781)
At 31 March 2016	2	(53,237,452)	(53,237,450)

Park Direct Credit Limited
STATEMENT OF CASH FLOWS
For the year ended 31 March 2017

	Notes	2017	2016
		£	£
Cash flows from operating activities			
Cash generated from operations	14	3,073	3,386
Interest received		11	-
Net cash generated from operating activities		3,084	3,386
Net increase in cash and cash equivalents		3,084	3,386
Cash and cash equivalents at beginning of year		10,526	7,140
Cash and cash equivalents at end of year		13,610	10,526
Cash and cash equivalents comprise:			
Cash at bank and in hand	10	13,610	10,526

1 PRINCIPAL ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements have been prepared and approved by the directors in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU (Adopted IFRS).

The financial statements have been prepared on a going concern basis which, notwithstanding the net liabilities of £55,829,216, the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds guaranteed by other group companies. Park Group plc, the ultimate parent company, has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate. The accounts have been prepared on a going concern basis as the directors have obtained confirmation that the parent company will continue to provide the financial support necessary for the foreseeable future and have agreed not to seek repayment of the intercompany loan.

The group's forecasts and projections, taking into account reasonably possible changes in trading performance and customer behaviour, show that the group has sufficient financial resources to fund the business for the foreseeable future despite the group's net current liabilities. Funds are utilised for working capital purposes as permitted under the terms of the Park Prepayment Protection Trust (PPPT). The group's working capital requirements are dependent upon a continuing level of prepaid sales to corporate customers and, at certain times during the year, amounts drawn from the PPPT to meet its working capital requirements. The group's positive cash flow from its ongoing customer base, together with the capability to drawdown funds from the PPPT at certain times of the year, enables it to operate without reliance on any external funding. The group continues to trade profitably and early indications for growth in the current year are positive. Accordingly, the directors continue to adopt the going concern basis in preparing the consolidated financial statements.

The financial statements have been prepared under the historical cost convention. The accounting policies have, unless otherwise stated, been applied consistently to all periods from the date of transition.

The company is incorporated and domiciled in the UK and has its registered office at Valley Road, Birkenhead, CH41 7ED. The Company registration number is 3690060 and it is a private company limited by shares.

1.2 Changes to International Financial Reporting Standards

Interpretations and standards which became effective during the year

The following accounting standards and interpretations, that are relevant to the company, became effective during the period:

IAS 19	Defined Benefit Plans: Employee Contributions (amendment)

Adoption of these amendments and interpretations to standards has not had a material impact upon the company's financial performance or position.

1 PRINCIPAL ACCOUNTING POLICIES (continued)

1.2 Changes to International Financial Reporting Standards (continued)

Interpretations and standards which have been issued and are not yet effective
The following standards have been adopted by the EU but are not yet effective for the year ended 31 March 2017 and have not been applied in preparing the financial statements. Those standards that have relevance to the company are mentioned below:

		Effective from:
IAS 16 & IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (amendment)	1 Jan 2017
IAS 1	Disclosure Initiative (amendment)	1 Jan 2017
IAS 7	Disclosure Initiative (amendment)	1 Jan 2017
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses (amendment)	1 Jan 2018
IFRS 9	Financial Instruments	1 Jan 2018

The directors anticipate that the adoption of these standards and interpretations in future periods will not have a material impact on the financial statements when the relevant standards and interpretations come into effect.

1.3 Income recognition
Customers' accounts receivable balances are classified as loans and receivables and these balances were held at amortised cost using the effective interest method, prior to 1 April 2007. This method allocates the interest income arising from a loan over its expected life, or contractual life if shorter. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flow payments or receipts through the expected life of the loan to its net carrying amount. When calculating the EIR, all cash flows arising from the contractual terms of the loan, such as early settlement options, need to be considered.

The EIR calculation includes all direct and incremental fees and costs. Any acceptance fees or commissions earned on the sale of payment protection insurance are included in the EIR calculation and are effectively recognised over the expected term of the loan.

The application of the EIR method has the effect of recognising income to give a constant rate of return on the amount outstanding from the customer over the period of the loan.

1.4 Finance income and finance costs
Finance income comprises the returns generated on cash and cash equivalents and is recognised as it accrues. Finance costs comprise the interest on internal borrowings and are recognised as they accrue.

1.5 Impairment of property, plant and equipment and intangibles
At each reporting date, the company reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Assets subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised to the extent that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Value in use is calculated using cash flows derived from budgets and projections approved by the board which are discounted at the company's risk adjusted weighted cost of capital calculated from equity market data and borrowing rates.

Testing is performed at the level of a cash generating unit (CGU) in order to compare the CGU's recoverable amount against its carrying value.

Any impairment is recognised immediately through the income statement.

1 PRINCIPAL ACCOUNTING POLICIES (continued)

1.6 Other intangible assets

Purchased software

Acquired software licenses are capitalised at cost and are amortised on a straight-line basis over their estimated useful life which is 3-5 years.

Software development

Costs that are directly associated with the creation of identifiable software, which meet the development asset recognition criteria as laid out in IAS 38 Intangible Assets, are recognised as intangible assets. Direct costs include the employment costs of staff directly involved in specific software development projects and external consultancy fees.

All other software development and maintenance costs are recognised as an expense as incurred.

Computer software development costs recognised as assets are amortised over their estimated useful lives of between 3 and 10 years on a systematic straight-line basis.

1.7 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost represents expenditure that is directly attributable to the purchase of the asset. Depreciation is charged on a straight-line basis, so as to write off the cost of assets less their residual values over their estimated useful lives as follows:

Fixtures and equipment	10 –20%

The assets' estimated useful lives, depreciation rates and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying value is written down immediately to its recoverable amount if its carrying value is greater than its recoverable amount.

The gain or loss arising on disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

1.8 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held with banks with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. Cash balances and overdrafts are offset where the company has the ability and intention to settle these balances on a net basis. For cash flow purposes, bank overdrafts are shown within cash and cash equivalents.

1.9 Employee benefits

Holiday pay

Provision is made for any holiday pay accrued by employees to the extent that the holiday entitlements accrued have not been taken at the period end.

1 PRINCIPAL ACCOUNTING POLICIES (continued)

1.10 Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and accounting purposes.

Current tax is the expected tax payable on the taxable result for the year using tax rules enacted or substantially enacted at the year end, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted by the year end and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Taxation 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.

1.11 Key judgements and estimates

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. In applying the accounting policies set out above, the company make significant judgements and assumptions that affect the reported amounts of assets and liabilities as follows:

Income taxes (£22,118 deferred tax asset)

The tax treatment of certain items cannot be determined precisely until tax audits or enquiries have been completed by the tax authorities, which in some instances can be some years after the item has been first reflected in the financial statements. The company recognises assets/liabilities for anticipated tax audits and enquiry issues based on an assessment of whether such assets/liabilities are likely to arise. If the outcome of such audits is that a final asset/liability is different to the amount originally estimated, such differences will be recognised in the period in which the audit or enquiry is determined. It is assumed that future taxable profit will be available, either within the company or its subsidiaries, to utilise the timing differences which make up the deferred tax asset. Any differences to these assumptions or as a result of audits or enquiries may necessitate a material adjustment to the level of tax assets held in the statement of financial position.

2 Other income

Other income comprises the recovery of debts previously written off.

3 Operating profit/(loss)

	2017	2016
	£	£
The following items have been included in arriving at operating profit:		
Auditor's remuneration	4,560	3,120

4 Finance income and cost

	2017	2016
Finance income:	£	£
Other interest receivable	11	-
Finance cost:		
Interest payable – group company loans	3,237,181	3,118,075

5 Taxation

	2017	2016
	£	£
Analysis of credit in period		
Current tax		
- current year	653,470	630,368
Deferred tax		
- current year	(6,442)	(10,139)
Taxation	647,028	620,229

The tax credit for the year is lower (2016 – higher) than the standard rate of corporation tax in the UK of 20 per cent (2016 – 20 per cent). The differences are explained below:

	2017	2016
	£	£
Loss on ordinary activities before taxation	3,238,794	3,117,010
Expected tax credit at 20 per cent (2016 – 20 per cent)	647,759	623,402
Effects of:		
Effect of rate change on current year deferred tax	(730)	(3,173)
Total taxation	647,029	620,229

6 Other intangible assets

	Computer software £	Total £
Cost		
At 1 April 2016 and 31 March 2017	101,020	101,020
Amortisation and impairment		
At 1 April 2016 and 31 March 2017	101,020	101,020
Net book amount		
At 31 March 2016 and 2017	-	-
Cost		
At 1 April 2015 and 31 March 2016	101,020	101,020
Amortisation and impairment		
At 1 April 2015 and 31 March 2016	101,020	101,020
Net book amount		
At 31 March 2015 and 2016	-	-

7 Property, plant and equipment

	Equipment and fixtures £	Total £
Cost		
At 1 April 2016 and 31 March 2017	33,737	33,737
Depreciation		
At 1April 2016 and 31 March 2017	33,737	33,737
Net book amount		
At 31 March 2016 and 2017	-	-
Cost		
At 1 April 2015 and 31 March 2016	33,737	33,737
Depreciation		
At 1 April 2015 and 31 March 2016	33,737	33,737
Net book amount		
At 31 March 2015 and 2016	-	-

8 Deferred tax

	2017	2016
	£	£
Deferred tax asset	22,118	28,559

IAS 12 Income Taxes requires the offset of deferred tax balances meeting the offset criteria in the standard. All deferred tax liabilities were available for offset against deferred tax assets.

The rate of corporation tax was reduced to 19 per cent from 1 April 2017 in the Budget of July 2015 and the rate change was substantively enacted on 26 October 2015. It was reduced to 17 per cent from 1 April 2020 in the Budget of March 2016 and this rate change was substantively enacted on 6 September 2016. Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19 per cent or 17 per cent depending on when the temporary differences are expected to reverse (2016 - 20 per cent, 19 per cent or 18 per cent).

The movement on the deferred tax account is shown below:

	2017	2016
	£	£
At 1 April	28,559	38,698
Income statement charge	(6,441)	(10,139)
At 31 March	22,118	28,559

Deferred tax assets have been recognised in respect of temporary differences giving rise to deferred tax assets where it is probable that these assets will be recovered. Deferred tax assets have not been provided on trading losses of £17,411,607.

The movement in deferred tax assets are shown below:

	Equipment and fixtures
	£
At 1 April 2016	28,559
Charged to statement of comprehensive income	(6,441)
At 31 March 2017	22,118
At 1 April 2015	38,698
Charged to statement of comprehensive income	(10,139)
At 31 March 2016	28,559

9 Trade and other receivables

	2017	2016
	£	£
Amounts falling due within one year		
Receivables from related parties	653,471	630,368
Prepayments	-	20

10 Cash and cash equivalents

	2017	2016
	£	£
Cash at bank and in hand	13,610	10,526

All cash held at bank at 31 March 2017 and 31 March 2016 had a maturity date of less than one month.

11 Trade and other payables

	2017	2016
	£	£
Trade payables	178	178
Amounts due to related parties	56,513,676	53,903,625
Accruals and deferred income	4,560	3,120
	56,518,414	53,906,923

Trade payables and other payables are due within one month.

12 Key management compensation

Key management are deemed to be the company's directors, who are employed by Park Group plc who bear their emoluments which, together with all share based payment costs, are not recharged. This is because a fair apportionment is not possible as services are provided to multiple entities. Details of their emoluments, including those of the highest paid, can be found in the remuneration report of that company's accounts.

13 Share capital

2016 and 2017	Number of shares	£
Authorised		
Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	2	2

14 Reconciliation of net loss to net cash inflow/(outflow) from operating activities

	2017	2016
	£	£
Net loss for the period attributable to equity holders of the parent	(2,591,766)	(2,496,781)
Adjustments for:		
Tax	(647,028)	(620,229)
Interest income	(11)	-
Interest expense	3,237,181	3,118,075
Decrease in trade and other receivables	20	21
Increase/(decrease) in trade and other payables	1,440	240
Movement in balances with related parties	3,248	2,060
Net cash inflow/(outflow) from operating activities	3,084	3,386

15 Related party transactions

The company is a 100 per cent subsidiary of Park Group UK Limited, a company incorporated in the United Kingdom. The company's ultimate parent company is Park Group plc, a company also incorporated in the United Kingdom

Year end balances arising from sales/purchases of goods/services

	2017	2016
	£	£
Receivables from related parties (note 9)		
- fellow subsidiaries	653,471	630,368
	653,471	630,368
Payables to related parties (note 11)		
- ultimate parent	280,420	269,369
- immediate parent	55,756,367	53,157,367
- fellow subsidiaries	476,889	476,889
	56,513,676	53,903,625

The receivables from fellow subsidiaries arise mainly from the surrender of group relief. The balance is settled to the loan account in the month following the transaction. The balance is interest bearing and attracts interest at a commercial rate. It is repayable on demand.

The payables to related parties arise mainly due to financial support given to the company by the immediate parent. This balance is interest bearing and attracts interest at a commercial rate.. It is repayable on demand.

Details of interest payable to group companies can be found within note 4.

16 Financial instruments

The company's activities expose it to a variety of risks: market risk (including interest rate risk), credit risk and liquidity risk. The company has in place risk management policies that seek to limit the adverse effect on the financial performance of the company by using various instruments and techniques.

16 Financial instruments (continued)

The financial assets and financial liabilities of the company are detailed below:

	Notes	Carrying amount and fair value 2017	Carrying amount and fair value 2016
		£	£
Financial assets			
Cash and cash equivalents	10	13,610	10,526
Receivables from related parties	9	653,471	630,368
		667,081	640,894

	Notes	Carrying amount and fair value 2017	Carrying amount and fair value 2016
		£	£
Financial liabilities			
Trade payables	11	178	178
Amounts due to related parties	11	56,513,676	53,903,625
		56,513,854	53,903,803

Cash balances are held with major UK banks to minimise credit risk on cash deposits.

For further details of each of the financial assets and financial liabilities, see note numbers as detailed above. Due to their relatively short maturity, the carrying amounts of all other financial assets and financial liabilities approximate to their fair values.

Credit risk
Management has a policy and the exposure to credit risk is monitored on an ongoing basis. At the year end there were no significant concentrations of risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Interest rate risk
Due to balances with group companies the company has an exposure to interest rates. In respect of all other financial assets and liabilities, the company does not have any interest rate risk exposure. A 0.5% movement in the interest rate applied to amounts due to related parties would change the company's loss before taxation by approximately £317,000.

Liquidity risk
The company manages liquidity risk by continuously monitoring actual and forecast cash flows, by matching the maturity profiles of financial assets and liabilities and by maintaining adequate banking facilities.

Capital risk
The company's objectives in managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The company is not subject to any external capital requirements (regulatory or funding).

The company's capital base includes share capital and retained earnings.

Capital is reported monthly as part of the internal management accounts and is also included in budgeting and forecasting exercises.

17 Ultimate parent company and parent company of larger group

The company's immediate parent company is Park Group UK Limited. The ultimate parent company is Park Group plc, a company registered in England. The only group in which the results of the company are consolidated is that headed by Park Group plc. Copies of the parent company accounts can be obtained from the Company Secretary, Park Group plc, Valley Road, Birkenhead, CH41 7ED.