

REGISTERED NUMBER: 03752940 (England and Wales)

Annual Report and
Financial Statements for the Year Ended 31 December 2018
for
Intrum UK Limited

MONDAY



A8F3572W

A18

30/09/2019

#324

COMPANIES HOUSE

Intrum UK Limited

Contents of the Financial Statements
for the Year Ended 31 December 2018

	Page
Company Information	1
Strategic Report	2
Directors' Report	4
Independent Auditors' Report	6
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11

Intrum UK Limited

Company Information
for the Year Ended 31 December 2018

DIRECTORS:	E Nott B McLaren
COMPANY SECRETARY:	B McLaren
REGISTERED OFFICE:	The Omnibus Building Lesbourne Road Reigate Surrey RH2 7JP
REGISTERED NUMBER:	03752940 (England and Wales)
AUDITOR:	Ernst & Young LLP Chartered Accountants & Statutory Auditor 25 Churchill Place London E14 5EY
BANKERS:	RBS Group 280 Bishopsgate London EC2M 4RB
SOLICITORS:	Travers Smith LLP 10 Snow Hill London EC1A 2AL

Intrum UK Limited

Strategic Report

for the Year Ended 31 December 2018

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company is the collection of non-performing loan portfolios ('NPL's') in the UK.

The Company provides collection and Business Process Outsourcing (BPO) services to Intrum UK Group Limited and its subsidiaries (the Group) and a select number of partners.

The Company's profit after tax for the year was £972k (2017: loss of £5k). The Company has net assets of £488k (2017: net liabilities £484k) at the year end.

Revenue increased from £15m in 2017 to £18m in 2018 due to increased portfolio investments by Group companies.

GOING CONCERN

The Company's business activities are set out earlier in the Strategic Report. The Company at times relies on funding made available from the ultimate parent company, Intrum AB, via fellow group companies. The directors, including receiving confirmation from parent company that it will continue to provide financial support, have satisfied themselves that there is no reason to believe that a material uncertainty exists that may cast significant doubt about the ability or willingness of the Parent to continue with the current financing arrangements. After making enquiries, the directors have a reasonable expectation that the Company and Intrum AB have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES AND FINANCIAL RISK MANAGEMENT

The directors recognise that the proper management of risk is crucial to the business. This process is managed through a risk register which is reviewed by a Board committee each quarter and by the full Board annually or more frequently if required.

Credit risk

The financial assets subjected to credit risk are purchased loan portfolios. The Company continually monitors forecast cash collections. The carrying values reflect the fair value of estimated future net collections. The on-going risk is managed through a portfolio valuation process including modelling current expectations of recoverability based on historical information on debt types. This process is in place to scrutinise all aspects of a portfolio acquisition from reputational and regulatory risk through to the financial assumptions and maximum bid price.

Economic uncertainty

The directors recognise that changes in the economy may lead to differing market conditions. To mitigate this risk the business has developed a model which incorporates movements in key economic indicators to price and sensitise model projections.

In addition, the Group has developed a collection process which is predominantly based on securing affordable arrangement plans rather than focusing on settlement campaigns. The average monthly customer payment is below the sector average, which management considers provide a shelter against sudden changes in the economy.

The UK is in a period of uncertainty as the UK Government seeks to establish terms with the EU. The directors continue to monitor risks to the Company associated with Brexit. Given that the principal trade of the Company takes place within the United Kingdom, the directors do not expect there to be a material adverse impact on the business in the long-term.

Information technology

The business has developed its own proprietary operational CRM software, CreditSolve®. This platform is flexible and adaptive to change. The business employs an in house team to continuously upgrade and develop the software thereby mitigating the risk of obsolescence.

The data held by the system is personal and is kept secure under both regulatory and banking guidelines. The Group addresses this data security risk by implementing stringent security procedures and has obtained ISO 27001 in relation to information security.

In addition the Group has implemented an outsourced solution which provides greater expertise and resilience.

In order to protect against business interruption the Group has a Disaster Recovery plan which includes the use of an offsite facility. The Group carries out full testing every year to ensure that the operation can be run at the offsite centre.

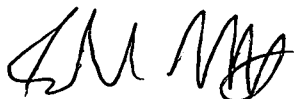
Intrum UK Limited

Strategic Report - continued
for the Year Ended 31 December 2018

FUTURE DEVELOPMENTS

The directors expect the general level of activity to increase in the forthcoming year. This is as a result of an additional third party collections contract agreed and increased portfolio investments by group companies during the year.

Approved by the Board and signed on its behalf by:



.....
E Nott - Director

The Omnibus Building
Lesbourne Road
Reigate
Surrey
RH2 7JP

Date: 30/09/19

Intrum UK Limited

Directors' Report for the Year Ended 31 December 2018

The directors present their report and the audited financial statements for the year ended 31 December 2018.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £972k (2017: loss £5k).

The directors do not recommend paying a dividend (2017: £Nil).

CHANGE OF NAME

The Company has passed a special resolution on 1 March 2018 changing its name from 1st Credit Limited to Intrum UK Limited.

DIRECTORS

The directors who served during the year and to the date of this report were:

E Nott

B McLaren

None of the directors had any interest in the shares of the Company. There are no directors' interests requiring disclosure under the Companies Act 2006.

MATTERS COVERED IN THE STRATEGIC REPORT

See the Strategic Report for details of the principal activity, going concern, financial risk management and future developments which form part of this report by cross-reference.

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

EVENTS AFTER THE BALANCE SHEET DATE

The directors confirm that there were no significant events occurring after the balance sheet date, up to the date of this report, that would meet the criteria to be disclosed or adjusted in the financial statements for the year ended 31 December 2018.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 (FRS 101) 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Intrum UK Limited

Directors' Report - continued
for the Year Ended 31 December 2018

DIRECTORS' RESPONSIBILITIES STATEMENT - continued

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

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITORS

The auditor Ernst & Young LLP will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



.....
E Nott - Director

The Omnibus Building
Lesbourne Road
Reigate
Surrey
RH2 7JP

Date: 30/09/19.....

Independent Auditors' Report to the Members of
Intrum UK Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Intrum UK Limited for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Independent Auditors' Report to the Members of
Intrum UK Limited - continued

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP

Helen Joseph (Senior Statutory Auditor)
for and on behalf of
Ernst & Young LLP, Statutory Auditor
25 Churchill Place
London
E14 5EY

Date: 30 September 2019

Intrum UK Limited

Statement of Comprehensive Income
for the Year Ended 31 December 2018

	Note	2018 £'000	2017 £'000
REVENUE	2	18,016	14,908
GROSS PROFIT		18,016	14,908
Administrative expenses	6	(16,953)	(15,191)
Non-recurring administrative expenses	7	(133)	-
OPERATING PROFIT/(LOSS)		930	(283)
Interest receivable and similar income		-	2
Interest payable and similar expenses		-	(3)
PROFIT/(LOSS) BEFORE TAXATION	8	930	(284)
Tax credit	9	42	279
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		972	(5)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		972	(5)

All activities derive from continuing operations.

There were no recognised gains and losses for 2018 or 2017 other than those included in the Statement of Comprehensive Income.

The notes on pages 11 to 28 form part of these financial statements.

Intrum UK Limited

Statement of Financial Position
As at 31 December 2018

	Note	2018 £'000	2017 £'000
NON-CURRENT ASSETS			
Intangible assets	10	77	182
Tangible assets	11	349	576
Investments	12	-	-
Deferred taxation	17	603	561
		<u>1,029</u>	<u>1,319</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	13	1,201	760
Cash at bank and in hand	14	1,505	486
		<u>2,706</u>	<u>1,246</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	15	(3,061)	(2,912)
NET CURRENT LIABILITIES		<u>(355)</u>	<u>(1,666)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		674	(347)
NON-CURRENT LIABILITIES			
Provisions	18	(186)	(137)
NET ASSETS/(LIABILITIES)		<u>488</u>	<u>(484)</u>
EQUITY			
Share capital	19	300	300
Profit and loss account	20	188	(784)
TOTAL EQUITY		<u>488</u>	<u>(484)</u>

The financial statements of Intrum UK Limited (Registered number: 03752940) were approved by the Board of Directors and authorised for issue on 30/09/19. They were signed on its behalf by:



.....
E Nott - Director

Intrum UK Limited

Statement of Changes in Equity
for the Year Ended 31 December 2018

	Share capital £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2017	300	(779)	(479)
Total comprehensive loss for the year	-	(5)	(5)
Balance at 31 December 2017	300	(784)	(484)
Total comprehensive income for the year	-	972	972
Balance at 31 December 2018	300	188	488

1. ACCOUNTING POLICIES

1.1 General information and basis of accounting

Intrum UK Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is The Omnibus Building, Lesbourne Road, Reigate, Surrey, RH2 7JP.

The nature of the Company's operations and its principal activities are set out in the Strategic Report.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 101 (FRS 101) 'Reduced Disclosure Framework' and the Companies Act 2006.

The Company is a qualifying entity for the purposes of FRS 101. Note 25 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS as adopted by the EU may be obtained.

The functional currency of Intrum UK Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates, and is also the functional currency of the parent company.

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets; and
 - paragraphs 76 and 79(d) of IAS 40 Investment Property;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

1.3 Adoption of new and revised standards

Amendments to IFRS Standards and the new Interpretation that are mandatorily effective for the current year

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Company's financial statements are described below.

The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

1. ACCOUNTING POLICIES - continued

1.3 Adoption of new and revised standards - continued

Impact of initial application of IFRS 9 Financial Instruments - continued

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 January 2018 have not been restated as per the transition provisions of IFRS 9.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election / designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is not held for trading in other comprehensive income; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

The directors of the Company reviewed and assessed the Company's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Company's financial assets as regards their classification and measurement:

- financial assets classified as loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

None of the reclassifications of financial assets have had any impact on the Company's financial position, profit or loss, other comprehensive income or total comprehensive income.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

1. ACCOUNTING POLICIES - continued

1.3 Adoption of new and revised standards - continued

Impact of initial application of IFRS 9 Financial Instruments - continued

(b) Impairment of financial assets - continued

Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on:

- 1) Debt investments measured subsequently at amortised cost; and,
- 2) Trade receivables and contract assets.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. The Company's purchased debt portfolio is deemed a purchased credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables and contract assets in certain circumstances.

The result of the assessment has determined there is no impact on the Company's financial position, profit or loss, other comprehensive income or total comprehensive income as regards to the application of the IFRS 9 impairment requirements.

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer. Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

The application of IFRS 9 has had no impact on the classification and measurement of the Company's financial liabilities.

(d) Impact of initial application of IFRS 9 on financial performance

The application of IFRS 9 Financial Instruments has had no impact on the Company's financial position, profit or loss, other comprehensive income or total comprehensive income.

Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Company has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. More prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of the new requirements as well as their impact on the Company's financial statements are described below.

The Company has applied IFRS 15 in accordance with the fully retrospective transitional approach without using the practical expedients for completed contracts in IFRS 15.C5(a), and (b), or for modified contracts in IFRS 15.C5(c) but using the expedient in IFRS 15:C5(d) allowing both non disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 January 2018.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the balance sheet. The Company has not adopted the terminology used in IFRS 15 to describe such balances and descriptions remain as before.

The Company's accounting policies for its revenue streams are disclosed in detail in this note below. Apart from providing more extensive disclosures for the Company's revenue transactions, the application of IFRS 15 has not had any impact on the financial position or financial performance of the Company.

1. ACCOUNTING POLICIES - continued

1.3 Adoption of new and revised standards - continued

Impact of initial application of other amendments to IFRS Standards and Interpretations

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
- Amendments to IAS 40 Transfers of Investment Property
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.

New and revised IFRS Standards in issue but not yet effective for the current year

Impact of IFRS 16 Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Company will be 1 January 2019. The Company has not adopted IFRS 16 early.

The Company has not chosen the full retrospective application of IFRS 16 in accordance with IFRS 16:C5(a). Consequently, the Company will not restate the comparative information.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

Impact of the new definition of a lease

The Company will make use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Company will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Company.

Impact on lessee accounting

Operating leases

IFRS 16 will change how the Company accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

1. ACCOUNTING POLICIES - continued

1.3 Adoption of new and revised standards - continued

Impact on IFRS 16 Leases - continued

Impact on lessee accounting - continued

Operating leases - continued

On initial application of IFRS 16, for all leases (except as noted below), the Company will:

- a) Recognise right-of-use assets and lease liabilities in the Statement of Financial Position, initially measured at the present value of the future lease payments;
- b) Recognise depreciation of right of use assets and interest on lease liabilities in the Statement of Comprehensive Income.

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company will opt to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

As at 31 December 2018, the Company has non-cancellable operating lease commitments of £633k. A preliminary assessment indicates that £633k of these arrangements relate to leases other than short-term leases and leases of low-value assets which, from 1 January 2019, will be recognised as a right-of use asset with a corresponding lease liability in the Statement of Financial Position. The impact on profit or loss will be a decrease of administrative expenses, an increase of depreciation and an increase of interest expenses.

Lease liability incentives previously recognised in respect of the operating leases will be derecognised and the amount factored into the measurement of the right-to-use assets and lease liabilities.

The preliminary assessment indicates that none of these arrangements relate to short-term leases and leases of low-value assets.

Finance leases

The main differences between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Company recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. On initial application the Company will present equipment previously included in property, plant and equipment within the line item for right-of-use assets and the lease liability, previously presented within borrowing, will be presented in a separate line for lease liabilities.

Based on an analysis of the Company's finance leases as at 31 December 2018 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed that the impact of this change will not have an impact on the amounts recognised in the Company's financial statements.

1. ACCOUNTING POLICIES - continued

1.4 Going concern

The Company at times relies on funding made available from the ultimate parent company, Intrum AB, via fellow group companies. The directors, including receiving confirmation from the parent company that it will continue to provide financial support, have satisfied themselves that there is no reason to believe that a material uncertainty exists that may cast significant doubt about the ability or willingness of the Parent to continue with the current financing arrangements. After making enquiries, the directors have a reasonable expectation that the Company and Intrum AB have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

1.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue represents fees and commissions earned in respect of the collection of consumer and commercial debt owed to third parties, excluding VAT.

Revenue is recognised on receipt of collections.

1.6 Intangible assets

Intangible assets are initially recognised at cost. Intangible assets with finite useful lives that are acquired separately are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives on the following basis:

Computer software	2 - 3 years
-------------------	-------------

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

1.7 Tangible assets

Tangible assets are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Company's management. Tangible assets are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation is charged so as to write down the cost of assets less their residual value over their estimated useful lives, using the straight-line method on the following basis:

Leasehold property	Over the shorter of the term of the lease and its useful economic life
Fixtures and fittings	5 years
Computer equipment	3-5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

1. ACCOUNTING POLICIES - continued

1.8 Investments

Investments in jointly controlled entities are accounted for at cost less provision for any impairment. A joint venture is an entity over which the Company has joint control.

1.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.10 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (except for those carried at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Comprehensive Income.

Financial assets

The Company classifies all of its financial assets at amortised cost.

Financial assets at amortised cost

Financial assets at amortised cost are initially measured at fair value, plus transaction costs, and subsequently measured at amortised cost using the effective interest method, less impairment loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Discounting is omitted where the effect of discounting is immaterial.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

1. ACCOUNTING POLICIES - continued

1.10 Financial instruments - continued

Financial assets at amortised cost - continued

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in the Statement of Comprehensive Income.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The Company recognises an impairment gain or loss in the Statement of Comprehensive Income for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account and does not reduce the carrying amount of the financial asset in the Statement of Financial Position.

Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

Financial liabilities

The Company classifies all of its financial liabilities at amortised cost.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

1. ACCOUNTING POLICIES - continued

1.11 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

1.12 Taxation

The tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

1.13 Operating leases

Where the Company is a lessee, rentals payable under operating leases are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

1.14 Client funds

Cash received on collections of specific debt is not recognised in the balance sheet of the Company.

1. ACCOUNTING POLICIES - continued

1.15 Pension costs

The Company operates defined contribution retirement benefit schemes. The Company pays fixed contributions into employees' approved pension plans and insurances for individual employees. The company has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

1.16 Non-recurring administrative expenses

Non-recurring administrative expenses are transactions that fall within operating profit or loss of the Company but are presented separately due to their nature or incidence (note 7)

1.17 Finance income and expenses

Finance income and expense comprise interest earned on cash deposited with financial counterparties and loans to and from Group undertakings, and interest paid on borrowings which reflect the agreed market-based or contractual rate for each transaction undertaken during the period.

1.18 Foreign currencies

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rate prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

1.19 Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued.

Profit and loss account includes all current and prior period retained profits.

1.20 Critical accounting judgements and key sources of estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant management judgements made in applying the accounting policies of the Company that have the most significant effect on the financial statements:

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the use of certain software and IT equipment.

Intrum UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

2. **REVENUE**

The whole of the revenue is attributable to the Company's principal activity.

All turnover arose within the United Kingdom.

3. **AUDITORS' REMUNERATION**

The Company paid the following amounts to its auditors in respect of the statutory audit of the financial statements and for other services provided to the Company:

	2018 £'000	2017 £'000
Fees for the audit of the Company payable to the current auditors	31	15
Fees for the audit of the Company payable to the former auditors	-	1
	<u>31</u>	<u>16</u>

4. **EMPLOYEES**

Aggregate remuneration of employees comprised:

	2018 £'000	2017 £'000
Wages and salaries	6,614	5,747
Social security costs	743	645
Cost of defined contribution scheme (note 21)	231	152
	<u>7,588</u>	<u>6,544</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018	2017
Employees and directors	<u>150</u>	<u>142</u>

5. **DIRECTORS' REMUNERATION**

	2018 £'000	2017 £'000
Directors' emoluments	679	826
Company contributions to defined contribution pension schemes	-	-
	<u>679</u>	<u>826</u>

During the year retirement benefits were accruing to nil directors (2017: nil) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £476k (2017: £461k).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2017: £Nil).

Intrum UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

6. EXPENSES BY NATURE

Administrative expenses comprise the following:

	2018	2017
	£'000	£'000
Collection activity costs	3,553	3,087
Staff costs	7,588	6,544
Premises costs	973	841
IT costs	1,029	1,006
Depreciation and amortisation	409	279
Irrecoverable VAT	964	890
Recurring other operating expenses	2,437	2,544
	<u>16,953</u>	<u>15,191</u>

7. NON-RECURRING ADMINISTRATIVE EXPENSES

	2018	2017
	£'000	£'000
Non-recurring expenses	<u>133</u>	<u>-</u>

Non-recurring exceptional costs incurred during the year ended 31 December 2018 relate to rationalisation initiatives in the year as detailed in note 8.

8. PROFIT/(LOSS) FOR THE YEAR

The profit/(loss) before taxation is stated after charging:

	2018	2017
	£'000	£'000
Operating lease rentals	422	428
Depreciation of tangible fixed assets	266	179
Amortisation of intangible assets	143	100
Non-recurring administrative expenses	133	-
Impairment of amounts owed by group undertakings	<u>165</u>	<u>1,063</u>

Non-recurring expenses of £133k (2017: £Nil) have been incurred in relation to cost rationalisation initiatives in the year.

9. TAXATION

Analysis of tax expense / (credit)

	2018	2017
	£'000	£'000
Deferred tax:		
Origination and reversal of temporary differences	<u>(42)</u>	<u>(279)</u>
Total tax expense / (credit) in Statement of Comprehensive Income	<u>(42)</u>	<u>(279)</u>

Intrum UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

9. **TAXATION - continued**

Factors affecting the tax expense / (credit)

The tax assessed for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK. The difference is explained below:

	2018	2017
	£'000	£'000
Profit/(loss) before income tax	930	(284)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19.25%)	177	(55)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation	38	210
Effect of change in tax rate	-	(30)
Effect of group and other reliefs	(140)	(108)
Deferred tax not recognised	(117)	(296)
Tax expense / (credit)	(42)	(279)

Factors that may affect future tax charges

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with a rate of 20% applying from 1 April 2015, 19% applying from 1 April 2017 and 17% applying from 1 April 2020. All these rates have been substantively enacted at the year end and therefore taken into account when calculating the tax position of the company, and the deferred tax assets and liabilities included within these financial statements have been calculated using these rates based on when the deferred tax timing differences are expected to materially reverse.

10. **INTANGIBLE FIXED ASSETS**

	Computer software
	£'000
COST	
At 1 January 2018	1,402
Additions	38
At 31 December 2018	1,440
AMORTISATION	
At 1 January 2018	1,220
Amortisation for year	143
At 31 December 2018	1,363
NET BOOK VALUE	
At 31 December 2018	77
At 31 December 2017	182

Intrum UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

11. TANGIBLE FIXED ASSETS

	Leasehold property £'000	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
COST				
At 1 January 2018	622	291	483	1,396
Additions	6	7	26	39
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	628	298	509	1,435
	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION				
At 1 January 2018	341	188	291	820
Charge for year	122	51	93	266
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	463	239	384	1,086
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE				
At 31 December 2018	165	59	125	349
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	281	103	192	576
	<hr/>	<hr/>	<hr/>	<hr/>

12. INVESTMENTS

The cost and carrying value of investments was £49 as at 31 December 2018 and 2017.

The Company has investments in the following entity:

Name	Registered office address	Holding	%
LBHF Joint Ventures Limited*	The Omnibus Building, Lesbourne Road, Reigate, RH2 7JP, United Kingdom	Ordinary shares	49

* indicates the entity is held directly by Intrum UK Limited.

During the previous year, the Company acquired 49% of the share capital of LBHF Joint Ventures Limited for consideration of £49 comprising the issue of 49 ordinary shares of £1 each. The Company has recorded the cost of the investment at the nominal value of the shares issued.

Intrum UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£'000	£'000
Trade debtors	691	250
Amounts owed by group undertakings	143	57
Other debtors	19	37
Prepayments and accrued income	348	416
	<u>1,201</u>	<u>760</u>

The carrying value of amounts owed by group undertakings is £143k (2017: £57k) being the total of £2,092k (2017: £1,841k) less an impairment provision of £1,949k (2017: £1,784k).

Amounts owed by group undertakings are trading amounts which are unsecured, are not subject to an interest charge and have no fixed repayment date.

14. CASH AND CASH EQUIVALENTS

	2018	2017
	£'000	£'000
Cash at bank and in hand	<u>1,505</u>	<u>486</u>

At 31 December 2018 the Company held cash received on collections of specific debt on behalf of clients amounting to £115k (2017: £102k). The client retains the beneficial interest in these deposits and accordingly they are not included in the balance sheet of the Company.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£'000	£'000
Trade creditors	729	881
Amounts owed to group undertakings	265	-
Taxation and social security	290	251
Other creditors	140	22
Accruals	<u>1,637</u>	<u>1,758</u>
	<u>3,061</u>	<u>2,912</u>

Amounts owed to group undertakings are trading amounts which are unsecured, are not subject to an interest charge and have no fixed repayment date.

Intrum UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

16. **FINANCIAL INSTRUMENTS**

	2018 £'000	2017 £'000
Financial assets		
Cash and cash equivalents	1,505	486
Financial assets measured at amortised cost	853	344
	<u>2,358</u>	<u>830</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(2,771)</u>	<u>(2,661)</u>

Cash and cash equivalents comprise cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Financial assets measured at amortised cost comprise trade debtors, amounts owed to group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors, and accruals.

17. **DEFERRED TAXATION**

	2018 £'000
Deferred tax asset at January 2018	561
Credited to profit or loss	42
Deferred tax asset at December 2018	<u>603</u>

The deferred tax asset is made up as follows:

	2018 £'000	2017 £'000
Tax losses carried forward	<u>603</u>	<u>561</u>

The Company has recognised deferred tax assets relating to unused tax losses that are considered to be able to be offset against the Company's taxable profits arising in the foreseeable future over the next 3 years. The Company has unrecognised deferred tax assets arising from the remaining unused tax losses of £208k (2017: £302k) and unrecognised deferred tax assets in relation to temporary differences of £451k (2017: £466k).

18. **PROVISIONS**

	Other provisions £'000
At 1 January 2018	137
Additional provision in the year	49
At 31 December 2018	<u>186</u>

This account pertains to the dilapidation provisions. Provisions are included to reflect the estimated cost of complying with lease conditions, where management have a reasonable expectation of exiting the lease and incurring costs.

Intrum UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

19. **SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018 £'000	2017 £'000
300,002	Ordinary shares	£1 each	300	300

20. **RESERVES**

Reserves of the Company represents the following:

Profit and loss account

Cumulative profit and loss net of distributions to owners.

21. **PENSION COMMITMENTS**

The Company operates a defined contribution pension scheme. The assets of the scheme are held in an independently administered fund separate from those of the Company. The pension cost charge represents contributions payable by the Company to the fund and amounted to £231k (2017: £152k). Contributions totalling £31k (2017: £22k) were due to the fund at the year end, and are included in other creditors.

22. **COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2018 the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall as follows:

	2018 £'000	2017 £'000
Land and buildings		
Within 1 year	460	463
In the second to fifth years inclusive	173	633
Total	633	1,096

23. **CONTINGENT LIABILITIES**

The Company has granted a fixed charge over amounts owed from group companies in order to act as a guarantor for the parent company, Intrum AB.

24. **RELATED PARTY TRANSACTIONS**

The Company paid fees to Southernwood Consulting Limited and CSA (Services) Limited of £52k (2017: £53k) and £39k (2017: £37k) respectively, companies in which one of the directors is also a director.

The Company charged fees to LBHF Joint Ventures Limited of £400k (2017: £29k), a joint venture entity in which the Company has a 49% holding. At the year end, the balance owed was £400k (2017: £29k).

The Company has taken advantage of the exemptions available in paragraph 17 and 18A of IAS 24 Related Party Disclosures to not disclose transactions with other wholly owned subsidiaries in the group.

Intrum UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

25. ULTIMATE CONTROLLING PARTY

The immediate parent company is Intrum UK Holdings Limited, a company incorporated in England and Wales.

The directors consider the ultimate parent company and the ultimate controlling party to be Intrum AB, a company incorporated in Sweden.

The parent undertaking of the smallest and largest group, which includes the Company and for which group financial statements are prepared, is Intrum AB, a company incorporated in Sweden registered at Marcusplatsen 1A, Nacka, SE-105 24 Stockholm, Sweden. The consolidated financial statements for this group are available to the public and may be obtained from the registered office.