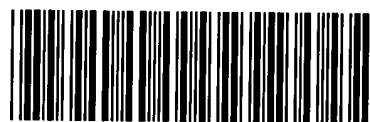


Inition Limited

Registered number 04143493

Report and accounts for the year ended 31 December 2016

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Inition Limited
Report and accounts for the year ended 31 December 2016

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Inition Limited
Directors and other information

Directors

R. Antony
A Rommel (appointed 22 April 2016)
M Aspinall (resigned 22 April 2016)

**Secretary and registered
office**

R Antony (appointed 19 December 2016)
S Chase (resigned 19 December 2016)

Dawson House
5 Jewry Street
London
EC3N 2EX

Registered number

04143493 (England & Wales)

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Inition Limited Directors' report

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

Principal activity

The Company's principal activity during the year is that of development of innovative 3D solutions and visual interactive medium.

Review of business and future developments

Inition had a positive year where it benefited from previous investment in enhancing its 3D and augmented reality experiences and secured two major installation projects which enabled the Company to increase annual revenue by 46%.

Parity Group plc has previously announced the discontinuation of its digital acquisition strategy which included Inition. In December 2016, the Parity Group Board committed to a plan to sell the Inition business, and as such, Inition was classified as 'discontinued' and 'held for sale' in Parity Group's 2016 Annual Report and Accounts.

The directors expect Inition to continue to grow revenue in 2017 with the objective to return an after-tax profit for the year.

Results and dividends

The Company's loss before taxation for the year ended 31 December 2016 was £173,000 (31 December 2015: loss of £676,000). The directors do not recommend the payment of a dividend (2015: £nil).

Directors and their interests

The directors of the company who held office during the year and subsequently were as follows:

R. Antony
A Rommel (appointed 22 April 2016)
M Aspinall (resigned 22 April 2016)

During the year, R. Antony, A Rommel and M Aspinall were directors of Parity Group plc, the ultimate parent company, and their interests in the share capital of that company were shown in its report and accounts for the year ended 31 December 2016.

Inition Limited
Directors' report *(continued)*

Key risks and uncertainties

There are a number of potential risks and uncertainties that could have an adverse impact on the Company's long-term performance. Risk management is seen as an important element of internal control and is used to mitigate the Company's exposure to such risks. The key risks facing the business and how we address them are outlined below.

Market risk

The Company specialises in emerging technology in a market that is highly innovative. There is a risk that the Company's offerings are overtaken by competitors.

Human Resources

Our people are an important element of our service and having appropriately trained staff helps us mitigate the risk of poor service delivery. Our performance management system ensures that staff have clear objectives and are appropriately rewarded for the outcome, while also identifying training and development needs.

Regulatory and legal

The Board recognises that non-compliance with relevant laws and regulations can result in substantial fines or penalties. Suitable controls are built into our service delivery processes to reduce the risk of non-compliance.

On 23 June 2016, the UK electorate voted to discontinue its membership of the EU. Until further clarity is known regarding terms in which the UK will exit, the directors are not able to assess the impact on the Company or what impact the wider regulatory and legal consequences of the UK leaving the EU would be on the Company.

Adequacy of capital

Should revenues fall there is a risk that insufficient capital will be available to the Company. The Board regularly reviews the adequacy of resources available and considers the options available to increase them (see Going concern and financial support section below).

Going concern and financial support

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above (Review of business and future developments). The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described above and in notes 16 and 17 to the financial statements.

The Company is reliant for its working capital on funds provided to it by the Company's ultimate parent Company, Parity Group Plc, which has provided the Company with an undertaking that it will, for at least 12 months from the date of the approval of these financial statements, continue to make such funds as are needed by the Company. Such support is available to the extent that Parity shareholding remains at the current level (100%). This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. The borrowing facilities available to Parity Group plc are currently all in the form of asset-based facilities. The decline in revenue reduces the facilities available to the Company.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Inition Limited
Directors' report *(continued)*

Employment policies

The Company is committed to offering equal employment opportunities and its policies are designed to attract, retain and motivate the very best staff regardless of sex, age, race, religion or disability. The Company encourages the participation of all employees in the operation and development of the business by offering open access to senior management, including the Parity Group Executive Directors, and adopting a policy of regular communications through road shows and the intranet. The Company incentivises certain employees through the payment of bonuses linked to performance objectives, which are agreed at the start of the year. Where appropriate, these objectives are linked to growth in profits. The Company also has a structured approach to performance appraisal and career development and ensures that every employee has an annual performance review and has clear objectives and performance standards. Parity Group Plc operates a share save scheme to which Inition employees are invited to participate.

Policy and practice on payment of creditors

The Company seeks to abide by the payment terms agreed with suppliers when it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

Environmental policy

While the Company's operations by their very nature have minimal environmental impact, the Company recognises its responsibilities to protect and sustain the environment and its resources. The Company's policy is to meet the statutory requirements in this area and it has adopted a code of good environmental practice, particularly in its main areas of environmental impact, namely energy efficiency, use and recycling of resources and transport.

Health and safety

The health and safety of the Company's employees is paramount. The Company's policy is to provide and maintain safe and healthy working conditions, equipment and systems of work for all employees and to provide such information, training and supervision as is needed for this purpose.

Appropriate written health and safety information outlining the Company's policy in each area is issued to all new employees. This includes:

First aid - Each office has a person qualified in first aid. First aid boxes are readily accessible and records kept of all accidents and injuries.

Fire safety - Each office has an evacuation marshal who will liaise with building management or local emergency authorities, as appropriate. Evacuation assembly points are agreed for every location and a full evacuation carried out every six months. Fire alarms are tested regularly.

Employees' health - Any employee who believes he/she is suffering from an illness or a condition related to their working environment is encouraged to report this to his/her manager for investigation.

Inition Limited
Directors' report (*continued*)

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union 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 accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS's as adopted by the European Union;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Auditor

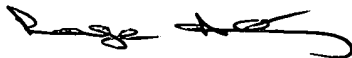
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Disclosure of information to auditor

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

In accordance with the Companies Act 2006 414B the company is entitled to the small companies' exemption in relation to the strategic report.

By order of the board



R Antony
Company Secretary
Dawson House
5 Jewry Street
London
EC3N 2EX
Company registration number: 04143493

28 March 2017

Independent auditor's report to the members of Inition Limited

We have audited the financial statements of Inition Limited for the year ended 31 December 2016 set out on pages 7 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its 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 the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

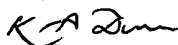
Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Kelly Dunn (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered accountants
15 Canada Square,
London,
E14 5GL

28 March 2017

Inition Limited
Statement of Comprehensive Income
For the year ended 31 December 2016

	<i>Note</i>	2016 £'000	2015 £'000
Revenue	2	3,263	2,235
Employee benefit costs	3	(1,176)	(1,362)
Depreciation and amortisation	3	(433)	(362)
All other operating expenses	3	(1,827)	(1,224)
Total operating expenses		(3,436)	(2,948)
Operating loss		(173)	(713)
Other income	7	-	37
Loss before tax		(173)	(676)
Tax on loss on ordinary activities	8	45	149
Loss for the year attributable to equity shareholders		(128)	(527)

There was no recognised income or expense other than the result for the year as stated above.

Statement of Changes in Equity
For the year ended 31 December 2016

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2016	-	409	409
Share-based payment charge	-	2	2
Loss for the year	-	(128)	(128)
At 31 December 2016	-	283	283

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2015	-	932	932
Share-based payment charge	-	4	4
Loss for the year	-	(527)	(527)
At 31 December 2015	-	409	409

The accompanying notes on pages 10 to 20 form part of these financial statements.

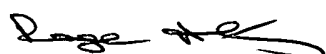
Inition Limited
Statement of Financial Position
As at 31 December 2016

Company number: 04143493

	<i>Note</i>	2016 £'000	2015 £'000
Non current assets			
Intangible Assets	9	148	498
Plant, property and equipment	10	90	85
Trade and other receivables	12	350	350
Deferred tax asset	11	54	28
		642	961
Current assets			
Trade and other receivables	12	1,534	996
Cash and cash equivalents	13	254	217
		1,788	1,213
Total assets		2,430	2,174
Current liabilities			
Trade and other payables	14	(2,117)	(1,765)
Non-current liabilities			
Provisions	15	(30)	-
Total liabilities		(2,147)	(1,765)
Net assets		283	409
Shareholders' equity			
Called up share capital	20	-	-
Retained earnings		283	409
Total shareholders' equity		283	409

The notes on pages 10 to 20 form part of these financial statements.

Approved by the board of directors on 28 March 2017 and were signed on its behalf by:



R Antony
Director

Inition Limited
Statement of Cash Flows
For the year ended 31 December 2016

	<i>Note</i>	2016 £'000	2015 £'000
Cash flows from operating activities			
Loss for year		(128)	(527)
Adjustments for:			
Dividend income	7	-	(37)
Share based payment expense		2	4
Income tax credit	8	(45)	(149)
Amortisation of Intangible assets - Software	9	357	293
Depreciation of property, plant and equipment	10	76	69
Net cash flows from operations		262	(347)
Increase in receivables		(538)	(411)
Increase in payables		401	970
Net cash flows from operating activities		125	212
Investing activities			
Purchase of intangible assets	9	(7)	(157)
Purchase of property, plant and equipment	10	(81)	(36)
Other income		-	37
Net cash used in investing activities		(88)	(156)
Net increase in cash and cash equivalents		37	56
Cash and cash equivalents at the beginning of period		217	161
Cash and cash equivalents at the end of period		254	217

The accompanying notes on pages 10 to 20 form part of these financial statements.

Inition Limited

Notes to the accounts for the year ended 31 December 2016

1 Accounting policies

Basis of preparation

Inition Limited ("the Company") is a company incorporated and domiciled in the UK. The accounts are presented in sterling. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs") and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS.

The financial statements are prepared on a going concern basis. The Company is reliant for its working capital on funds provided to it by the company's ultimate parent company, Parity Group Plc, which has provided the Company with an undertaking that it will, for at least 12 months from the date of the approval of these financial statements, continue to make such funds as are needed by the company. Such support is available to the extent that Parity shareholding remains at the current level (100%). This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the director acknowledges that there can be no certainty that this support will continue although, at the date of approval of these financial statements, he has no reason to believe that it will not do so.

Changes in accounting policies: new standards, interpretations and amendments effective in 2016 adopted by the Company and published standards not yet effective

No new standards, amendments to published standards or interpretations of existing standards effective in 2016 had a material impact on the Company's 2016 financial statements. No published standards that are not yet effective are expected to have a material impact on the Company's financial statements.

Revenue recognition

Revenue represents the value of work completed for clients including attributable profit, after adjusting for all foreseeable future losses, net of value added tax. Revenue on contracts for the supply of professional services at pre-determined rates is recognised as and when the work is performed, irrespective of the duration of the contract. Revenue is recognised on fixed price contracts while the contract is in progress, having regard to the proportion of the total contract costs which have been incurred at the balance sheet date. Provision is made for all foreseeable future losses.

Dividends

Final dividends proposed by the Board of Directors and unpaid at year end are not recognised in the financial statements until they have been approved by the shareholders at the Annual General Meeting. Interim dividends, which do not require shareholder approval, are recognised when paid.

Taxation

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

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

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

Inition Limited

Notes to the accounts for the year ended 31 December 2016 (*continued*)

1 Accounting policies (*continued*)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the income statement.

Intangible assets

Software

The carrying amount of software is its cost less any accumulated amortisation and any provision for impairment. Software is amortised on a straight-line basis over its expected useful economic life of three to seven years.

Intellectual Property

Intellectual property represents the expenditure incurred on developing new, innovative products/services that are expected to generate future economic benefits. The carrying amount of intellectual property is its cost less any accumulated amortisation and any provision for impairment. Where intellectual property is internally generated, the cost includes the value of the employees' development time, as defined by IAS 19. Intellectual property is amortised on a straight line basis over two years, with amortisation commencing from the date that the products/services are available for sale.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost less estimated residual value of each asset over its expected useful economic life as follows:

Office equipment	-	Between 3 and 5 years
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Financial assets

The Company's financial assets fall into the categories discussed below, with the allocation depending to an extent on the purpose for which the asset was acquired.

Unless otherwise indicated, the carrying amounts of the Company's financial assets are a reasonable approximation of their fair values.

Loans and receivables: these assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables). They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue, less provision for impairment.

The effect of discounting on these financial instruments is not considered to be material

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents: cash and cash equivalents in the statement of financial position comprise cash at bank and in hand, short term deposits and other short term liquid investments.

In the cash flow statement, cash and cash equivalents comprise cash and cash equivalents, as defined above, net of bank overdrafts.

Inition Limited

Notes to the accounts for the year ended 31 December 2016 (continued)

1 Accounting policies (continued)

Work in progress

Costs incurred in the start-up of long-term contracts which are expected to benefit performance and be recoverable over the life of the contracts are capitalised in the balance sheet as work in progress and charged to the income statement over the life of the contract so as to match costs with revenues.

Work in progress is stated at the lower of cost and net realisable amount and represents that element of start up costs which, at the reporting date, has not been charged to the income statement. Cost includes materials, direct labour and an attributable portion of overheads based on normal levels of activity. Net realisable amount is based on estimated selling price less further costs expected to be incurred to completion and disposal including provision for contingencies and anticipated future losses.

Financial liabilities

All of the Company's financial liabilities are classified as financial liabilities carried at amortised cost. The Company does not use derivative financial instruments or hedge account for any transactions.

Unless otherwise indicated, the carrying amounts of the Company's financial liabilities are a reasonable approximation of their fair values.

Financial liabilities: financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.
- Finance leases which are initially measured at fair value and subsequently carried at amortised cost using the effective interest method.

Leases

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

Share-based payments

The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Income Statement over the remaining vesting period. Where equity instruments are granted to persons other than employees, the fair value of goods and services received is charged against Other Comprehensive Income.

Pensions and other post-employment benefits

The Company operates a number of retirement benefit schemes, all of which are defined contribution plans and the assets are held in separate, independently administered funds. The Company's contributions to defined contribution plans are charged to the income statement in the period to which the contributions relate.

Significant accounting estimates and judgements

The preparation of financial statements under IFRS requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Recoverability of deferred tax assets. The deferred tax assets are reviewed for recoverability and recognised to the extent that it is probable that taxable profits will be available, against which deductible temporary differences can be utilised. This is determined based on management estimates and assumptions as to the future profitability of the business unit. See note 11.

Intercompany receivables. The Company reviews receivables due from subsidiary undertakings to test whether they are recoverable. Provision is made for where there is uncertainty as to full recovery.

Inition Limited**Notes to the accounts for the year ended 31 December 2016 (continued)****2 Segmental analysis**

The principal activity of the Company is the development of innovative 3D solutions and visual interactive medium and as such no separate segmental analysis is required. The Inition business as a whole is considered to be an operating segment in its own right. Revenue is wholly attributable to the United Kingdom market.

3 Operating costs

	2016 £'000	2015 £'000
Employee benefit costs		
- wages and salaries	1,031	1,201
- social security costs	115	132
- other pension costs	30	29
	1,176	1,362
Amortisation of intangible assets	357	293
Depreciation of owned tangible assets	76	69
	433	362
Audit fees – statutory audit services	1	1
Operating lease rentals - land and buildings	172	177
Net exchange (gain)/loss	(37)	12
Other operating costs	1,691	1,034
	1,827	1,224
Total operating expenses	3,436	2,948

Operating costs includes £nil (2015: £327,000) relating to restructuring costs that are non-recurring (see note 4).

4 Non-recurring items

	2016 £'000	2015 £'000
Restructuring:		
- Employee benefit costs	-	327

There were no non-recurring items during the year (2015: During the year Parity Group Plc decided to discontinue its “buy and build” digital acquisition strategy. Previously, it was anticipated that the Company would become part of a larger division, focusing on creative technology and digital marketing services. As a consequence of the change in strategy, the company was restructured which resulted in a number of redundancies, the terminal costs of which, set out above, are considered to be non-recurring by the Directors).

5 Directors’ emoluments

No emoluments were paid to the Directors by the company during the year.

During the year, the Directors received emoluments from other companies within the Parity Group. No portion of the emoluments related to the management of the Company.

Inition Limited**Notes to the accounts for the year ended 31 December 2016 (continued)****6 Average staff numbers**

	Number of employees	
	2016	2015
Average monthly number of employees	22	25

7 Other income

During the prior year, the Company received a final dividend of £37,000 from Pointy Stick Limited, a joint venture in which Inition held 60% of the voting rights.

Pointy Stick Limited was dissolved in February 2016.

8 Taxation

	2016 £'000	2015 £'000
Analysis of tax charge for the period		
Current tax:		
Tax on (loss)/profit for the current period	(19)	(139)
	(19)	(139)
Deferred tax:		
Origination and reversal of temporary timing differences	(15)	(14)
Change in corporation tax rate	3	3
Adjustment in relation to prior period	(14)	1
Deferred tax (credit)/charge for the period	(26)	(10)
Total tax credit on continuing operations	(45)	(149)

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the Company's profits for this accounting period are subject to tax at a rate of 20% (2015: 20.25%). In his Autumn Statement, the Chancellor confirmed there will be a reduction in the corporate tax rate from 1 April 2017 to 19%, and then a further reduction from 1 April 2020 to 17%. As such, the tax rate of 17% has been applied in calculating the UK deferred tax position of the Company at 31 December 2016.

	2016 £'000	2015 £'000
Loss on ordinary activities before tax	(173)	(676)
Loss on ordinary activities multiplied by rate of corporation tax in the UK of 20% (2015: 20.25%)	(35)	(137)
Effects of:		
Change in deferred tax balance due to change in enacted rate	3	3
Adjustments in respect of prior periods	(14)	1
Disallowable expense/(income)	1	(16)
Tax credit	(45)	(149)

Inition Limited
Notes to the accounts for the year ended 31 December 2016 (continued)
9 Intangible Assets

	Software		Intellectual Property		Total	
	2016	2015	2016	2015	2016	2015
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January	217	211	628	477	845	688
Additions	7	6	-	151	7	157
Disposals	-	-	(51)	-	(51)	-
At 31 December	224	217	577	628	801	845
Accumulated amortisation						
At 1 January	100	50	247	4	347	54
Charge for the year	45	50	312	243	357	293
Disposals	-	-	(51)	-	(51)	-
At 31 December	145	100	508	247	653	347
Net book value at 31 December	79	117	69	381	148	498
Net book value at 1 January	117	161	381	473	498	634

During 2016, the Company reduced its spending on developing new and existing technologies and utilised the intellectual property developed in prior years (2015: the Company invested in developing new technologies and enhancing existing technologies).

10 Property, Plant and Equipment

	Office Equipment £'000
Cost	
At 1 January 2016	486
Additions	81
Disposals	(375)
At 31 December 2016	192
Accumulated Depreciation	
At 1 January 2016	401
Charge for the year	76
Disposals	(375)
At 31 December 2016	102
Net book value at 31 December 2016	90
Net book value at 1 January 2016	85

	Office Equipment £'000
Cost	
At 1 January 2015	450
Additions	36
At 31 December 2015	486
Accumulated Depreciation	
At 1 January 2015	332
Charge for year	69
At 31 December 2015	401
Net book value at 31 December 2015	85
Net book value at 1 January 2015	118

Inition Limited**Notes to the accounts for the year ended 31 December 2016 (continued)****11 Deferred Tax**

	2016 £'000	2015 £'000
At 1 January	28	18
Credit to the Statement of Comprehensive Income	26	10
At 31 December	54	28

The deferred tax asset of £54,000 (2015: £28,000) comprises:

	2016 £'000	2015 £'000
Depreciation in excess of capital allowances	33	28
Trading losses carried forward	21	-
	54	28

A deferred tax asset is recognised in respect of short term timing difference where it is more likely than not that there will be taxable profits in the foreseeable future against which the deferred tax asset can be offset. A deferred tax asset is not recognised where there is insufficient evidence of short-term recoverability. In the view of the directors there will be sufficient anticipated future profits to facilitate recovery of this asset.

12 Trade and Other Receivables

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Trade Debtors	773	371
Accrued income	58	133
Amounts Owed by Group Undertakings	394	380
Other Debtors	65	5
Prepayments	244	107
	1,534	996
Amounts falling due after more than one year:		
Amount owed by ultimate parent undertaking	350	350
	350	350

13 Cash and cash equivalents

	2016 £'000	2015 £'000
Cash at bank and in hand	254	217

14 Trade and Other Payables: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	274	67
Amounts owed to group undertakings	1,525	1,431
Taxation and social security	36	66
Other creditors	68	109
Fee in advance	214	92
	2,117	1,765

Inition Limited**Notes to the accounts for the year ended 31 December 2016 (continued)****15 Provisions**

	Leasehold dilapidations £'000
At 1 January 2016	-
Created in year	30
Utilised	-
At 31 December 2016	30

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. Dilapidation charges that will crystallise at the end of the period of occupancy are provided for in full on all non-serviced properties. Based on current lease expiry dates it is estimated these provisions will be settled over a period of two to three years. The main uncertainty relates to the estimation of the costs that will be incurred at the end of the lease.

16 Financial Instruments

The financial instruments of the Company as classified in the financial statements as at 31 December can be analysed under the following IAS 39 categories:

	Amortised cost £'000	Loans and receivables £'000	Total £'000
As at 31 December 2016			
Financial assets			
Non-current trade and other receivables	-	350	350
Net cash and cash equivalents	-	254	354
Trade and other short term debtors	-	1,290	1,290
	-	1,894	1,994
Financial liabilities			
Trade and other short term creditors	1,903	-	1,903
	1,903	-	1,903
As at 31 December 2015			
Financial assets			
Non-current trade and other receivables	-	350	350
Net cash and cash equivalents	-	217	217
Trade and other short term debtors	-	889	889
	-	1,456	1,456
Financial liabilities			
Trade and other short term creditors	1,673	-	1,673
	1,673	-	1,673

Financial Assets

At 31 December 2016, the Company has not designated any financial assets or liabilities at fair value through income statement (2015: none)

All material financial assets and financial liabilities are held in Sterling.

The financial assets of the Company consist of £254,000 (2015: £217,000) cash and cash equivalents. Surplus cash is pooled with other Parity Group Plc companies and may be paid into the invoice financing facility to reduce borrowings and interest costs across the group. Details of cash and cash equivalents are set out in note 13.

Fair Value of Financial Instruments

At 31 December 2016, there are no material differences between the book value and the fair value of the Company's financial assets and liabilities. There are no derivative financial instruments at 31 December 2016 (2015: nil).

Inition Limited**Notes to the accounts for the year ended 31 December 2016 (continued)****17 Financial Instrument risk exposure and management**

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the Company's exposure to financial instrument risks and the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are trade receivables, cash at bank, trade and other payables and financial liabilities.

General objectives, policies and processes – risk management

The Company is exposed through its operations to the following financial instrument risks: credit risk; liquidity risk; and interest rate risk.

The policy for managing these risks is set by the Board following recommendations from the Finance Director. Certain risks are managed centrally, while others are managed locally following guidelines communicated from the centre. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. The policy for each of the above risks is described in more detail below.

Credit risk

Credit risk arises from the Company's trade receivables. It is the risk that the counterparty fails to discharge their obligation in respect of the instrument. The Company is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are then factored into the credit assessment process to determine the appropriate credit limit for each customer. The Company does not enter into derivatives to manage credit risk.

The following table illustrates the concentrations of credit risk within the Company at the reporting date:

	Total debt	0-60 days	60+ days	Total debt	0-60 days	60+ days
	2016	2016	2016	2015	2015	2015
	£'000	£'000	£'000	£'000	£'000	£'000
Gross Debt	773	703	70	371	365	6
Impairment provisions	-	-	-	-	-	-
Net Debt	773	703	70	371	365	6

Notes:

1 Ageing of debt is based on invoice date, i.e. date of invoice is day zero.

There is no difference between the carrying amount of trade receivables and the Company's maximum credit risk exposure.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges on its borrowings, through Parity Group, under its invoice financing arrangements. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The liquidity of the Company is managed centrally, at Parity Group with daily transfers to operating entities to maintain a predetermined cash balance. The level of the Company facility is approved periodically by the Board and negotiated with the Company's current bankers. At the reporting date, cash flow projections were considered by the Board and the Company is forecast to have sufficient funds and available funding facilities to meet its obligations as they fall due, under all reasonably expected circumstances.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Group transfers funds to and from the Company's bank current account on a daily basis, ensuring sufficient funds are in place to cover outstanding payments. As a result the Company has minimal interest rate exposure. The Directors consider that reasonably possible changes in the interest rate would not have a significant effect on the amount of interest payable.

Inition Limited

Notes to the accounts for the year ended 31 December 2016 (continued)

18 Reserves

Details of the share option scheme operated by the Parity group are given in the financial statements of Parity Group plc, the ultimate parent Company (see note 24). The share options details have not been replicated in these financial statements as the value of employee services in the current and prior period is considered immaterial.

The following describes the nature and purpose of each reserve within the owners' equity:

Share capital is the amount subscribed for ordinary share capital.

Retained earnings represents the cumulative net gains and losses recognised in the income statement.

Management of capital structure

The Company is both debt and equity funded and these two elements combine to make up the capital structure of the business.

The Company's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return to shareholders, issue new shares or sell assets to reduce debt.

During 2016, the Company's strategy, which was unchanged from 2015, was to keep net debt to a minimum, through profitable trading and good cash management.

19 Pension Schemes

The Company participates in a defined contribution scheme. The assets are held in separate, independently administered funds. Contributions to the scheme during 2016 were £30,198 (2015: £28,786), and at the year end the amount payable to the scheme was £4,920 (2015: £6,523).

20 Called up share capital

	2016 £	2015 £
Authorised		
1,000 (2015: 1,000) Ordinary shares of £0.10 each	100	100
Allotted, called up and fully paid		
1,000 (2015: 1,000) Ordinary shares of £0.10 each	100	100

Inition Limited**Notes to the accounts for the year ended 31 December 2016 (continued)****21 Operating lease commitments**

The total future minimum rents payable under non-cancellable operating leases are as follows:

	Land and buildings 2016 £'000	Land and buildings 2015 £'000
Within one year	178	104
Between two and five years	133	8
Over five years	-	-
	311	112

22 Capital commitments

The Company had no capital commitments at the current or prior year balance sheet dates.

23 Related party transactions

The Company entered into transactions with other group undertakings as shown on the table below.

	2016 £'000	2015 £'000
Operating costs charged from group undertakings	87	235

At 31 December 2016, the Company had the following amounts receivable and payable from/to Group and fellow subsidiary undertakings.

	2016 £'000	2015 £'000
Receivable amounts falling due within one year:		
Owed by fellow associate and subsidiary undertakings	394	380
Amounts owed from group undertakings (note 12)	394	380
Receivable amounts falling due after one year:		
Owed by parent undertakings	350	350
Amounts owed from group undertakings (note 12)	350	350
Payable amounts falling due within one year:		
Owed to parent undertakings	168	218
Owed to fellow associate and subsidiary undertakings	1,357	1,213
Amounts owed to group undertakings (note 14)	1,525	1,431

24 Ultimate parent undertaking

The immediate parent undertaking is Parity Solutions Limited (formerly Parity Consultancy Services Limited).

The ultimate parent undertaking and controlling party is Parity Group Plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

Copies of Parity Group Plc consolidated financial statements for the year ended 31 December 2016 can be obtained from the Company Secretary at Dawson House, 5 Jewry Street, London, EC3N 2EX.