

# **CALLCREDIT INFORMATION GROUP LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

31 December 2016

(Registered Number 04968328)



## CONTENTS

STRATEGIC REPORT	1
DIRECTORS' REPORT	3
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS	5
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALLCREDIT INFORMATION GROUP LIMITED	6
CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME	8
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	9
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	11
COMPANY STATEMENT OF CHANGES IN EQUITY	12
CONSOLIDATED CASH FLOW STATEMENT	13
NOTES TO THE FINANCIAL STATEMENTS	14

## STRATEGIC REPORT

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

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

### **The Business Model**

Callcredit Information Group Limited and its subsidiaries (the "Group") operate as an integrated provider of credit data and software analytics, fraud and identity solutions and marketing services. The business operates through three business divisions: Credit Solutions, which is a leading UK credit reference agency, provides credit referencing and other related services to help institutional customers manage their customers across the credit lifecycle; Software Analytics & Fraud, which provides multi bureau decisioning software, fraud and identity solutions; and Marketing Solutions, which supplies marketing data, database hosting, marketing fulfilment and digital marketing services.

For the year ended 31 December 2016, the Group generated consolidated revenues of £201.0m (2015: £170.1m) and operating profits of £41.8m (2015: £27.6m). Consolidated earnings before interest tax depreciation and amortisation ("EBITDA"), and excluding the gain on disposal of the consumer business described below reached £47.7m for the year (2015: £36.3m). The 2016 consolidated results were underpinned by the performance of the Credit Solutions and Software Analytics and Fraud divisions.

On 1<sup>st</sup> January 2016, the trade and assets of the Consumer business were transferred to Callcredit Consumer Limited from Callcredit Limited. As a result of this transaction, the Group recognised a gain on disposal of £6.1m.

On the same date and immediately following the transfer, there was a share issuance in Callcredit Consumer Limited and with effect from this date Callcredit Information Group's holding in Callcredit Consumer Limited was dilute to 19.9% and as such no longer consolidates the result of this business.

### **Objectives and Strategies**

The Group operates in market segments which offer significant growth opportunities, driven by multiple trends including new demand for credit and data analytics in industry segments outside traditional lending, increased demand for fraud and identity products as the prevalence of identity theft and cybercrime rises, and changing regulatory and competitive market dynamics. Against these growth opportunities, the Group is continuing to invest to further differentiate our data assets, to develop software and analytics solutions which accentuate these data assets and help improve decision making, and to expand our services to consumers to enable them to manage their credit history and protect themselves against fraud and identity theft. In parallel the business will continue to focus on customer service, expand its go to market capabilities and upgrade its operational infrastructure to enable the business to scale effectively.

### **Principal Risks and Uncertainties**

In operating its business and strategy, the Group is exposed to a number of inherent risks. As part of a group wide risk management framework, the Board has implemented robust procedures for the assessment, management and reporting of risks. This includes periodic review of the key risks and the effectiveness of controls and processes in place to manage those risks. The principal risks faced by the Group are summarised below:

- The Group provides credit solutions and marketing services and operates in a market which has grown strongly. The Group faces exposure to both UK and broader global economic cycles and events which may trigger adverse market conditions resulting in reduced demand for the Group's products and services impacting financial performance.
- The Group operates in a competitive market and faces the risk of increasing competition from both new and established market participants. Competitors may erode the Group's position and share of the market through development of superior products and services to the Group, lower pricing and more effective go to market strategies.
- The Group's business model is dependent upon the integrity of data assets which are maintained on the Group's IT systems, and related analytics and software tools which deliver products and services to customers. As such the business is at risk from cyber attacks, either directly or through business partners, which may result in breaches of IT security, loss or misuse of data, or otherwise compromise solutions and services provided to customers.
- The Group is dependent on its IT environment to deliver products and services to customers. The business faces the risk that this environment may not be sufficiently resilient or flexible to support changing customer requirements, changes in technology, or increasing scale and volumes driven by the expansion of the business.

## STRATEGIC REPORT (CONTINUED)

### Principal Risks and Uncertainties (continued)

- The Group is exposed to potential changes in legislation and regulations or the broader regulatory environment which may impact the operations of the business.

The Group manages the above risks through a wide range of actions including ongoing monitoring of the economic and competitive market environment, ongoing assessment and investment in IT security and infrastructure, maintenance of business continuity plans, investments in new products, people and technologies to ensure our products and services remain competitive and differentiated, and focus on customer service and delivery, to ensure that we are able to effectively meet or exceed the objectives of our customers. The effectiveness of these actions is monitored on an ongoing basis, and plans varied to meet changing requirements of the business.

### Activities in Research and Development

The Group undertakes significant research and development activities in the area of software and database development, where new products are developed in order to provide innovative solutions and services to its customers ahead of its competitors.

### Corporate and Social Responsibility

The Group has a significant investment in its corporate and social responsibility. The Group takes measures to reduce the carbon footprint, including promoting recycling and energy efficiency. The Group also has a strong interest in local and national charities, with £28k (2015: £68k) donated to charity during the period by the Group, as well as motivating staff to take part in charitable events and enjoying a healthy lifestyle.

The Group looks to provide rewarding and progressive careers for all of its staff, with wide ranging training initiatives and promotion opportunities offered wherever possible. The levels of staff retention and satisfaction provide the most effective measure of such initiatives, and are monitored on a regular basis.

### Going Concern Basis

The financial forecasts prepared by the directors continue to show the Group increasing revenues and profits, while continuing to generate cash to meet its financial obligations and continue to enable it to invest in the broader development of the business and its products and infrastructure.

The Directors have a reasonable expectation that the Company has adequate resources to trade profitably for the foreseeable future and therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

### Approval

This report was approved by the board of directors on 22 September 2017 and signed on its behalf by:



R K C Munro  
Director

22 September 2017

## DIRECTORS' REPORT

### **Directors**

The directors who held office during the year were as follows:

R K C Munro  
M J Gordon

R K C Munro and M J Gordon are also directors of the Company's immediate parent undertaking, Crown Acquisition Bidco Limited.

### **Dividends**

Dividends of £16.0m were paid during the year (2015: £nil). The directors recommend the payment of a final dividend of £nil (2015: £nil).

### **Employee Consultation**

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company.

### **Overseas Subsidiaries**

The Group has five overseas subsidiaries at the balance sheet date, in Japan, China, the USA and Lithuania. The Lithuanian subsidiary provides a variety of back-office operational activities supporting Callcredit Information Group and its subsidiaries. The Japanese and Chinese subsidiary forms part of the Marketing division of the Group and offers bespoke marketing services to the East Asian market. In the US, Aspireview Inc provides bespoke software solutions and consultancy services and Recipero Inc provides fraud and identity protection.

### **Employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **Policy and practice on payment of creditors**

The Company's policy concerning the payment of suppliers is to agree terms of payment in advance and to make payment in accordance with agreed terms and any other legal obligations. At 31 December 2016, there were 30 days (2015: 32 days) purchases in trade creditors.

### **Disclosure of information to Auditor**

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

### **Political and charitable contributions**

Political contributions amounted to £nil (2015: £nil) during the year. Donations to UK charities amounted to £28k (2015: £68k).

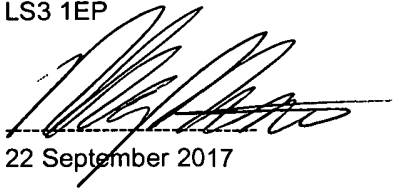
## DIRECTORS' REPORT (CONTINUED)

### 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.

By order of the board

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

A handwritten signature in black ink, appearing to read 'R K C Munro', is written over a horizontal dashed line.

22 September 2017

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

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with IFRSs as adopted by the EU and applicable law.

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

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALLCREDIT INFORMATION GROUP LIMITED**

We have audited the financial statements of Callcredit Information Group Limited for the year ended 31 December 2016 set out on pages 8 to 41. 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year 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 Strategic report and the Directors' report:

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



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALLCREDIT INFORMATION GROUP LIMITED (CONTINUED)**

### **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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



**Mike Barradell (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

28 September 2017

# Consolidated Statement of Profit and Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2016

	<i>Note</i>	<b>2016 £000</b>	<b>2015 £000</b>
<b>Revenue</b>	<b>1</b>	<b>200,968</b>	170,087
Cost of sales		(67,045)	(53,737)
<b>Gross profit</b>		<b>133,923</b>	116,350
Other operating income	3	6,283	-
Administrative expenses		(98,440)	(88,770)
<b>Operating profit</b>	<b>4</b>	<b>41,766</b>	27,580
Financial income	7	3,990	1,041
Financial expense	7	(544)	(358)
<b>Net financing expense</b>		<b>3,446</b>	683
<b>Profit / (Loss) before tax</b>		<b>45,212</b>	28,263
Tax (charge) / credit	8	(8,840)	(6,159)
<b>Profit / (Loss) for the year</b>		<b>36,372</b>	22,104
<b>Other comprehensive income</b>		<b>24</b>	-
<b>Other comprehensive income for the year, net of income tax</b>		<b>24</b>	-
<b>Total comprehensive income for the year</b>		<b>36,396</b>	22,104

In both the current and preceding year the Group had no discontinued operations.

The Statement of Profit or Loss is prepared on an unmodified historical cost basis.

There were no recognised income and expense items in the current year (2015: £nil) other than those reflected in the above Consolidated Statement of Profit and Loss.

The notes on pages 14 to 41 form part of these financial statements.

## Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2016

		Group		Company	
	Note	2016 £000	2015 £000	2016 £000	2015 £000
<b>Non-current assets</b>					
Property, plant and equipment	9	4,712	7,300	-	-
Intangible assets	10	106,721	72,403	-	-
Trade and other receivables	13	1,656	-	-	-
Deferred tax assets	12	-	139	-	-
Investments in subsidiary undertakings	11	-	-	100,249	68,444
		<u>113,089</u>	<u>79,842</u>	<u>100,249</u>	<u>68,444</u>
<b>Current assets</b>					
Tax receivable		3,282	3,164	-	-
Trade and other receivables	13	83,355	68,333	104	7,655
Cash and cash equivalents	14	5,181	10,678	1,125	4,814
		<u>91,818</u>	<u>82,175</u>	<u>1,229</u>	<u>12,469</u>
<b>Total assets</b>		<u>204,907</u>	<u>162,017</u>	<u>101,478</u>	<u>80,913</u>
<b>Current liabilities</b>					
Trade and other payables	15	56,865	39,550	79,067	49,075
		<u>56,865</u>	<u>39,550</u>	<u>79,067</u>	<u>49,075</u>
<b>Non-current liabilities</b>					
Trade and other payables	15	4,702	-	4,702	-
Deferred tax liabilities	12	477	-	-	-
		<u>5,179</u>	<u>-</u>	<u>4,702</u>	<u>-</u>
<b>Total liabilities</b>		<u>62,044</u>	<u>39,550</u>	<u>83,769</u>	<u>49,075</u>
<b>Equity</b>					
Share capital	17	667	667	667	667
Share premium		900	900	900	900
Capital redemption reserve		12,433	28,433	12,433	28,433
Other reserves		(2,083)	(2,083)	-	-
Translation Reserves		24	-	-	-
Retained earnings		130,922	94,550	3,709	1,838
<b>Total equity</b>		<u>142,863</u>	<u>122,467</u>	<u>17,709</u>	<u>31,838</u>
<b>Total equity and liabilities</b>		<u>204,907</u>	<u>162,017</u>	<u>101,478</u>	<u>80,913</u>

## Consolidated Statement of Financial Position

These financial statements were approved by the board of Directors on 22 September 2017 and signed on its behalf by:



R K C. Munro  
Director

Company Registration Number: 08873668

The notes on pages 14 to 41 form part of these financial statements.

## Consolidated Statement of Changes in Equity

	Share capital £000	Share premium £000	Capital redemption reserve £000	Other Reserves £000	Retained earnings £000	Total equity £000
<b>Balance at 1 January 2015</b>	667	900	28,433	(2,083)	72,446	100,363
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	-	22,104	22,104
Total comprehensive income for the year	-	-	-	-	22,104	22,104
<b>Balance at 31 December 2015</b>	667	900	28,433	(2,083)	94,550	122,467

	Share capital £000	Share premium £000	Capital redemption reserve £000	Translation reserve £000	Other Reserves £000	Retained earnings £000	Total equity £000
<b>Balance at 1 January 2016</b>	667	900	28,433	-	(2,083)	94,550	122,467
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	36,372	36,372
Other comprehensive income	-	-	-	24	-	-	24
Total comprehensive income for the year	-	-	-	24	-	36,372	36,396
<b>Transactions with owners, recorded directly in equity</b>							
Capital reduction	-	-	(16,000)	-	-	16,000	-
Dividends	-	-	-	-	-	(16,000)	(16,000)
Total comprehensive income for the year	-	-	(16,000)	-	-	-	(16,000)
<b>Balance at 31 December 2016</b>	667	900	12,433	24	(2,083)	130,922	142,863

The notes on pages 14 to 41 form part of these financial statements.

## Company Statement of Changes in Equity

	Share capital	Share premium	Capital redemption reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000
<b>Balance at 1 January 2015</b>	667	900	28,433	1,328	31,328
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	510	510
Total comprehensive income for the year	-	-	-	510	510
<b>Balance at 31 December 2015</b>	667	900	28,433	1,838	31,838

	Share capital	Share premium	Capital redemption reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000
<b>Balance at 1 January 2016</b>	667	900	28,433	1,838	31,838
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	1,871	1,871
Total comprehensive income for the year	-	-	-	1,871	1,871
<b>Transactions with owners, recorded directly in equity</b>					
Capital reduction	-	-	(16,000)	16,000	-
Dividends	-	-	-	(16,000)	(16,000)
Total comprehensive income for the year	-	-	(16,000)	-	(16,000)
<b>Balance at 31 December 2016</b>	667	900	12,433	3,709	14,427

The notes on pages 14 to 41 form part of these financial statements.

# Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2016

		Group		Company	
	Note	2016 £000	2015 £000	2016 £000	2015 £000
<b>Cash flows from operating activities</b>					
Profit after tax for the year		36,372	22,104	1,871	510
Adjustments for:					
Depreciation, amortisation and impairment		12,162	8,748	-	-
Investment revenues		-	-	(5,452)	(1,000)
Financial income	7	(3,990)	(1,041)	(3,282)	(1,054)
Financial expense	7	544	358	1,173	755
Gain on sale of property, plant and equipment	3	(170)	-	-	-
Loss on sale of property, plant and equipment		90	105	-	-
Loss on investment write down		-	-	2,696	-
Gain on transfer of trade and assets		(6,113)	-	-	-
Taxation		8,840	6,159	(706)	(473)
		<b>47,735</b>	<b>36,433</b>	<b>(3,700)</b>	<b>(1,262)</b>
(Increase) / decrease in trade and other receivables		(16,651)	(11,576)	(31,637)	7,092
(decrease) / Increase in trade and other payables		(12,060)	(9,012)	65,268	(2,120)
Tax paid		(532)	(1,564)	-	-
Interest paid		-	(4)	-	(2)
Dividends paid		-	-	(16,000)	-
<b>Net cash from operating activities</b>		<b>18,492</b>	<b>14,277</b>	<b>13,931</b>	<b>3,708</b>
<b>Cash flows from investing activities</b>					
Proceeds from sale of property, plant and equipment		1,302	-	-	-
Interest received		-	1,041	-	13
Dividend received		-	-	5,452	1,000
Disposal of trade and assets, net of cash disposed of		7,262	-	-	-
Acquisition of subsidiary, net of cash acquired	2	(22,010)	-	(23,072)	-
Acquisition of property, plant and equipment		(2,266)	(3,330)	-	-
Acquisition of other intangible assets		(8,277)	(6,550)	-	-
<b>Net cash from investing activities</b>		<b>(23,989)</b>	<b>(8,839)</b>	<b>(17,620)</b>	<b>1,013</b>
<b>Net (Decrease) / Increase in cash and cash equivalents</b>		<b>(5,497)</b>	<b>5,437</b>	<b>(3,689)</b>	<b>4,721</b>
<b>Cash and cash equivalents at 1 January</b>		<b>10,678</b>	<b>5,241</b>	<b>4,814</b>	<b>93</b>
<b>Cash and cash equivalents at 31 December</b>	14	<b>5,181</b>	<b>10,678</b>	<b>1,125</b>	<b>4,814</b>

The notes on pages 14 to 41 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting policies

Callcredit Information Group Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 04968328 and the registered address is One Park Lane, Leeds, LS3 1EP.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and Joint Ventures. The parent Company financial statements present information about the Company as a separate entity and not about its Group.

The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these group financial statements.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

#### 1.2 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 1.

As a subsidiary of Crown Acquisition Topco Limited, the ultimate parent company, the Company and its subsidiaries are cross guarantors to Crown Acquisition Topco Limited's financing facilities. These facilities, which mature in four years, are subject to financial covenants in relation to leverage.

The Directors have prepared detailed forecasts which have been reviewed during the approval of these accounts, and the Directors are confident that, taking account of reasonably possible changes in trading performance, the Group will be able to operate within the level of its current facility and meet all relevant covenants.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Basis of consolidation

##### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

##### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 1 Accounting policies (continued)

#### 1.4 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the foreign currency translation reserve (FCTR) or non-controlling interest, as the case may be. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the FCTR, net of amounts previously attributed to non-controlling interests, is recycled to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests.

#### 1.5 Non-derivative financial instruments

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

##### *Trade and other receivables*

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

##### *Trade and other payables*

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 1 Accounting policies (continued)

#### 1.6 Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and any recognised impairment loss. Any gain or loss on disposal of an item of property, plant and equipment is recognised in Profit or Loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the entity.

Depreciation is recognised so as to write off the cost or valuation of tangible fixed assets less their residual values over their useful lives, as set out below on a straight line basis unless stated otherwise. Fixed asset purchases are depreciated on a monthly basis from the date the asset is available for utilisation. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- Office Equipment	3 - 5 years straight line
--------------------	---------------------------

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

#### 1.7 Business combinations

All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

##### *Acquisitions on or after 1 January 2010*

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 1 Accounting policies (continued)

#### 1.8 Intangible assets and goodwill

Intangible assets include goodwill, deferred development costs, internally created databases and purchased data assets that in the opinion of the directors meet the definition of an intangible asset as defined in IAS 38 'Intangible Assets'.

##### *Goodwill*

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

##### *Deferred development costs*

Deferred development expenditure comprises the product development costs of commercially exploitable systems to the extent that they are recoverable.

Development costs are capitalised in accordance with IAS 38 when staff are working on products and projects where the following can be demonstrated:

- technical feasibility of completing the intangible asset so that it will be available for use or sale
- intention to complete the intangible asset and use or sell it
- ability to use or sell the intangible asset
- how the intangible asset will generate future economic benefits
- availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- ability to measure reliably the expenditure attributable to the intangible asset during its development and, for this reason, are not regarded as realised losses.

##### *Internally created databases*

Internally created databases comprise the data purchase and capture costs of internally developed databases, for use by customers to determine the credit-worthiness of individuals. The costs are capitalised as development costs in accordance with IAS38.

##### *Purchased data assets*

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

##### *Amortisation*

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Databases and purchased data assets	Straight line amortisation over 3 - 5 years
- Deferred development costs	Straight line amortisation over 3 - 5 years
- Customer contracts	5 years
- Software	3 years

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 1 Accounting policies (continued)

#### 1.9 Impairment

##### *Financial assets (including receivables)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 1.10 Employee benefits

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 1 Accounting policies (continued)

#### 1.11 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

#### 1.12 Revenue

Revenue is generally recognised when all contractual obligations have been met in accordance with IAS18. Normally this occurs when all material delivery obligations of the service have been met. The specific treatment for each category of revenue is set out below:

License, prepaid and contracted minimum revenues where they are non-recourse are recognised at the service start date as long as it is likely that the economic benefits of the revenue will flow to the entity. Revenue which is transactional is invoiced and recognised in the month of usage. Where a project spans more than one period or year, the revenue is recognised when all of the following have occurred:

- (a) the revenue can be reliably measured;
- (b) it is probable that the economic benefits will flow to the company;
- (c) at the balance sheet date the stage of completion can be measured reliably;
- (d) transaction costs and costs to completion can be measured reliably.

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

#### 1.13 Expenses

##### *Operating lease payments*

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

##### *Financing income and expenses*

Financing expenses comprise interest payable and amortised borrowing costs.

Financing income comprise interest receivable on funds invested and dividend income.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 1 Accounting policies (continued)

#### 1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the 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.

#### 1.15 Adopted IFRS not yet applied

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

FRS 9 Financial Instruments (effective from 1 January 2018), IFRS 10 and IAS 28 (amendments) Sale or contribution of assets between an investor and its associate or joint venture, IFRS 15 Revenue from contracts with customers (effective from 1 January 2018), IAS 7 (amendments) Disclosure initiative (effective from 1 January 2017), IAS 12 (amendments) Recognition of Deferred Tax Assets for Unrealised Losses (effective from 1 January 2017), IFRS 16 Leases (effective from 1 January 2019).

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments, IFRS 15 will have an impact on revenue recognition and related disclosures, IFRS 16 will have an impact on the recognition of leases and the related disclosures. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS 9, IFRS 15 and IFRS 16 until a detailed review has been completed.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**2 Acquisitions of subsidiaries***Acquisitions in the current period*

On 3 March 2016, the Group acquired all of the ordinary shares in Smart Analytics Holdings Limited for £10.0m, satisfied in cash. The company is a leading provider of enterprise level customer interaction management software, providing solutions to blue chip organisations to deliver world class customer experience over a multichannel environment such as web, mobile, self-service, chat and social media. The acquisition enhances the Group's data intake capabilities, improves the aggregate delivery of existing products and deepens the Group's software franchise. In the 10 months to 31 December 2016 the subsidiary contributed net profit of £0.9m to the consolidated net profit for the year. If the acquisition had occurred on 1 January 2016, Group revenue would have been £201.7m and net profit would have been £35.6m. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 January 2016.

*Effect of acquisition*

The acquisition had the following effect on the Group's assets and liabilities.

	<b>Recognised values on acquisition £000</b>
<b>Acquiree's net assets at the acquisition date:</b>	
Property, plant and equipment	86
Intangible assets	6,239
Trade and other receivables	1,443
Cash and cash equivalents	294
Trade and other payables	(2,426)
Deferred tax liabilities	(18)
Corporation tax assets	426
	<hr/>
Net identifiable assets and liabilities	<b>6,044</b>
	<hr/>
Consideration paid:	
Initial cash price paid	9,952
Contingent consideration at fair value	4,446
	<hr/>
Total consideration	<b>14,398</b>
	<hr/>

*Contingent consideration*

The Group has agreed to pay the vendors additional consideration of £5.0m dependent on meeting agreed revenue targets. The Group has included £4,446k as contingent consideration related to the additional consideration, which represents its fair value at the acquisition date.

*Acquisition related costs*

The Group incurred acquisition related cost of £0.3m related to professional fees for due diligence and legal support. These costs have been included in administrative expenses in the Group's consolidated statement of profit and loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**2 Acquisitions of subsidiaries (continued)**

On 23 September 2016, the Group acquired all of the ordinary shares in Recipero Limited for £13.1m, satisfied in cash. The company is the leading provider of mobile device information to both consumer and businesses, via its database of IMEI numbers as well as data from various other sources. It sells across a wide range of sectors, including mobile phone providers, mobile phone recyclers, police and security forces as well as consumers. The dataset is global and therefore the international growth potential of the business is significant. In the three months and 7 days to 31 December 2016 the subsidiary contributed net profit of £43k to the consolidated net profit for the year. If the acquisition had occurred on 1 January 2016, Group revenue would have been £203.4m and net profit would have been £36.8m. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 January 2016.

*Effect of acquisition*

The acquisition had the following effect on the Group's assets and liabilities.

	<b>Recognised values on acquisition £000</b>
<b>Acquiree's net assets at the acquisition date:</b>	
Property, plant and equipment	92
Intangible assets	3,915
Trade and other receivables	364
Cash and cash equivalents	767
Trade and other payables	(709)
Corporation tax liabilities	(51)
	<hr/>
Net identifiable assets and liabilities	<b>4,378</b>
	<hr/>
Consideration paid:	
Initial cash price paid	13,119
Contingent consideration at fair value	3,652
Deferred consideration at fair value	3,051
	<hr/>
Total consideration	<b>19,822</b>
	<hr/>

*Contingent consideration*

The Group has agreed to pay the vendors additional consideration of £4.0m dependent on meeting agreed revenue targets. The Group has included £3.7m as contingent consideration related to the additional consideration, which represents its fair value at the acquisition date.

*Deferred consideration*

The Group has agreed to pay the vendors additional consideration of £3.0m plus interest from the date of completion until payment based on a significant supplier contract being signed. The Group has included £3.1m as deferred consideration related to the additional consideration, which represents its fair value at the acquisition date.

*Acquisition related costs*

The Group incurred acquisition related cost of £0.3m related to professional fees for due diligence and legal support, and stamp duty. These costs have been included in administrative expenses in the Group's consolidated statement of profit and loss account.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**3 Other operating income**

	<b>Group 2016 £000</b>	<b>Group 2015 £000</b>
Gain on disposal of intangible asset	170	-
Gain on disposal of trade and assets	6,113	-
	<u>6,283</u>	<u>-</u>

**4 Expenses and auditor's remuneration**

*Included in profit for the year are the following:*

	<b>Group 2016 £000</b>	<b>Group 2015 £000</b>
Impairment loss on goodwill	1,155	-
Impairment loss on intangibles	230	-
Depreciation of property, plant and equipment	3,322	3,471
Amortisation of intangibles	7,455	5,277
Staff costs (note 5)	59,996	51,752
Rentals payable under operating leases	2,469	2,126
Loss on disposal of property, plant and equipment	12	105
Loss on disposal of intangibles	78	-

*Auditor's remuneration*

<b>Group</b>		
Audit of these financial statements	121	100
Taxation Services	81	39
<b>Company</b>		
Audit of these financial statements	6	6

**5 Staff numbers and costs**

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	<b>Number of employees Group 2016</b>	<b>Group 2015</b>
Sales and operations	998	970
Administration	179	153
	<u>1,177</u>	<u>1,123</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**5 Staff numbers and costs (continued)**

The aggregate payroll costs of these persons were as follows:

	<b>Group 2016 £000</b>	<b>Group 2015 £000</b>
Wages and salaries	58,127	51,323
Social security costs	4,166	2,927
Contributions to defined contribution plan	1,850	1,190
Capitalised development costs	(4,147)	(3,688)
	<u>59,996</u>	<u>51,752</u>

The Company had no employees and therefore no staff costs during the current period.

**6 Directors' remuneration**

	<b>Group 2016 £000</b>	<b>Group 2015 £000</b>
Remuneration		
Emoluments	1,274	885
Pension costs	-	39
Termination costs	-	184
	<u>-</u>	<u>-</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £841k (2015: £533k).

**7 Finance income and expenses****Recognised in the profit and loss**

	<b>Group 2016 £000</b>	<b>Group 2015 £000</b>
Finance income		
Unwind of deferred consideration	3,820	-
Interest income on financial assets	170	1,041
Total finance income	<u>3,990</u>	<u>1,041</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 7 Finance income and expenses (continued)

	Group 2016 £000	Group 2015 £000
Finance expenses		
Total interest expense on financial liabilities measured at amortised cost	5	4
Unwind of deferred consideration	539	354
Total finance expenses	<u>544</u>	<u>358</u>

## 8 Taxation

## Recognised in the profit and loss

	Group 2016 £000	Group 2015 £000
<b>Current tax expense</b>		
Current year	389	(448)
Adjustments for prior years	(15)	178
Group relief	9,589	6,940
Current tax expense	<u>9,963</u>	<u>6,670</u>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(1,073)	(235)
Reduction in tax rate	(50)	-
Recognition of previously unrecognised tax losses	-	(276)
Deferred tax expense	<u>(1,123)</u>	<u>(511)</u>
Total tax expense	<u>8,840</u>	<u>6,159</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 8 Taxation (continued)

## Reconciliation of effective tax rate

	Group 2016 £000	Group 2015 £000
Profit for the year	36,372	22,104
Total tax charge	8,840	6,159
Profit excluding taxation	45,212	28,263
Tax using the UK corporation tax rate of 20% (2015: 20.25%)	9,042	5,723
Depreciation in excess of allowances	(820)	10
Reduction in tax rate on deferred tax balances	(266)	-
Non-deductible expenses	604	405
Non-taxable income	(764)	-
Adjustments to tax charge in respect of previous periods	-	178
Other	151	(235)
Current year losses for which no deferred tax asset was recognised	(480)	(276)
Under provided in prior years	1,373	-
Group relief claimed	(8,840)	(6,159)
Payment for group relief	8,840	6,159
Total tax expense	8,840	6,159

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 9 Property, plant and equipment (Group)

	Assets under construction £000	Leasehold Improvements £000	Office equipment £000	Total £000
<b>Cost</b>				
<b>Balance at 1 January 2015</b>	980	1,673	16,647	19,300
Additions	433	-	2,897	3,330
Transfers	(888)	-	888	-
Disposals	-	(1,673)	(2,861)	(4,534)
Transfers to intangible assets	-	-	1,270	1,270
<b>Balance at 31 December 2015 and 1 January 2016</b>	<b>525</b>	<b>-</b>	<b>18,841</b>	<b>19,366</b>
Acquisitions through business combinations	-	-	409	409
Additions	-	-	2,266	2,266
Transfers to tangible assets	(525)	-	525	-
Disposals	-	-	(401)	(401)
Transfers to intangible assets	-	-	(2,867)	(2,867)
<b>Balance at 31 December 2016</b>	<b>-</b>	<b>-</b>	<b>18,773</b>	<b>18,773</b>
<b>Depreciation and impairment</b>				
<b>Balance at 1 January 2015</b>	-	1,673	11,432	13,105
Depreciation charge for the year	-	-	3,471	3,471
Disposals	-	(1,673)	(2,837)	(4,510)
<b>Balance at 31 December 2015 and at 1 January 2016</b>	<b>-</b>	<b>-</b>	<b>12,066</b>	<b>12,066</b>
Depreciation charge for the year	-	-	3,322	3,322
Acquisitions through business combinations	-	-	287	287
Transfers to intangible assets	-	-	(1,272)	(1,272)
Disposals	-	-	(342)	(343)
<b>Balance at 31 December 2016</b>	<b>-</b>	<b>-</b>	<b>14,061</b>	<b>14,061</b>
<b>Net book value</b>				
At 1 January 2015	980	-	5,215	6,195
At 31 December 2015 and 1 January 2016	525	-	6,775	7,300
<b>At 31 December 2016</b>	<b>-</b>	<b>-</b>	<b>4,712</b>	<b>4,712</b>

None of the assets included above are held under finance leases.

The Company holds no tangible fixed assets.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 10 Intangible assets

	Group						
	Databases and purchased data assets £000	Deferred development expenditure £000	Customer contracts £000	Software £000	Goodwill £000	Assets under construction £000	Total £000
<b>Cost</b>							
Balance at 1 January 2015	15,670	30,583	6,964	2,875	45,535	3,386	105,013
Additions	1,163	2,434	-	-	-	2,953	6,550
Disposals	(13,152)	(530)	-	-	-	(194)	(13,876)
Transfers	2,062	1,209	-	-	-	(3,271)	-
Transfers to tangible fixed assets	-	(1,270)	-	-	-	-	(1,270)
<b>Balance at 31 December 2015 and 1 January 2016</b>	<b>5,743</b>	<b>32,426</b>	<b>6,964</b>	<b>2,875</b>	<b>45,535</b>	<b>2,874</b>	<b>96,417</b>
Acquisitions through business combinations	-	-	4,900	5,525	25,523	-	35,948
Additions	1,084	3,119	-	1,359	-	2,715	8,277
Disposals	(208)	(2,696)	-	(1)	-	-	(2,905)
Transfers	(2,605)	5,912	-	1,955	-	(2,254)	3,008
Transfers to other intangibles	1	3,067	-	-	-	(3,068)	-
<b>Balance at 31 December 2016</b>	<b>4,015</b>	<b>41,828</b>	<b>11,864</b>	<b>11,713</b>	<b>71,058</b>	<b>267</b>	<b>140,745</b>
<b>Amortisation and impairment</b>							
Balance at 1 January 2015	11,544	16,748	2,635	1,117	349	130	32,523
Amortisation for the year	2,024	2,034	918	301	-	-	5,277
Disposals	(13,138)	(518)	-	-	-	(130)	(13,786)
<b>Balance at 31 December 2015 and 1 January 2016</b>	<b>430</b>	<b>18,264</b>	<b>3,553</b>	<b>1,418</b>	<b>349</b>	<b>-</b>	<b>24,014</b>
Amortisation for the year	1,393	2,992	1,135	1,935	-	-	7,455
Impairment charge	-	-	230	-	1,155	-	1,385
Transfers	-	1,267	-	146	-	-	1,413
Disposals	(149)	(303)	-	-	-	-	(452)
Additions through business combinations	-	-	-	209	-	-	209
<b>Balance at 31 December 2016</b>	<b>1,674</b>	<b>22,220</b>	<b>4,918</b>	<b>3,708</b>	<b>1,504</b>	<b>-</b>	<b>34,024</b>
<b>Net book value</b>							
At 1 January 2015	4,126	13,835	4,329	1,758	45,186	3,256	72,490
At 31 December 2015 and 1 January 2016	<b>5,313</b>	<b>14,162</b>	<b>3,411</b>	<b>1,457</b>	<b>45,186</b>	<b>2,874</b>	<b>72,403</b>
At 31 December 2016	<b>2,341</b>	<b>19,608</b>	<b>6,946</b>	<b>8,005</b>	<b>69,554</b>	<b>267</b>	<b>106,721</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 10 Intangible assets (continued)

#### *Impairment testing*

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. These assumptions have been revised in the year in light of the future market performance expected. Management estimates discount rates using the pre-tax rates that reflect current market assessments of the time value of money. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next three years and extrapolates cash flows for the following years based on an estimated growth rate.

This is a prudent rate which does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows from the CGUs is 9.62%.

#### **Company**

The Company holds no intangible fixed assets.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 11 Investments in subsidiaries

## Shares in Subsidiary Undertakings

	Company	
	2016 £000	2015 £000
<b>Cost and Net Book Value</b>		
At start of period	68,444	68,089
Additions	34,502	355
Write off	(2,697)	-
<b>At end of period</b>	<b>100,249</b>	<b>68,444</b>

At 31 December 2016 the Company held interests in the following principal subsidiary undertakings.

Name of Subsidiary	Principal Business Activity	Type of Shares Held	Proportion of Shares Held (%)	Immediate Parent	Country of Incorporation and Operation
Callcredit Limited	Credit Referencing	Ordinary Shares	100	Callcredit Information Group Limited	England and Wales [1]
Callcredit Marketing Limited	Database Marketing	Ordinary Shares	100	Callcredit Information Group Limited	England and Wales [1]
Legatio Technologies Limited	Dormant company	Ordinary Shares	100	Callcredit Information Group Limited	England and Wales [1]
DecisionMetrics Limited	Decisioning Software and Scorecard Services	Ordinary Shares	100	Callcredit Information Group Limited	England and Wales [1]
Aspireview Inc	Provision of Data Analytics and Business Intelligence	Ordinary Shares	100	Callcredit Information Group Limited	United States of America [2]
process benchmarking limited	Benchmarking Services	Ordinary Shares	100	Callcredit Information Group Limited	England and Wales [1]
Call@credit plc	Dormant Company	Ordinary Shares	100	Callcredit Information Group Limited	England and Wales [1]
Orbitron Limited	Holding Company	Ordinary Shares	100	Callcredit Information Group Limited	England and Wales [1]
Callcredit Data Solutions Limited	Database Marketing	Ordinary Shares	100	Callcredit Information Group Limited	England and Wales [1]



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 11 Investments in subsidiaries (continued)

At 31 December 2016 the Company held interests in the following principal subsidiary undertakings (continued)

Name of Subsidiary	Principal Business Activity	Type of Shares Held	Proportion of Shares Held (%)	Immediate Parent	Country of Incorporation and Operation
Latitude Digital Marketing Limited	Digital Marketing Services	Ordinary Shares	100	Callcredit Information Group Limited	England and Wales [1]
Tenant ID Limited	Non-trading Company	Ordinary Shares	100	Callcredit Information Group Limited	England and Wales [1]
Callcredit Lead Generation Limited	Lead Generation and Data Broking	Ordinary Shares	100	Callcredit Information Group Limited	England and Wales [1]
GMAP Japan KK	Database Marketing	Ordinary Shares	100	Callcredit Information Group Limited	Japan [3]
Callcredit Operations UAB	Group Operations and Services	Ordinary Shares	100	Callcredit Information Group Limited	Lithuania [4]
GMAP Marketing Consulting Shanghai Co., Ltd	Marketing Services	Ordinary Shares	100	Callcredit Information Group Limited	People's Republic of China [5]
Coactiva Limited	Holding Company	Ordinary Shares	100	Callcredit Information Group Limited	England and Wales [1]
Callcredit Public Sector Limited	Provision of Data Analytics and Business Intelligence	Ordinary Shares	100	Coactiva Limited	England and Wales [1]
Smart Analytics Holdings Limited	Holding company	Ordinary Shares	100	Callcredit Information Group Limited	England and Wales [1]
Smart Analytics Limited	Customer Management Software and Solutions	Ordinary Shares	100	Smart Analytics Holdings Limited	England and Wales [1]
Smart Analytical Solutions Limited	Non-trading Company	Ordinary Shares	100	Smart Analytics Holdings Limited	England and Wales [1]

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 11 Investments in subsidiaries (continued)

At 31 December 2016 the Company held interests in the following principal subsidiary undertakings (continued)

Name of Subsidiary	Principal Business Activity	Type of Shares Held	Proportion of Shares Held (%)	Immediate Parent	Country of Incorporation and Operation
Recipero Limited	Mobile Device Fraud and Protection	Ordinary Shares	100	Callcredit Information Group Limited	England and Wales [1]
Recipero Inc	Mobile Device Fraud and Protection	Ordinary Shares	100	Recipero Limited	United States of America [6]
Immobilise.com Limited	Dormant Company	Ordinary Shares	100	Recipero Limited	England and Wales [1]
Appslock Limited	Dormant Company	Ordinary Shares	100	Recipero Limited	England and Wales [1]
CheckMend Limited	Dormant Company	Ordinary Shares	100	Recipero Limited	England and Wales [1]
Recipero Access B.V.	Mobile Device Fraud and Protection	Ordinary Shares	50	Recipero Limited	Netherlands [7]

[1] Registered address: One Park lane, Leeds, LS3 1EP

[2] Registered address: Corporation Trust Centre, 1209 Orange Street, City of Wilmington, County of New Castle, State of Delaware 19801

[3] Registered address: 15/F Cerulean, Tower 26-1, Sakuragaoka-cho, Shibuya-ka, Tokyo, 150-8512, Japan

[4] Registered address: J. Jasinskio str. 16B, Vilnius, Lithuania

[5] Registered address: Room 1236, 12/F, Chongqing Finance Centre, 288 Nanjing Road (West), Shanghai, China

[6] Registered address: 720 S. Colorado Blvd. Denver, CO 80246, USA

[7] Registered address: Martinus Nijhofflaan 2, 2624 ES Delft, Netherlands

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 12 Deferred tax assets

## Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group			
	Assets		Liabilities	
	2016 £000	2015 £000	2016 £000	2015 £000
Property, plant and equipment	1,457	570	-	-
Intangibles assets	-	-	(2,215)	(906)
Other	281	475	-	-
Net tax assets / (liabilities)	<u>1,738</u>	<u>1,045</u>	<u>(2,215)</u>	<u>(906)</u>

## Movement in deferred tax during the prior year

	1 January 2015 £000	Recognised in income £000	31 December 2015 £000
Property, plant and equipment	380	190	570
Intangible assets	(1,441)	535	(906)
Other	673	(198)	475
	<u>(388)</u>	<u>527</u>	<u>139</u>

## Movement in deferred tax during the current year

	1 January 2016 £000	Recognised in income £000	Acquired in business combination £000	31 December 2016 £000
Property, plant and equipment	570	900	(13)	1,457
Intangible assets	(906)	417	(1,726)	(2,215)
Other	475	(194)	-	281
	<u>139</u>	<u>1,123</u>	<u>(1,739)</u>	<u>(477)</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 13 Trade and other receivables

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Trade receivables	56,734	51,488	-	-
Trade receivables due from related parties	1,847	-	-	-
Other receivables due from related parties	7,296	-	-	-
Prepayments and accrued income	18,579	7,798	43	-
VAT	-	-	-	18
Other receivables	555	1,442	61	58
Loan amounts due from group companies	-	7,605	-	7,579
	<u>1,656</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Non-current</b>				
<b>Current</b>	<u>83,355</u>	<u>68,333</u>	<u>104</u>	<u>7,655</u>
	<u>85,011</u>	<u>68,333</u>	<u>104</u>	<u>7,655</u>

Intercompany balances are repayable on demand. Intercompany loan balances are charged interest at LIBOR + 1%.

## 14 Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Bank balances	5,181	10,678	1,125	4,814
Cash and cash equivalents	<u>5,181</u>	<u>10,678</u>	<u>1,125</u>	<u>4,814</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 15 Trade and other payables

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
<b>Current</b>				
Trade payables	6,730	8,389	158	-
Trade payables due to related parties	1,317	-	185	-
Loan amounts owed to group undertakings	14,011	-	74,855	45,912
Accruals and deferred income	23,411	21,797	70	2,674
Social security and other taxes	1,801	1,417	-	489
VAT	5,761	7,458	36	-
Deferred Consideration	8,357	489	8,357	-
Other payables	179	-	108	-
	<u>4,702</u>	<u>-</u>	<u>4,702</u>	<u>-</u>
<b>Non-current</b>				
	56,865	39,550	79,067	49,075
	<u>61,567</u>	<u>39,550</u>	<u>83,769</u>	<u>49,075</u>

Intercompany balances are repayable on demand. Intercompany loan balances are charged interest at LIBOR + 1%.

## 16 Employee benefits

## Pension plans

## Defined contribution plans

The Group operates a defined contribution pension plan.

The total expense relating to these plans in the current year was £1.9m (2015: £1.2m).

No pension expenses were incurred by the Company.

## 17 Capital and reserves

	2016	2015
	£000	£000
Allotted, called up and fully paid		
6,666,240 Ordinary shares of £0.10 each	667	667
	<u>667</u>	<u>667</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 17 Capital and reserves (continued)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

#### *Translation reserve*

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

### 18 Financial instruments

#### 18 (a) Fair values of financial instruments

The Group's financial instruments include trade and other receivables, trade and other payables, cash and cash equivalents and interest bearing borrowings. The fair values for each class of financial assets and financial liabilities together are not materially different from their carrying amount.

#### *Trade and other receivables and trade and other payables, debt and cash*

The fair value of trade and other receivables, trade and other payables and debt are assessed based upon discounted cash flows at prevailing interest rates. Cash and cash equivalents approximate to their book values.

#### *Derivative financial instruments*

The Group has no derivative financial instruments.

#### 18 (b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, mainly banking institutions and large companies in markets such as insurance, retail, gaming and government agencies.

Banking institutions are not considered to be a significant credit risk due to their size and financial resources. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the balance sheet date the directors believe that there were no significant concentrations of credit risk based on the size, age and nature of trade receivable balances as well as the historical recovery rates with these companies. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

It is mitigated by rigorous credit control, including the regular review of credit limits utilising data from credit agencies and the Group's own financial and marketing intelligence.

The Group is therefore, confident that those debts (both not yet due and past due) for which there is no provision, will be recovered in the forthcoming year. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**18 Financial instruments (continued)****18 (b) Credit risk (continued)***Credit quality of financial assets and impairment losses*

The aging of trade receivables at the balance sheet date was:

	Group			
	Gross	Impairment	Gross	Impairment
	2016	2016	2015	2015
	£000	£000	£000	£000
Not past due	44,921	(91)	37,136	(676)
Past due 0-30 days	7,089	(63)	7,332	(194)
Past due 31-120 days	5,290	(189)	6,341	(387)
More than 120 days	2,491	(867)	3,151	(1,215)
	<u>59,791</u>	<u>(1,210)</u>	<u>53,960</u>	<u>(2,472)</u>

	Group	
	2016	2015
	£000	£000
Balance at 1 January	(2,472)	(3,015)
Impairment loss recognised	(985)	(3,826)
Impairment loss reversed	1,530	3,859
Debtors written off	717	510
Balance at 31 December	<u>(1,210)</u>	<u>(2,472)</u>

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

No trade receivables balances were held by the Company.

**18 (c) Liquidity risk***Financial risk management*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group finances its operations through a mixture of cash from retained profits and bank borrowings. The Group has continued with its policy of ensuring that there are sufficient funds to meet the expected funding requirements of the Group's operations and investment opportunities. The Group has continued to monitor its liquidity position through budgetary procedures and cash flow analysis.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 18 Financial instruments (continued)

#### 18 (d) Market risk

##### *Financial risk management*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Interest expense reflects the cost of the Group's borrowings. Interest income arises from investment of cash and short term deposits held by the Group. Interest rate risk is managed by monitoring market rates to ensure that optimal returns are achieved and the Group has taken out an interest rate cap to hedge against a significant increase in interest rates.

The Group predominately operates within the UK and therefore the risks to movement in foreign exchange rates are not significant. Exchange rate is managed through the use of foreign currency bank accounts where foreign payments and receipts are transacted creating a natural hedge.

##### *Interest rate risk*

Interest expense reflects the cost of the Group's borrowings. Interest income arises from investment of cash and short term deposits held by the group. Interest rate risk is managed by monitoring market rates to ensure that optimal returns are achieved and through an interest rate cap which is measured at fair value.

#### 18 (e) Capital management

The Group's objectives when managing capital, equity and borrowings, is to safeguard the Group as a going concern and provide returns for the shareholders and other stakeholders by maintaining an optimal capital structure. The Group's overall strategy remains unchanged from the prior year.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**19 Operating leases**

Non-cancellable operating lease rentals are payable as follows:

Land and buildings:

	<b>Group</b>	
	<b>2016</b>	2015
	<b>£000</b>	£000
Less than one year	1,880	1,950
Between one and five years	7,030	6,014
More than five years	7,283	-
	<u>16,193</u>	<u>7,964</u>

Other:

	<b>Group</b>	
	<b>2016</b>	2015
	<b>£000</b>	£000
Less than one year	63	204
Between one and five years	17	53
	<u>80</u>	<u>257</u>

The Group leases all offices that it operates from. The main office based in Leeds has a lease agreement running to November 2026.

**Group**

During the year £2,469k was recognised as an expense in the profit and loss account in respect of operating leases (2015: £2,127k).

**Company**

No leases are held by the Company.

**20 Commitments***Capital commitments*

Neither the Group nor the Company had any capital commitments in the current or prior years.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 21 Related parties

*Transactions with key management personnel*

The compensation of key management personnel including the directors is as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Key management remuneration including social security costs	<b>2,849</b>	2,266
Company contributions to money purchase pension plans	<b>64</b>	226
Compensation for loss of office	<b>-</b>	320
	<b>2,913</b>	<b>2,812</b>

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Interest receivable from Parent Company	<b>152</b>	1,017	<b>152</b>	1,018
Interest payable from Subsidiary Companies	<b>-</b>	-	<b>(1,326)</b>	(730)
	<b>152</b>	<b>1,017</b>	<b>(1,174)</b>	<b>288</b>

	<b>Group</b>			
	<b>Receivables outstanding</b>		<b>Payables outstanding</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Ultimate Parent of the Company	<b>-</b>	7,605	<b>(14,011)</b>	-
Fellow Subsidiary Companies	<b>9,143</b>	-	<b>(1,317)</b>	-
	<b>9,143</b>	<b>7,605</b>	<b>(15,328)</b>	<b>-</b>

	<b>Company</b>			
	<b>Receivables outstanding</b>		<b>Payables outstanding</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Ultimate Parent of the Company	<b>-</b>	7,579	<b>(14,011)</b>	-
Subsidiary Companies	<b>-</b>	-	<b>(61,029)</b>	(45,912)
	<b>-</b>	<b>7,579</b>	<b>(75,040)</b>	<b>(45,912)</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### **21 Related parties (continued)**

There is an inter-company guarantee between Callcredit Information Group Limited and its subsidiaries. All balances are expected to be settled in cash.

No amounts have been written off and there are no provisions in respect of sales of goods and services to Related Parties at 31 December 2015 or 31 December 2016.

On 1<sup>st</sup> January 2016, the trade and assets of the Consumer business were transferred to Callcredit Consumer Limited from Callcredit Limited. As a result of this transaction, the Group recognised a gain on disposal of £6.1m.

On the same date and immediately following the transfer, there was a share issuance in Callcredit Consumer Limited and with effect from this date Callcredit Information Group's holding in Callcredit Consumer Limited was dilute to 19.9% and as such no longer consolidates the result of this business.

### **22 Ultimate parent company and parent company of larger group**

The Company is a subsidiary undertaking of Crown Acquisition Bidco Limited which is the immediate parent company, incorporated in the UK. The ultimate parent company and ultimate controlling party is Crown Acquisition Topco Limited.

The largest group in which the results of the company are consolidated is that headed by Crown Acquisition Topco Limited, incorporated in the United Kingdom. The consolidated financial statements of these groups are available to the public and may be obtained from The Secretary, One Park Lane, Leeds, LS3 1EP.