

Runpath Group Limited

Annual report and financial statements
for the year ended 31 March 2020

Company registered number 06824947

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Runpath Group Limited

Annual report and financial statements

for the year ended 31 March 2020

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Runpath Group Limited

Directors and other information

Directors

C L Butterworth (resigned 3 February 2020)
J M Cattanach
M J Pape (resigned 10 March 2020)
M E Pepper
D Bates (appointed 5 June 2020)

Company secretary

R P Hanna

Registered office

The Sir John Peace Building
Experian Way
Ng2 Business Park
Nottingham
NG80 1ZZ

Independent auditor

KPMG LLP
Chartered Accountants and Statutory Auditors
St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

Runpath Group Limited

Strategic report

for the year ended 31 March 2020

Business overview

Runpath Group Limited ('the Company') is a member of the Experian plc Group ('the Group').

The principal activity of the Company is as a technology and digital media business specialising in content, tools, service provision, product comparison, knowledge management and agency services, to consumers and to businesses, for finance and other verticals.

The Company's performance for the year is contained in the directors' report on page 3, which forms part of the strategic report.

Principal risks and uncertainties

The management of the business and the execution of our strategy are subject to a number of risks. The principal risks and uncertainties the Group faces, together with the main means by which they are managed or mitigated, are set out on pages 63 to 70 of the Experian annual report. The key business risks and uncertainties affecting the Company are consistent with the Group and are considered to relate to data security, information systems and regulation.

We continue to assess the risk arising from the UK's referendum decision to leave the EU and have a Brexit Response programme and Steering Committee. We will consider what action is needed as more information on the impact of Brexit becomes available. We do not expect any material financial impact on the Company.

The emergence of COVID-19 has impacted several of our principal risks, the details of which are set out on pages 63 to 70 of the Experian plc annual report. We have implemented multiple senior management steering groups to understand, analyse and seek to mitigate the impact of COVID-19. Our first priority continues to be the health, safety and well-being of our employees, clients and consumers.

Key performance indicators

As the Company's relevant risks are managed on a Group or divisional basis, the directors believe that a analysis using key performance indicators for the Company in isolation is not necessary or appropriate for an understanding of its development, performance or position. Information on the Group's key performance indicators is given on pages 14 and 15 of the Experian annual report.

By order of the board



D Bates
Director

28 August 2020

The Company's registered number is 06824947.

Runpath Group Limited

Directors' report

for the year ended 31 March 2020

The directors present their report and the audited financial statements for the year ended 31 March 2020. Runpath Group Limited's registered number is 06824947.

Principal activity

The Company's principal activity is as a technology and digital media business specialising in content, tools, service provision, product comparison, knowledge management and agency services, to consumers and to businesses, for finance and other verticals.

Results and dividends

The profit for the financial year was £606,000 (2019: loss £319,000). The directors do not recommend the payment of a dividend and the profit for the year has been transferred to reserves.

Future development

The Company will continue to pursue a strategy of focused growth, leveraging its digital expertise for the benefit of its own consumers and for its expanding network of distribution partners.

Post balance sheet events

There have been no post balance sheet events.

Financial risk management

The directors monitor the risks facing the Company with reference to its exposure to foreign exchange, interest rate, price, credit, and liquidity. They are confident that there are suitable policies in place and there are no material risks and uncertainties which have not been considered. The most significant of these risks is credit risk.

The Company has processes that require appropriate credit checks on potential clients and customers before sales are made. The amount of exposure to any counterparty is subject to a limit, which is reassessed periodically.

Most aspects of exposures to foreign exchange, interest rate, and liquidity risk are managed on a Group basis and are discussed in note 8 to the group financial statements of Experian plc in the Experian annual report.

The Company has no significant exposure to funding or liquidity risks. It meets its day-to-day working capital requirements through borrowings, as required, from group companies, and through its cash balances. The Group ensures that the Company has access to sufficient funds for operations and planned growth.

Going concern

The Company financial statements have been prepared on the going concern basis, notwithstanding its net current liabilities as at 31 March 2020 of £3,427,000 (£2019: £5,784,000), which the directors believe to be appropriate on the basis that Experian plc has given an undertaking to support the Company for at least twelve months from the date of signing the financial statements.

Directors

The directors holding office during the year and up to the date of this report were:

C L Butterworth	(resigned 3 February 2020)
J M Cattanach	
M J Pape	(resigned 10 March 2020)
M E Pepper	
D Bates	(appointed 5 June 2020)

Runpath Group Limited

Directors' report (continued)

Insurance and third party indemnification

During the year and up to the date of signing of this report the Company, through the Group, maintained liability insurance and third party indemnification provisions (which are a qualifying third party indemnity provision for the purposes of the Companies Act 2006) for its directors and the company secretary.

Research and development

Research and product development are a high priority in driving the Company's growth. However, certain development costs are now borne by Experian Technology Limited, a fellow group company, which owns the rights to the related intellectual property and licences its use to the Company.

Employee involvement

Runpath Group Limited regularly reviews its employment policies and processes. The Company promotes a healthy and safe working environment, and is committed to the continuous development of its people.

The Company is committed to employee involvement throughout the business and is intent on motivating and keeping staff informed on matters that concern them in the context of their employment and involving them through local consultative procedures. Employees are kept well informed on matters of concern and the financial and economic factors affecting the Company's and Group's performance through management channels, conferences, meetings, publications, and an internal social networking and intranet site.

The Group continues to support employee share ownership through the provision of save as you earn and other employee share plan arrangements intended to align the interests of employees with those of shareholders.

Employment of people with disabilities

People with disabilities have equal opportunities when applying for vacancies. In addition to complying with legislative requirements, procedures are in place to ensure that disabled employees are treated fairly and that their training and career development needs are carefully managed. For those employees becoming disabled during the course of their employment, the Company is supportive, whether through retraining or redeployment, so as to provide an opportunity for them to remain with the Company whenever possible.

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Runpath Group Limited

Directors' report (continued)

Statement of disclosure of information to auditor

As at the date this report was signed, so far as each director is aware:

- there is no relevant audit information of which the auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

In accordance with 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



D Bates
Director

28 August 2020

Runpath Group Limited

Independent auditor's report to the members of Runpath Group Limited

Opinion

We have audited the financial statements of Runpath Group Limited ("the Company") for the year ended 31 March 2020 which comprise the Profit and Loss account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 4.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Runpath Group Limited

Independent auditor's report to the members of Runpath Group Limited

(continued)

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

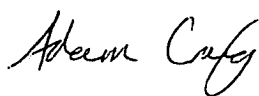
Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Adam Craig (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

St Nicholas House

Park Row

Nottingham

NG1 6FQ

4 September 2020

Runpath Group Limited
Profit and loss account
for the year ended 31 March 2020

	Notes	2020 £'000	2019 £'000
Turnover	6	13,085	8,338
Own work capitalised		2,840	-
		15,925	8,338
Staff costs	7	(5,493)	(4,908)
Depreciation and other amounts written off tangible and intangible fixed assets	13,14	(631)	(116)
Other operating charges		(7,800)	(3,510)
Operating profit/(loss)		2,001	(196)
Income from shares in group undertakings		-	2
Interest receivable and similar income	9	1	2
Interest payable and similar charges	10	(117)	-
Profit/(loss) before tax	11	1,885	(192)
Tax on profit/(loss)	12	(1,279)	(127)
Profit/(loss) for the financial year		606	(319)

Statement of comprehensive income

for the year ended 31 March 2020

Total comprehensive income/(expense) for the financial year is equal to the profit/(loss) for the financial year

Runpath Group Limited

Balance sheet

at 31 March 2020

	Notes	2020 £'000	2019 £'000
Non-current assets			
Tangible assets	13	1,708	547
Intangible assets	14	2,945	-
Deferred tax	19	-	902
Debtors	16	3,626	6,073
		8,279	7,522
Current assets			
Debtors	16	14,264	13,242
Cash at bank and in hand		-	28
		14,264	13,270
Current liabilities			
Creditors: amounts falling due within one year	17	(17,691)	(19,054)
Net current liabilities		(3,427)	(5,784)
Total assets less current liabilities		4,852	1,738
Creditors: amounts falling due after more than one year	18	(2,508)	-
Net assets		2,344	1,738
Equity			
Called up share capital	20	1	1
Share premium account	21	500	500
Profit and loss account	22	1,843	1,237
Total shareholder's funds		2,344	1,738

The financial statements on pages 8 to 25 were approved by the board of directors on 28 August 2020 and signed on its behalf by:



D Bates
Director

The Company's registered number is 06824947.

Runpath Group Limited
Statement of changes in equity
year ended 31 March 2020

	Called up share capital (Note 20) £'000	Share premium account (Note 21) £'000	Profit and loss account (Note 22) £'000	Total £'000
At 1 April 2018	1	500	1,556	2,057
Profit for the financial year	-	-	(319)	(319)
At 31 March 2019	1	500	1,237	1,738
Profit for the financial year	-	-	606	606
At 31 March 2020	1	500	1,843	2,344

Runpath Group Limited

Notes to the financial statements

for the year ended 31 March 2020

1 Corporate information

Runpath Group Limited ('the Company') is a private company limited by shares, incorporated and domiciled in England and Wales. Its registered office is at The Sir John Peace Building, Experian Way, NG2 Business Park, Nottingham, NG80 1ZZ and its registered number is 06824947.

2 Basis of preparation

These financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards.

Going concern

Notwithstanding net current liabilities of £3,427,000 as at 31 March 2020, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through the ongoing availability of funds under the Group's cash pooling arrangement and funding from its intermediate parent company, Experian Finance plc, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Experian Finance plc not seeking repayment of the amounts currently due to the group, which at 31 March 2020 amounted to £11,387,000, and providing additional financial support during that period. Experian Finance plc has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Group financial statements exemption

The Company is a wholly-owned subsidiary of Experian plc and is included in its group financial statements, which are publicly available. Therefore, the Company is exempt from the requirement to prepare group financial statements under the Companies Act 2006. Accordingly, the Company's financial statements are separate financial statements.

Financial Reporting Standard ('FRS') 101 'Reduced disclosure framework' ('FRS 101')

The Company's financial statements are prepared in accordance with the requirements of Financial Reporting Standard ('FRS') 100 'Application of financial reporting requirements', the directors have opted to prepare these financial statements in accordance with FRS 101 'Reduced disclosure framework'.

FRS 101 allows certain exemptions from the requirements of International Financial Reporting Standards ('IFRS') to avoid the duplication of information provided in the group financial statements and to provide more concise financial reporting in entity financial statements. The following exemptions have therefore been applied in the preparation of these financial statements:

- Paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based payment', so exempting the Company from providing details of share options and of how the fair value of services received was determined.
- IFRS 7 'Financial instruments: disclosures'.
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement', so exempting the Company from disclosing valuation techniques and inputs used for the measurement of assets and liabilities.
- Paragraph 38 of IAS 1 'Presentation of financial statements', so exempting the Company from disclosing comparative information required by:
 - paragraph 79(a)(iv) of IAS 1 – shares outstanding at the beginning and at the end of that period;
 - paragraph 73(e) of IAS 16 'Property, plant and equipment' – reconciliations between the carrying amount at the beginning and end of that period; and
 - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1:
 - paragraphs 10(d) and 111, so exempting the Company from providing a cash flow statement and information;
 - paragraph 16, so exempting the Company from providing a statement of compliance with all IFRS;
 -

Runpath Group Limited

Notes to the financial statements (continued)

for the year ended 31 March 2020

2 Basis of preparation (continued)

- paragraph 38A, so exempting the Company from the requirement for a minimum of two of each primary statement and the related notes;
 - paragraphs 38B to D, so exempting the Company from the requirement to provide additional comparative information;
 - paragraphs 40A to D, so exempting the Company from the requirement to provide a third statement of financial position; and
 - paragraphs 134 to 136, so exempting the Company from presenting capital management disclosures.
- IAS 7 'Statement of cash flows'.
 - Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors', so exempting the Company from disclosing information where it has not applied a new IFRS which has been issued but is not yet effective.
 - Paragraph 17 of IAS 24 'Related party disclosures', so exempting the Company from disclosing details of key management compensation.
 - The requirements in IAS 24 'Related party disclosures' to disclose related party transactions with wholly-owned members of the Group.
 - The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers', exempting the Company from the requirement to provide additional revenue disclosure information.

The use of critical accounting estimates and management judgment is required in applying the accounting policies. Areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the Company's financial statements, are highlighted in note 5.

3 Changes in accounting standards

Accounting standards, amendments or interpretations effective for the first time in the year ended 31 March 2020 which have a material impact on the Company financial statements are detailed below.

IFRS 16 'Leases'

With effect from 1 April 2019, the Company has adopted IFRS 16 'Leases' which replaces IAS 17 'Leases'.

IFRS 16 removes the distinction between finance and operating leases, bringing the majority of leases onto the balance sheet for the first time. As a lessee, we have recognised both right-of-use assets and lease liabilities on our balance sheet, increasing both assets and financial liabilities.

In accordance with the IFRS 16 transition guidance, we have adopted the new rules using the modified retrospective approach which allows the matching of the opening right-of-use assets with the opening lease liabilities on 1 April 2019. Under this approach, no restatement of comparative information is required.

We have used the following practical expedients when adopting IFRS 16:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Relied on our previous assessment as to whether leases are onerous under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', at 31 March 2019, rather than performing impairment tests on transition.
- Excluded initial direct costs from the measurement of the right-of-use assets at 1 April 2019.

The incremental borrowing rate applied to lease liabilities on initial recognition at 1 April 2019 was 4.2%.

There was no material difference between the operating lease commitments disclosed at 31 March 2019 under IAS 17, discounted using the incremental borrowing rate on initial recognition, and the lease liabilities recognised in the Company balance sheet at 1 April 2019.

Impact of adoption

The following tables summarise the pro forma IFRS 16 impact on the profit and loss account and the balance sheet. Line items that were not affected by the changes have not been included

Runpath Group Limited
Notes to the financial statements (continued)
for the year ended 31 March 2020

3 Changes in accounting standards (continued)

The operating lease expense previously reported under IAS 17 on a straight-line basis has been replaced by depreciation of right-of-use assets and interest on the lease liabilities with no material impact on our operating results.

Balancesheet (extract)

at 31 March 2019

	As at 31 March 2019 £m	IFRS 16 adjustment £m	At 1 April 2019 £m
Non-current assets			
Property plant and equipment	547	1,518	2,065
Current liabilities			
Accruals (deferred rent)	(866)	269	(597)
Lease liabilities	-	(601)	(601)
Non-current liabilities			
Lease liabilities	-	(1,186)	(1,186)
Other	2,057	-	2,057
Net assets	1,738	-	1,738
Equity			
Called up share capital	1	-	1
Share premium account	500	-	500
Profit and loss account	1,237	-	1,237
Total shareholder's funds	1,738	-	1,738

4 Summary of significant accounting policies

The significant accounting policies applied are summarised below. Except as described in note 3, they have been consistently applied to both years presented. The explanations of these policies focus on areas where judgment is applied or which are particularly important in the financial statements. Content from accounting standards, amendments and interpretations is excluded where there is no policy choice under IFRS.

Functional and presentation currency

The financial statements are presented in pounds sterling (£), the Company's functional currency.

Foreign currency translation

Experian follows IAS 21 'The effects of changes in foreign exchange rates'. Transactions in foreign currencies are recorded at the rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. All differences are taken to the profit and loss account in the year in which they arise.

Tangible assets (note 13)

Tangible fixed assets are held at cost less accumulated depreciation, in accordance with IAS 16 'Property, plant and equipment'. Depreciation is charged on a straight-line basis, over the following periods:

Short-term leasehold properties - over the remaining period of the lease
Plant and machinery, fixtures and fittings - 3 to 10 years

Runpath Group Limited

Notes to the financial statements (continued)

for the year ended 31 March 2020

4 Summary of significant accounting policies (continued)

Intangible assets (note 14)

The Company follows IAS 38 'Intangible assets' and IAS 36.

Goodwill is stated at cost less any accumulated impairment. Goodwill is not amortised but tested annually for impairment.

Customer relationships acquired as part of a business combination are capitalised on acquisition at fair value and recognised separately from goodwill. The costs are amortised on a straight-line basis over four to five years.

Software development acquired as part of a business combination is capitalised on acquisition at fair value. The costs are amortised on a straight-line basis over four years.

Capitalised databases, comprising the data purchase and data capture costs of internally developed databases, are amortised on a straight-line basis over three to five years.

Computer software licences purchased for internal use are capitalised on the basis of the costs incurred to purchase and bring into use the specific software. These costs are amortised on a straight-line basis over three to five years.

Internally generated software costs directly associated with the production of identifiable and unique software products controlled by the Company, that will generate economic benefits beyond one year, are recognised as intangible assets. These costs are amortised on a straight-line basis over three to ten years.

Investments in group undertakings (note 15)

Shares in group undertakings are held at cost less accumulated impairment charges.

Trade debtors (note 16)

Trade debtors and contract assets are initially recognised at fair value and subsequently measured at this value less loss allowances. Where the time value of money is material, debtors are then carried at amortised cost using the effective interest rate method, less loss allowances.

A loss allowance is established when there is objective evidence that we will not be able to collect all amounts due according to their original terms. Such evidence is based primarily on the pattern of cash received, compared to the terms upon which contract assets and receivables are agreed. We apply the IFRS 9 simplified lifetime expected credit loss approach. Expected credit losses are determined using a combination of historical experience and forward-looking information. Impairment losses or credits in respect of trade debtors and contract assets are recognised in the profit and loss account, within other operating charges.

Trade creditors (note 17)

Trade creditors and contract liabilities are recognised initially at fair value. Where the time value of money is material, creditors and contract liabilities are then carried at amortised cost using the effective interest rate method.

Leases (note 24)

The Company undertakes an assessment of whether a contract is or contains a lease at its inception. The assessment establishes whether the Company obtains substantially all the economic benefits from the use of an asset and whether we have the right to direct its use.

Low-value lease payments are recognised as an expense, on a straight-line basis over the lease term. For other leases we recognise both a right-of-use asset and a lease liability at the commencement date of a lease contract.

The right-of-use asset is initially measured at cost, comprising the initial amount of the lease liability adjusted for payments made at or before the commencement date, plus initial direct costs and an estimate of the cost of any obligation to refurbish the asset or site, less lease incentives.

Subsequently, right-of-use assets are measured at cost less accumulated depreciation and impairment losses and are adjusted for any remeasurement of the lease liability. Depreciation is calculated on a straight-line basis over the shorter of the lease period or the estimated useful life of the right-of-use asset, which is determined on a basis consistent with purchased assets (see tangible asset accounting policy stated above).

The lease term comprises the non-cancellable period of a lease, plus periods covered by an extension option, if it is reasonably certain to be exercised, and periods covered by a termination option if it is reasonably certain not to be exercised.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted at the interest rate implicit in the lease or if that rate cannot be easily determined the Company's incremental borrowing rate.

Runpath Group Limited

Notes to the financial statements (continued)

for the year ended 31 March 2020

4 Summary of significant accounting policies (continued)

Lease payments comprise payments of fixed principal, less any lease incentives, variable elements linked to an index, guaranteed residuals or buy-out options that are reasonably certain to be exercised. It includes payments in respect of optional renewal periods where these are reasonably certain to be exercised or early termination payments where the lease term reflects such an option.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When a lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in the Company income statement if the asset is fully depreciated.

The Company presents right-of-use assets within property, plant and equipment and lease liabilities within borrowings in the Company balance sheet.

Turnover and revenue recognition (note 6)

Turnover is stated net of any sales taxes, rebates and discounts.

Revenue recognition

Turnover is recognised to represent the transfer of promised services to customers in a way that reflects the consideration expected to be received in return. Total consideration from contracts with customers is allocated to the performance obligations identified based on their standalone selling price, and is recognised when those performance obligations are satisfied and the control of goods or services is transferred to the customer, either over time or at a point in time.

- Software licence and delivery services are primarily accounted for as a single performance obligation, with turnover recognised when the combined offering is delivered to the customer. These services are distinguished between Experian-hosted solutions, where turnover is spread over the period that the service is available to the customer, and on-premise software licence arrangements, where turnover is recognised on delivery completion.
- The delivery of support and maintenance agreements is generally considered to be a separate performance obligation and turnover is recognised on a straight-line basis over the term of the maintenance period.
- Professional services turnover which form a separate performance obligation are recognised as the services are delivered.

Accrued income

Accrued income balances, which represent the right to consideration in exchange for goods or services that we have transferred to a customer, are assessed as to whether they meet the definition of a contract asset:

- When the right to consideration is conditional on something other than the passage of time, a balance is classified as a contract asset. This arises where there are further performance obligations to be satisfied as part of the contract with the customer and typically includes balances relating to software licensing contracts;
- When the right to consideration is conditional only on the passage of time, the balance does not meet the definition of a contract asset and is classified as an unbilled receivable. This typically arises where the timing of the related billing cycle occurs in a period after the performance obligation is satisfied.

Contract costs

Certain costs incurred prior to the satisfaction or partial-satisfaction of a performance obligation are also deferred as contract costs and these are amortised on a systematic basis consistent with the pattern of transfer of the related goods or services.

- Costs to obtain a contract predominantly comprise sales commissions costs.
- Costs to fulfil a contract predominantly comprise of labour costs directly relating to the implementation services provided.

Contract liabilities

Contract liabilities arise when we have an obligation to transfer future goods or services to a customer for which we have received consideration, or the amount is due, from the customer and include both deferred income balances and specific reserves.

Tax (note 12)

The tax expense for the year comprises current and deferred tax. The tax charge for the year is recognised in the profit and loss account, except for tax on items recognised in other comprehensive income or directly in shareholder's funds.

Runpath Group Limited

Notes to the financial statements (continued)

for the year ended 31 March 2020

4 Summary of significant accounting policies (continued)

Current tax is calculated on the basis of the tax laws substantively enacted at the balance sheet date.

Deferred tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

Deferred tax assets are recognised in respect of tax losses carried forward and other temporary differences, only to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities.

Recent accounting developments

There are no new standards, amendments to existing standards or interpretations that are not yet effective that are expected to have a material impact on the Group. Such developments are routinely reviewed by the Group and its financial reporting systems are adapted as appropriate.

5 Critical accounting estimates, assumptions and judgments

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amount of turnover, costs and charges, assets and liabilities and the disclosure of contingent liabilities. The financial statements do not include any significant judgments or estimates.

6 Turnover

Turnover is predominantly with UK clients and customers.

The timing of revenue recognition in relation to these is discussed in note 4.

Significant changes in contract balances

The majority of software licences are invoiced annually in advance. Where these licences relate to Experian-hosted solutions, revenue is recognised over the period that the service is available to the customer, creating a contract liability. Delivery services are generally invoiced during the delivery period, creating a contract liability for the advanced consideration until the delivery is complete. Where the delivery relates to Experian-hosted solutions, revenue is recognised over the period that the service is available to the customer, reducing the contract liability over time. Where the delivery relates to an on-premise solution, the contract liability is released on delivery completion. Support and maintenance agreements are often invoiced annually in advance, creating a contract liability, which is released over the term of the maintenance period as revenue is recognised.

Revenue recognised in the year of £7,348,000 (2019: £6,211,000) was included in the opening contract liability. Cash received in advance not recognised as revenue in the year was £1,789,000 (2019: £10,160,000).

Contract costs

The carrying amount of assets recognised from costs to fulfil contracts with customers at 31 March 2020 is £3,855,000 (2019: £7,666,000).

Amortisation of contract costs in the year is £6,314,000 (2019: £4,091,000) with no recognised impairment losses (2019: £nil). Contract costs are amortised on a systematic basis consistent with the pattern of transfer of the related goods or services. A portfolio approach has been applied to calculate contract costs for contracts with similar characteristics, where the Company reasonably expects that the effects of applying a portfolio approach does not differ materially from calculating the amounts at an individual contract level.

Runpath Group Limited
Notes to the financial statements (continued)

for the year ended 31 March 2020

7 Staff costs and numbers

Staff costs

	2020 £'000	2019 £'000
Wages and salaries	4,456	4,019
Social security costs	798	739
Total pension costs	239	150
	5,493	4,908

Staff numbers - monthly averages

	2020 Number	2019 Number
Development and delivery	86	81
Administrative and other	5	5
Sales and marketing	19	19
	110	105

8 Directors' remuneration

	2020 £'000	2019 £'000
Aggregate emoluments (excluding employer's pension contributions)	-	-

Retirement benefits are accruing to no directors (2019: none) under a defined contribution pension plan.

The directors were remunerated by fellow subsidiary undertakings of Experian plc in respect of their services to the Group as a whole and received no remuneration from any company specifically in respect of their directorships of the Company in 2020 and 2019. This is on the basis that the services provided by the directors to the Company are insignificant and an amount in respect of these services cannot be realistically attributed.

Runpath Group Limited
Notes to the financial statements (continued)
for the year ended 31 March 2020

9 Interest receivable and similar income

	2020 £'000	2019 £'000
Interest receivable from other group undertakings	-	1
Bank deposit and other interest	1	1
	1	2

10 Interest payable and similar charges

	2020 £'000	2019 £'000
Interest on lease liabilities	71	-
Interest payable to other group undertakings	28	-
Foreign exchange losses on intra-group financing	18	-
	117	-

11 Profit/(loss) before tax

Profit/(loss) before tax is stated after charging:

	2020 £'000	2019 £'000
Depreciation of tangible fixed assets (note 13)	631	116
Fees payable to the auditor for the audit of the Company's financial statements	16	15
Operating lease charge	-	365
Waiver of intercompany loan ¹	-	737

¹Amounts waived relating to the liquidation of Runpath Support Limited, Runpath Marketing Limited and Masterlist Limited in 2019.

Runpath Group Limited

Notes to the financial statements (continued)

for the year ended 31 March 2020

12 Tax on profit/(loss)

Analysis of charge/(credit) for the year

Tax expense/(credit) included in the profit and loss account

	2020 £'000	2019 £'000
Current tax:		
UK corporation tax on the profit/(loss) for the year	362	(366)
Adjustments in respects of prior years	14	-
Total current tax	376	(366)
Deferred tax:		
Origination and reversal of timing differences	919	470
Adjustments in respect of prior years	(16)	23
Total deferred tax	903	493
Tax on profit/(loss)	1,279	127

Factors affecting the total tax charge for the year

The tax charge for the year is at a rate higher (2019: higher) than the main rate of UK corporation tax of 19% (2019: 19%). The differences are explained below.

Reconciliation of tax charge

	2020 £'000	2019 £'000
Profit/(loss) before tax	1,885	(192)
Profit/(loss) multiplied by the main rate of UK corporation tax	358	(36)
Effects of:		
Adjustment in respect of prior years	(2)	23
Adjustment in respect of previously recognised tax losses	925	-
Items not taxable	(2)	(340)
Expenses not deductible for tax purposes	-	480
Tax charge for the year	1,279	127

A reduction in the main rate of UK corporation tax from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that the rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. In the foreseeable future, the Company's tax liability will continue to be influenced by the nature of its income and expenditure, the ability of its parent group to surrender UK tax losses to it and could be affected by changes in UK tax law.

Runpath Group Limited
Notes to the financial statements (continued)
for the year ended 31 March 2020

13 Tangible assets

	Shot-term leasehold properties £'000	Plant and machinery, fixtures and fittings £'000	Right of use assets - buildings £'000	Total £'000
Cost				
At 1 April 2019	455	417	-	872
Recognition of right of use assets on initial application of IFRS 16	-	-	1,518	1,518
Additions ¹	-	-	274	274
At 31 March 2020	455	417	1,792	2,664
Depreciation				
At 1 April 2019	124	201	-	325
Charge for the year	45	60	526	631
At 31 March 2020	169	261	526	956
Net book amount				
At 31 March 2020	286	156	1,266	1,708
At 31 March 2019	331	216	-	547

¹ Additions during the year relate to a restoration provision

14 Intangible assets

	Internally generated software £'000	Total £'000
Cost		
At 1 April 2019	-	-
Additions	2,945	2,945
At 31 March 2020	2,945	2,945
Depreciation		
At 1 April 2019	-	-
Charge for the year	-	-
At 31 March 2020	-	-
Net book amount		
At 31 March 2020	2,945	2,945
At 31 March 2019	-	-

Runpath Group Limited

Notes to the financial statements (continued)

for the year ended 31 March 2020

15 Investments in group undertakings

	2020 £'000
Cost	
At 1 April and 31 March	-
Provisions for impairment	
At 1 April and 31 March	-
Net book amount	
At 1 April and 31 March	-

The principal subsidiary undertakings as at 31 March 2020 are listed below. The Company directly owns 100% of their ordinary share capital. They are incorporated and registered in England and Wales, registered office address: The Sir John Peace Building Experian Way, Ng2 Business Park, Nottingham, England, NG80 1ZZ.

Name	Nature of business
Runpath Pilot Limited	Fintech
Runpath Support Limited	In liquidation
Runpath Regulated Services Limited	Regulated entity
Runpath Marketing Limited	In liquidation
Masterlist Limited	In liquidation

Runpath Support Limited, Runpath Marketing Limited and Masterlist Limited were placed in liquidation on 3 July 2019.

16 Debtors

	2020 £'000	2019 £'000
Trade debtors	109	169
Amounts owed by group undertakings	13,029	9,901
Prepayments	400	693
Unbilled debtors	341	20
Contract costs	3,855	7,666
Corporation tax	-	366
Other taxes and social security	156	500
	17,890	19,315
Current debtors	14,264	13,242
Non-current debtors	3,626	6,073
	17,890	19,315

Runpath Group Limited

Notes to the financial statements (continued)

for the year ended 31 March 2020

16 Debtors (continued)

There is no material difference between the fair value and the book value stated above. The only impaired assets are within trade debtors. Non-current trade debtors comprise contract assets, unbilled debtors and contract costs.

Amounts owed by group undertakings are unsecured and repayable on demand and include £nil (2019: £300,000) which earns interest at one-month sterling LIBOR less 0.25%. The remaining amounts are interest free.

Trade debtors are stated after provisions for impairment of £nil (2019: £nil).

17 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	990	604
Lease liabilities	626	-
Amounts owed to group undertakings	11,387	7,287
Accruals	474	866
Corporation tax	1,131	-
Deferred tax	1	-
Contract liabilities	3,082	10,297
	17,691	19,054

Amounts owed to group undertakings are unsecured and repayable on demand and include £11,119,000 (2019: £nil) which earns interest at a deposit rate or equivalent (interbank bid rate – LIBID).

18 Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Contract liabilities	1,655	-
Other creditors	274	-
Lease liabilities	579	-
	2,508	-

Runpath Group Limited
Notes to the financial statements (continued)
for the year ended 31 March 2020

19 Deferred tax

Deferred tax asset/(liability)	Total £'000	
At 1 April 2019	902	
Charge to profit and loss account in the year	(903)	
At 31 March 2020	(1)	
Analysis of deferred tax balance:		
	2020 £'000	2019 £'000
Depreciation in excess of capital allowances	(1)	(23)
Tax losses recognised	-	925
	(1)	902

The company has an unrecognised deferred tax asset of £1,135,000 (2019: £210,000) at 31 March 2020, representing unutilised non-trade losses of £1,145,000 (2019: £1,105,000), unutilised trade losses £4,604,000 (2019: £nil) and R&D credits of £227,000 (2019: £nil).

20 Called up share capital

Allotted and fully paid

	Par value per share	Number of shares allotted	2020 £'000	2019 £'000
Ordinary shares	£0.001	4,433,898	1	1
Series A shares	£0.0001	651,865	-	-
B Ordinary shares	£0.0001	903,477	-	-
C Ordinary shares	£0.0001	1,115,000	-	-
D Ordinary shares	£0.0001	1,996,793	-	-

There were no transactions affecting share capital in the year ended 31 March 2020 or 2019.

The Ordinary, Series A, B Ordinary and D Ordinary shares rank pari passu and have full voting, dividend and capital distribution rights (including on winding up); they do not confer any rights of redemption.

The C Ordinary shares have attached to them full voting rights; they do not confer any rights of redemption. On a distribution the shares rank pari passu, except a C Ordinary share shall be treated as equivalent of 0.1% of an Ordinary share, and the holder of a C Ordinary share shall only be entitled to receive in respect of each C Ordinary share 0.1% of the dividend payable in respect of an Ordinary share.

21 Share premium account

The difference between the consideration and the par value of the shares issued is recorded in the share premium account and is not available for distribution.

Runpath Group Limited

Notes to the financial statements (continued)

for the year ended 31 March 2020

22 Profit and loss account

The balance on the profit and loss account comprises net profits retained in the Company, after the payment of equity dividends.

23 Financial commitments

There were no significant capital commitments contracted but not provided for at either balance sheet date.

Minimum lease payments under non-cancellable operating leases are payable:

	2019 Land and buildings £'000
Within one year	647
In between one and five years	1,241
	1,888

The Company leases a building under a non-cancellable lease agreement. In the year ended 31 March 2019, these leases were classified as operating leases under IAS 17 and the charge for that year was £647,000. From 1 April 2019, the Group has recognised lease obligations in respect of these agreements under IFRS 16, with further information provided in notes 3 and 24.

24 Leases

The Company's lease portfolio consists of 1 property lease. The remaining lease term is 1.9 years for the property lease. Extension and termination options are included within the lease agreement. These are used to maximise operational flexibility in terms of managing assets and lease exposures. The majority of extension and termination options are exercisable only by the Company and not by the respective lessor.

Amounts recognised in the Company's Balance Sheet

	2020 £'000	2019 £'000
Right of use assets (Note 13)		
Freehold land and buildings	1,266	-
At 31 March 2020	1,266	-
Lease obligations		
Current	626	-
Non-Current	579	-
At 31 March 2020	1,205	-

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the incremental borrowing rate is used. The incremental borrowing rate is unique to the country and class of assets therein and is based on the Company's cost of debt, adjusted for factors specific to individual lessees and their borrowing capacity.

Runpath Group Limited

Notes to the financial statements (continued)

for the year ended 31 March 2020

24 Leases (continued)

The Company is exposed to potential future increases in variable lease payments based on an index or a rate, which are not included in the lease obligation until they take effect.

Maturity of lease liabilities - contractual undiscounted cash flows

	2020 £'000	2019 £'000
Less than 1 year	647	-
One to two years	593	-
Total undiscounted lease liabilities at 31 March	1,240	-

25 Related party transactions

During the year ended 31 March 2020, the Company provided digital media development and support services to London & Country Mortgages Limited, an associate of Experian Limited.

Charges made to London & Country Mortgages Limited and other related parties during each of the last two years are summarised below.

	2020 £'000	2019 £'000
London & Country Mortgages Limited – digital media services	69	847

There are no outstanding trade debtors/creditors with related parties.

26 Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Experian Limited, incorporated in England and Wales. Its registered office is at The Sir John Peace Building, Experian Way, NG2 Business Park, Nottingham, NG80 1ZZ.

The Company's ultimate parent undertaking and controlling party, Experian plc, is incorporated in Jersey. It is the parent company of the only group in which the results of the Company for the year were consolidated and copies of its group financial statements may be obtained from the Company Secretary, Experian plc, Newenham House, Northern Cross, Malahide Road, Dublin 17, D17 AY61, Ireland.