

Company Registration No. 7731925 (England and Wales)

# PROFILE FINANCIAL SOLUTIONS LTD

## FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2017

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# PROFILE FINANCIAL SOLUTIONS LTD

## COMPANY INFORMATION

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<b>Directors</b>	Mr J Mayo	(Appointed 29 November 2016)
	Mr I G Floyed	
	Mr A C Wearing	(Appointed 25 October 2017)
<b>Company number</b>	7731925	
<b>Registered office</b>	Norwest Court Guildhall Street Preston PR1 3NU	
<b>Auditor</b>	PricewaterhouseCoopers LLP 1 Hardman Square Spinningfields Manchester M3 3EB	

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# PROFILE FINANCIAL SOLUTIONS LTD

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# PROFILE FINANCIAL SOLUTIONS LTD

## BALANCE SHEET


AS AT 31 DECEMBER 2017

	Note	£	31 December 2017 £	£	30 June 2016 £
<b>Fixed assets</b>					
Intangible assets			542,426		-
Tangible assets	4		119,706		134,962
<b>Current assets</b>					
Debtors	5	2,838,777		1,808,124	
Cash at bank and in hand		128,888		25,918	
			2,967,665	1,834,042	
<b>Creditors: amounts falling due within one year</b>	6	(1,366,578)		(1,049,021)	
<b>Net current assets</b>			1,601,087		785,021
<b>Total assets less current liabilities</b>			2,263,219		919,983
<b>Creditors: amounts falling due after more than one year</b>	7		(390,748)		(603,713)
<b>Net assets</b>			1,872,471		316,270
<b>Capital and reserves</b>					
Called up share capital	8		517		517
Share premium account			663,283		663,283
Other reserves	9		3,750,000		500,000
Profit and loss reserves			(2,541,329)		(847,530)
<b>Total equity</b>			1,872,471		316,270

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 26/9/2018 and are signed on its behalf by:

  
Mr A C Wearing  
Director

Company Registration No. 7731925

# PROFILE FINANCIAL SOLUTIONS LTD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2017

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### 1 Accounting policies

#### Company information

Profile Financial Solutions Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Norwest Court, Guildhall Street, Preston, PR1 3NU.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the period ended 31 December 2017 are the first financial statements of Profile Financial Solutions Ltd prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 July 2015. The reported financial position and financial performance for the previous year are not affected by the transition to FRS 102.

#### 1.2 Going concern

The company is still in the early stages of its lifecycle. Turnover is forecasted to grow and expenditure decrease so it is likely that the company will make profits in the future. The company has the continued support of its parent company and has received a capital contribution of £3,250,000. Further to this, the company has received a letter of support from Smedvig Capital AS, a shareholder in the parent company. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

#### 1.3 Reporting period

The company has changed its period end to 31 December and as a result these financial statements reflect an 18 month period and are not comparable to the comparative amounts for 2016 which represent a 12 month period.

#### 1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business. The fair value of consideration takes into account trade discounts and settlement discounts.

#### 1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

**1 Accounting policies (Continued)**

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Development Costs 2 years straight-line

**1.7 Tangible assets**  
Tangible assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment 4 years straight-line  
Computer equipment 3 years straight-line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

**1.8 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.9 Cash at bank and in hand**

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# PROFILE FINANCIAL SOLUTIONS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

#### 1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

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

# PROFILE FINANCIAL SOLUTIONS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.13 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.14 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

### 2 Employees

The average monthly number of persons (including directors) employed by the company during the period was 100 (2016 - 84).



# **PROFILE FINANCIAL SOLUTIONS LTD**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 31 DECEMBER 2017**

### **3 Intangible fixed assets**

	<b>Development costs</b>
	<b>£</b>
<b>Cost</b>	
At 1 July 2016	-
Additions	609,046
	<u>609,046</u>
At 31 December 2017	<u>609,046</u>
<b>Accumulated amortisation and impairment</b>	
At 1 July 2016	-
Amortisation charged for the period	66,620
	<u>66,620</u>
At 31 December 2017	<u>66,620</u>
<b>Carrying amount</b>	
At 31 December 2017	<u>542,426</u>
At 30 June 2016	<u>-</u>

Intangible fixed assets relate to software development and the expenditure has been amortised from the month of August 2017.

### **4 Tangible assets**

	<b>Fixtures, fittings &amp; equipment</b>	<b>Computer equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 July 2016	36,754	195,092	231,846
Additions	30,483	67,245	97,728
	<u>67,237</u>	<u>262,337</u>	<u>329,574</u>
At 31 December 2017	<u>67,237</u>	<u>262,337</u>	<u>329,574</u>
<b>Accumulated depreciation and impairment</b>			
At 1 July 2016	10,840	86,044	96,884
Depreciation charged in the period	18,926	94,058	112,984
	<u>29,766</u>	<u>180,102</u>	<u>209,868</u>
At 31 December 2017	<u>29,766</u>	<u>180,102</u>	<u>209,868</u>
<b>Carrying amount</b>			
At 31 December 2017	<u>37,471</u>	<u>82,235</u>	<u>119,706</u>
At 30 June 2016	<u>25,914</u>	<u>109,048</u>	<u>134,962</u>

# **PROFILE FINANCIAL SOLUTIONS LTD**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 31 DECEMBER 2017**

### **5 Debtors**

	2017	2016
	£	£
<b>Amounts falling due within one year:</b>		
Corporation tax recoverable	145,466	-
Amounts owed by group undertakings	2,056,284	801,412
Other debtors	637,027	1,006,712
	<u>2,838,777</u>	<u>1,808,124</u>

### **6 Creditors: amounts falling due within one year**

	2017	2016
	£	£
Other borrowings	370,877	30,337
Trade creditors	372,222	185,671
Amounts due to group undertakings	12,052	7,848
Other taxation and social security	118,183	112,145
Other creditors	897	50
Accruals and deferred income	492,347	712,970
	<u>1,366,578</u>	<u>1,049,021</u>

### **7 Creditors: amounts falling due after more than one year**

	2017	2016
	£	£
Other borrowings	390,748	603,713

Other borrowings are secured by way of a debenture over all present and future assets, including any intellectual property and policies or contracts of insurance.

### **8 Called up share capital**

	2017	2016
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
516,666 (2016: 516,666) Ordinary shares of 0.1p each	517	517
	<u>517</u>	<u>517</u>

### **9 Other reserves**

Other reserves represents a capital contribution from the parent company and is non-distributable.

## PROFILE FINANCIAL SOLUTIONS LTD

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

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#### 10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.  
The senior statutory auditor was Jonathan Studholme.  
The auditor was PricewaterhouseCoopers LLP.

#### 11 Operating lease commitments

##### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2017	2016
£	£
609,136	714,156

#### 12 Related party transactions

During the period £373,028 (2016: £231,390) was received for management services provided. At the balance sheet date the company was owed the sum of £560,720 (2016: £401,110) by a fellow group company.

At the balance sheet date the company was owed £1,495,564 (2016: £400,302) as part of a working capital loan by a fellow group company.

At the balance sheet date the company has a loan balance of £809,713 (2016: £599,993) due to an affiliated company which owns 49.44% of the company's parent. £418,965 (2016: £20,356) is included in Creditors: amounts falling due within one year.

At the balance sheet date the company owed £12,052 (2016: £7,848) to this affiliated company