Report and Financial Statements
British Retail Consortium

(a company limited by guarantee)

For the year ended 30 June 2017

Company No. 0405720

Company information

Company registration number:	0405720
Registered office:	2 London Bridge London SE1 9RA
Directors:	Richard Baker Richard Pennycook Helen Dickinson Ian Percival Timothy Fallowfield Ian Filby Ben Fletcher Alan Hawkins Deborah Robinson
Auditor:	Grant Thornton UK LLP Chartered Accountants Statutory Auditor Victoria House 4th Floor 199 Avebury Boulevard Milton Keynes MK9 1AU

Index to the financial statements

Report of the directors

The directors present their report together with the financial statements of British Retail Consortium (BRC) for the year ended 30 June 2017.

Results and dividends

The profit for the year is detailed in these financial statements. During the year the Company disposed of its investment in BRC Trading Limited and the profit on disposal of £33,003,333 is included in these financial statements. Following the disposal of BRC Trading Limited, British Retail Consortium is now a single trading entity and does not have to prepare consolidated accounts. As such, these financial statements are company only financial statements.

The Memorandum of the BRC prohibits the distribution of any surplus to the members either by payment of dividends or by any other means. The general funds of the BRC remain in surplus as at the end of the year and in accordance with the Articles of Association will be applied solely towards the promotion of its trading objects.

Directors

The directors who served the Company during the year were as follows:

Richard Baker
Sir Charles Mayfield (resigned as Chairman 1 September 2016 and as a director on 21 September 2016)
Richard Pennycook (appointed 6 September 2017)
Helen Dickinson (Chief Executive)
Ian Percival (appointed 17 May 2017)
Steven Esom (resigned 24 November 2016)
Gordon Bentley (resigned 8 December 2016)
Timothy Fallowfield
Ian Filby
Ben Fletcher
Alan Hawkins
Philip Marchant (resigned 14 November 2016)
Deborah Robinson (appointed 17 May 2017)

Risk management objectives and policies

The key risk to the BRC, as with any trading organisation, is the loss of income and the support of its members. The transformational change in the industry continues to place demands on retailers and their cost base, with every expense scrutinised to ensure it is delivering value for money. The BRC strives to produce work of the highest standard and to offer value for money services to its members. Membership retention amongst retailers remains high, although each year there is some churn in the Associate member category.

The Company Risk Register is regularly updated and reviewed by the Audit and Risk Committee.

The only financial instruments held by the BRC during the year to 30 June 2017 were trade debtors, trade creditors, loan notes held, and cash.

Report of the directors (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Disclosure of information to auditor

In so far as each of the directors is aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Report of the directors (continued)

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

BY ORDER OF THE BOARD

Ian Percival
Director

14 November 2017

Strategic report

Principal activities

The BRC continues to trade by engaging in representing the retail industry in the media, to Government and other bodies, both across the UK and the European Union; and by providing information and other services for UK retailers. It derives its other trading income from running events, obtaining subscriptions, generating sponsorship and selling retail data and insight services.

The BRC's activities cover the whole of the retail industry. This diverse and exciting industry ranges from large multiples to independents, high streets to out of town, and digital to physical selling across all sectors: clothing, footwear, food, homewares, electricals, health & beauty, jewellery and everything in between, to ever more demanding consumers.

Our broad range of stakeholders demonstrates how retailing touches almost every aspect of our culture and economy. The BRC leads the industry and uses the income it earns to work with our members to shape debates and influence issues and opportunities that will help make a positive difference to the industry. We care about the careers of people who work in our industry, the communities retail touches and competitiveness as a fundamental principle of the industry's success - our 3Cs.

Business review and future developments

The increase in profit reflects the profit on disposal of our investment in BRC Trading Limited together with an earlier dividend received from that company. The proceeds from the sale will be used to secure the future trading success of the BRC and to improve the effectiveness of the organisation.

The BRC will continue to trade and generate funds in order to progress its three priority campaigns relating to the reform of business rates, enhancing progression and productivity in retail, and ensuring the UK's exit from the EU works for the industry. It will also continue to shape legislation based on objectives within its operating framework of Careers, Communities and Competitiveness.

The Company will continue to trade by advancing its mission to make a positive difference to the retail industry and the customers it serves.

ON BEHALF OF THE BOARD

Helen Dickinson
Director

14 November 2017

Independent auditor's report to the members of British Retail Consortium (continued)

Opinion

We have audited the financial statements of British Retail Consortium (the 'company') for the year ended 30 June 2017 which comprise the Statement of comprehensive income, Statement of financial position, Statement of cash flows, Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

Conclusions relating to going concern

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

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

Independent auditor's report to the members of British Retail Consortium (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report of the Directors and Strategic Report set out on pages 2 to 5, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

Independent auditor's report to the members of British Retail Consortium (continued)

going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Grant Thornton UK LLP

Malcolm Gomersall
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

Date: 24 November 2017

Statement of comprehensive income

	Note	2017 £	Revised 2016 £
Turnover	3	**5,168,145**	4,566,780
Cost of sales		**(227,705)**	-
Gross profit		**4,940,440**	4,566,780
Other Operating Income	4	**33,497,869**	-
Administrative expenses		**(6,728,593)**	(4,841,852)
Operating profit / (loss)	5	**31,709,716**	(275,072)
Investment Income		**2,800,000**	5,000,000
		34,509,716	4,724,928
Interest receivable and similar income	6	**382,643**	4,436
Interest payable & similar charges	7	**(305,183)**	-
Profit on ordinary activities before taxation		**34,587,176**	4,729,364
Tax claimed on Profit on ordinary activities	9	**259,683**	60,950
Profit for the financial year		**34,846,859**	4,790,314

All of the activities of the Company in the current year are classed as continuing.

Statement of financial position

	Note	2017 £	2017 £	Revised 2016 £	Revised 2016 £
Fixed assets					
Intangible assets	10		**383,043**		294,802
Tangible assets	11		**352,128**		45,115
Investments	12		**26,359**		100
			761,530		340,017
Current assets					
Debtors	13	**7,527,710**		8,662,329	
Cash at bank and in hand		**35,392,928**		1,896,159	
		42,920,638		10,558,488	
Creditors: amounts falling due within one year	14	**(2,924,470)**		(5,346,639)	
Net current assets			**39,996,168**		5,211,849
Total assets less current liabilities			**40,757,698**		5,551,866
Provisions for liabilities	15		**(358,973)**		-
Net assets			**40,398,725**		5,551,866
Capital and reserves					
General funds	17		**40,398,725**		5,551,866

These financial statements were approved and authorised for issue by the directors on 14 November 2017 and are signed on their behalf by:

Helen Dickinson
Director

Registration number: 0405720

Statement of cash flows

	2017	Revised 2016
	£	£
Cash flows from operating activities		
Profit for the financial year	**34,846,859**	4,790,314
Adjustments for:		
Amortisation of intangible assets	**151,690**	10,748
Depreciation of tangible assets	**155,561**	39,924
Profit on disposal of investment	**(33,003,333)**	-
Interest receivable	**(382,643)**	(4,436)
Interest payable and financing charges	**305,183**	-
Taxation	**(259,683)**	(60,950)
Decrease/(increase) in trade and other debtors	**1,237,481**	(6,696,752)
Increase/ (decrease) in trade creditors	**(2,363,094)**	2,733,465
Increase in provisions	**358,973**	-
Foreign exchange movements	**-**	(280)
Cash from operations	**1,046,994**	812,033
Income taxes (paid) / received	**97,746**	-
Net cash generated from operating activities	**1,144,740**	812,033
Cash flows from investing activities		
Purchases of tangible assets	**(462,574)**	(12,713)
Purchases of intangible assets	**(239,931)**	(302,748)
Receipt from sale of Investment	**32,977,074**	-
Interest received	**77,460**	4,436
Net cash from investing activities	**32,352,029**	(311,025)
Net increase in cash and cash equivalents	**33,496,769**	501,008
Cash and cash equivalents at the beginning of year	**1,896,159**	1,395,151
Cash and cash equivalents at end of year	**35,392,928**	1,896,159

Statement of changes in equity

	General funds	Total
	£	£
At 1 July 2015	**761,552**	**761,552**
Profit for the year	4,790,314	4,790,314
At 30 June 2016	**5,551,866**	**5,551,866**
Profit for the year	34,846,859	35,056,213
At 30 June 2017	**40,398,725**	**40,608,079**

Notes to the financial statements

1. Company information

The British Retail Consortium is headquartered in the UK.

The British Retail Consortium (the 'BRC' or the 'Company') is a Company limited by guarantee. Under the Articles of Association, the liability of each member is limited to £1. At 30 June 2017 there were 180 members (2016: 180).

2. Principal accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain investments and financial instruments.

The financial statements are presented in Sterling (£).

The financial statements of the British Retail Consortium are drawn up to 30 June each year. The revised 2016 figures show the results of the Company on a stand-alone basis, since Group accounts are no longer required to be prepared following the disposal of BRC Trading Limited during the year.

2.2 Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

Notes to the financial statements (continued)

2.4 Investment in companies

Consolidated financial statements are prepared when there are entities controlled by the company at the year-end (its subsidiaries) where the inclusion of their results would materially alter the financial statements. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investments in subsidiaries in the Company statement of financial position are accounted for at cost less impairment in the financial statements.

Investments in entities that are not subsidiaries are included in the statement of financial position at their estimated fair value.

2.5 Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- Computer software costs — 33% per annum

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

2.6 Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, over their expected useful lives, using the straight-line method. The rates applicable are:

- Fixtures and Fittings	20% per annum
- Leasehold improvements	Over the expected life of the lease
- Office & computer equipment	20-33% per annum

Leasehold improvement depreciation starts when the works are completed and are spread over the remainder of the expected lease period. For other fixed assets depreciation starts when the asset is acquired and available for use.

Notes to the financial statements (continued)

2.7 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

2.8 Investments

Investments comprise investments in unquoted equity instruments which are measured at fair value. Changes in fair value are recognised in profit or loss. Fair value is estimated by using an appropriate valuation technique.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured at fair value.

2.10 Creditors

Short term trade creditors are measured at the transaction price.

2.11 Leases

When entering into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the statement of financial position as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the income statement, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as operating leases and the rental charges are charged to the income statement on a straight-line basis over the life of the lease.

Notes to the financial statements (continued)

2.12 Provisions for liabilities

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

The Company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

2.13 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. Deferred tax is measured on a non-discounted basis.

2.14 Turnover

Turnover represents the amounts (excluding value added tax) received by the Company in respect of subscriptions and other trading and commercial activities. Funding provided by members for specific purposes is offset against the cost of such projects, any profit or loss arising is shown within sundry income or administrative expenses.

In addition, turnover includes income generated from support services provided to a former subsidiary during the year, advertising, licensing fees, fees received for training courses and events income.

Turnover is recognised on an accruals basis when the company becomes entitled to receipt of the income.

Notes to the financial statements (continued)

2.15 Employee benefits

The Company operates a defined contribution pension scheme. Contributions are charged to the income statement as they become payable in accordance with the rules of the scheme.

2.16 Foreign currency

Assets and liabilities denominated in foreign currencies are translated at a rate of exchange ruling at the statement of the financial position. Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit or loss.

3. Turnover and profit on ordinary activities before taxation

The turnover and profit before tax were all derived from its principal activities.

	2017 £	Restated 2016 £
Events income	**337,829**	-
Membership subscription and sponsorship	**4,236,594**	4,084,736
Services provided to a former subsidiary	**593,722**	482,044
	5,168,145	4,566,780

An analysis of turnover is given below:

	2017 £	Restated 2016 £
United Kingdom	**5,168,145**	4,566,780
	5,168,145	**4,566,780**

Notes to the financial statements (continued)

4. Other Income

	2017 £	Restated 2016 £
Profit on disposal of fixed asset investment	**33,003,333**	-
Compensation for lease termination	**484,000**	-
Other Income	**10,536**	-
	33,497,869	-

On 24 November 2016 the Company sold its investment in BRC Trading Ltd for a profit as detailed in Note 12 to these financial statements.

During the year the Company moved offices and received compensation for lease termination from the landlord of its previous office.

5. Operating profit

Operating profit is stated after charging:

	2017 £	Restated 2016 £
Auditor's remuneration:		
Audit services	**14,500**	10,500
Non-audit services - taxation services	**14,606**	2,500
Amortisation of intangible fixed assets	**151,690**	10,748
Depreciation of tangible fixed assets:		
- Owned assets	**155,561**	39,923
Operating lease rentals:		
Other assets	**8,827**	9,899
Land and buildings	**368,216**	249,186
Profit/(loss) on foreign exchange transactions	**-**	280

6. Interest receivable

	2017 £	Restated 2016 £
Bank interest	**77,460**	4,436
Loan Note interest	**305,183**	-
	382,643	4,436

On 24 November 2016 the Company received £5,013,334 of 10 per cent unsecured Loan Notes issued by Brand Reputation Compliance Limited, the new parent company of BRC Trading Ltd, as part consideration for the sale of its investment in BRC Trading Limited as detailed in Note 12.

Notes to the financial statements (continued)

7. Interest payable

	2017	Restated 2016
	£	£
Financing Charges	**305,183**	-

Financing charges required to fair value the Loan note issued by Brand Reputation Compliance Limited, the new parent company of BRC Trading Ltd

8. Directors and employees

Staff costs during the year were as follows:

	2017	Restated 2016
	£	£
Wages and salaries	**3,131,056**	2,507,584
Social security costs	**276,762**	315,946
Other pension costs	**213,258**	216,682
	3,621,076	3,040,212

The average number of staff employed by the company during the financial year amounted to:

	2017	Restated2016
	No	No
Office and management	**43**	44

Remuneration in respect of directors was as follows:

	2017	Restated 2016
	£	£
Emoluments	**418,296**	321,956
Emoluments of the highest paid director	**405,736**	321,956

There were no directors (2016 – 0) who accrued benefits under defined contribution schemes.

Notes to the financial statements (continued)

9. Tax on profit on ordinary activities

	2017	Restated 2016
	£	£
Current tax		
UK corporation tax	-	-
Group relief receivable	-	(120,023)
Adjustments in respect of prior periods	**(9,731)**	-
Total current tax	**(9,731)**	(120,023)
Deferred tax		
Origination and reversal of timing differences	**(222,859)**	53,705
Effect of tax rate change on opening balance	**(1,882)**	(596)
Adjustments in respect of prior periods	**(25,211)**	5,964
Total deferred tax	**(249,952)**	59,073
Tax on profit on ordinary activities	**(259,683)**	(60,950)

The tax assessed on the profit on ordinary activities for the year is lower (2016 - lower) than the standard rate of corporation tax in the UK of 19% (2016 - 20%). The difference is explained as follows:

	2017	Restated 2016
	£	£
Profit on ordinary activities before tax	**34,587,176**	4,729,364
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.75% (2016 – 20%)	**6,831,204**	945,873
Effect of:		
Income not taxable for tax purposes	**(7,166,997)**	(1,000,000)
Expenses not deductible for tax purposes	**74,986**	20,703
Other short term timing differences	-	(26,714)
Prior year adjustment	**(34,942)**	-
Adjust opening deferred tax rate	**3,294**	-
Adjust closing deferred tax rate	**30,885**	(3,605)
Fixed asset differences	**1,887**	2,793
Tax (claim) / charge for the year	**(259,683)**	(60,950)

Notes to the financial statements (continued)

10. Intangible fixed assets

	Computer software £
Cost	
At 1 July 2016	310,048
Additions	239,931
Disposals	(7,300)
At 30 June 2017	542,679
Amortisation	
At 1 July 2016	15,246
Provided in the year	151,690
Disposals	(7,300)
At 30 June 2017	159,636
Net book amount at 30 June 2017	**383,043**
Net book amount at 30 June 2016	294,802

Amortisation of intangible fixed assets is included in administrative expenses.

Notes to the financial statements (continued)

11. Tangible fixed assets

	Fixtures & fittings	Leasehold improvements	Office & computer equipment	Total
	£	£	£	£
Cost or valuation				
At 1 July 2016	113,938	70,546	213,762	398,246
Additions	102,154	335,985	24,435	462,574
Disposals	(113,938)	(70,546)	(22,406)	(206,890)
At 30 June 2017	102,154	335,985	215,791	653,930
Depreciation				
At 1 July 2016	110,434	59,580	183,117	353,131
Charge in the year	20,529	109,348	25,684	155,561
Disposals	(113,938)	(70,546)	(22,406)	(206,890)
At 30 June 2017	17,025	98,382	186,395	301,802
Net book amount at 30 June 2017	**85,129**	**237,603**	**29,396**	**352,128**
Net book amount at 30 June 2016	3,504	10,966	30,645	45,115

12. Investments

	Shares in subsidiary undertakings
	£
Cost and net book value at 1 July 2016	100
Disposal	(100)
Addition during the year	26,359
Cost and net book value at 30 June 2017	26,359

During the year the Company sold its investment in BRC Trading Limited.

The profit on disposal was £33,003,333. The consideration received included an equity stake in Brand Reputation Compliance Limited which owns 100% of the equity of BRC Trading Limited and Loan Notes issued by Brand Reputation Compliance Limited.

Notes to the financial statements (continued)

	Profit on disposal of subsidiary undertaking £
Consideration Received:	
Cash	28,551,787
Equity in Brand Reputation Compliance Ltd	26,359
Loan Notes from Brand Reputation Compliance Ltd	5,013,334
Costs associated with disposal	(588,047)
Cost of Investment	(100)
Profit on disposal	33,003,333

At 30 June 2017 the Company held equity in the following:

Subsidiary undertakings	Types of shares held	Country of incorporation	Percentage of ordinary shares held
Brand Reputation Compliance Limited	Ordinary	England	11.625%

13. Debtors

	2017 £	2016 £
Trade debtors	**690,382**	3,113,384
Other debtors	**1,312,853**	87,196
Prepayments and accrued income	**320,264**	360,248
Corporation tax	**-**	88,015
Deferred taxation (note 16)	**190,877**	-
Amounts owed by group undertakings	**-**	5,013,486
Loan note receivable	**5,013,334**	-
	7,527,710	8,662,329
Amounts due after more than one year included in:		
Loan note receivable	**5,013,334**	-

Notes to the financial statements (continued)

14. Creditors: amounts falling due within one year

	The Company	
	2017	2016
	£	£
Trade creditors	**687,281**	127,683
Amounts owed to group undertakings	**-**	872,730
Social security and other taxes	**1,236,249**	638,344
Deferred taxation (note 16)	**-**	59,075
Other creditors	**24,386**	60,907
Accruals and deferred income	**976,554**	3,587,900
	2,924,470	5,346,639

15. Provisions for liabilities

	Other provisions
	£
At 1 July 2016	-
Additions	358,973
At 30 June 2017	358,973

The provision relates to certain regulatory matters under discussion where the business believes it has taken the required due care. There is no certainty on the outcome, so a provision has been recognised on a worst-case basis. The directors expect more clarity on the outcome during the next 12 months.

16. Deferred taxation

	£
Balance at 1 July 2016	(59,075)
Profit and loss account	249,952
Balance at 30 June 2017	190,877

The deferred tax liability comprises the following timing differences	**2017**	2016
	£	£
Fixed asset timing differences	**(33,820)**	(33,864)
Losses and other deductions	**224,697**	-
Adjustments in respect of prior periods	**-**	(25,211)
	190,877	(59,075)

Notes to the financial statements (continued)

17. Reserves

General funds
This includes all current and prior period profits and losses.

18. Contingent liabilities

The Company had no contingent liabilities at 30 June 2017 or 30 June 2016.

19. Leasing commitments

Future total minimum rentals payable under non-cancellable operating leases are as follows:

	2017		2016	
	Land and Buildings	**Other**	Land and Buildings	Other
	£	**£**	£	£
Leases which expire:				
Within one year	**285,452**	**12,412**	375,499	4,783
Between one and five years	**295,619**	**22,713**	1,156,636	5,428
In more than five years	**-**	**-**	578,318	-
	581,071	**35,125**	2,110,453	10,211

21

Notes to the financial statements (continued)

20. Pensions

Defined contribution pension scheme

The pension charge for the period was £213,258 (2015: £216,682) representing contributions payable under the Group Personal Pension Plan (GPPP), which is a defined contribution pension scheme. Contributions outstanding at the year-end of £Nil (2016: £Nil) are included in creditors.

21. Related party transactions

The Company is holding an amount of £17,775 (2016: £12,197) on behalf of Passco Limited. Passco was previously considered to be a subsidiary of the Company since the Company was the only member of Passco Limited. The Company ceased to be a member of Passco on 10 April 2017 and does not have significant control.

The Company is owed £145,560 (2016: £2,982) by OPRL Limited. OPRL was previously considered to be a subsidiary of the Company since the Company was the only member of OPRL Limited. The Company's resignation as a member was accepted by OPRL with effect from 30 June 2017. The Company does not have significant control.

The Company is owed £122,995 (2016: £4,149,971) by BRC Trading Limited. BRC Trading Limited was a subsidiary that was sold during the year. The Company incurred costs for services provided to BRC Trading during the year both prior to the disposal and subsequently as part of the agreed separation process for the business. These costs were recharged to BRCT and are included in Sales £593,722 (2016: £482,044).

The amounts payable to key management personnel for the year amounted to £973,222 (2016: £740,470).

Ultimate controlling party

The Company has no ultimate controlling party. It is a company limited by guarantee.