Defaqto Limited

Registered number 2870220

Report and financial statements

For the year ended 31 July 2016

Directors
S Z H Bilgrami
A C G Brown
R P Bijtjes

Company Number
2870220

Registered Office
Financial Research Centre
Haddenham Business Park
Pegasus Way
Haddenham
Buckinghamshire
HP17 8LJ

Bankers
National Westminster Bank Plc
Headington Branch
91 London Road
Headington
Oxford
OX3 9AF

Solicitors
Hill Dickinson LLP
The Broadgate Tower
20 Primrose Street
London
EC2A 2EW

Auditor
RSM UK Audit LLP
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

Contents

Directors' report

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

Principal activity

The Company is a financial information business, helping financial institutions and consumers make better informed decisions.

Dividends

On 1 August 2014, the directors proposed and paid an interim dividend of £500,000 per share totalling £1,000,000.
On 27 March 2015, the directors proposed and paid an interim dividend of £823,850 per share totalling £1,647,700.
On 30 March 2015, the directors proposed and paid an interim dividend of £836,026 per share totalling £1,672,052.
On 1 April 2016, the directors proposed and paid an interim dividend of £441,750 per share totalling £883,500.

Directors

The directors who held office during the year and up to the date of approval of these financial statements were as follows:

S Z H Bilgrami
A C G Brown
R P Bijtjes

No rights to subscribe for shares in or debentures of the Company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Defaqto Group Limited, an affiliate of the Company with the same ultimate parent undertaking, maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against directors of that company and of its affiliates and the directors of the Company are covered by this insurance.

Financial instruments

The Company works to mitigate the risks faced regarding the recoverability of balances due to it. This includes reviewing the credit worthiness of customers prior to the provision of service to them. There are significant balances outstanding from group undertakings and the group of which the Company is a member has outstanding bank loan balances and shareholder loan balances. Repayment and servicing of these balances will principally be financed through the continued profitability of the Company. The directors monitor the recoverability of the intercompany balances and the overall group performance on a monthly basis.

Disclosure of information to auditor

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

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Matters of Strategic Importance

The company has chosen in accordance with Companies Act 2006, s414c(11) to set out in the Company's Strategic Report information required by Large and Medium Sized Companies and Group (Accounts and Reports) Regulations 2008, sch 7 to be contained in the directors' report. It has been done so in respect of future developments and research and development activity.

On behalf of the board
A C G Brown
Director
29 November 2016

Strategic report

The directors present their strategic report for the year ended 31 July 2016. The accounting reference date was changed from 31 March to 31 July during the prior period and the comparative accounts are for the 16 month period to 31 July 2015.

Review of the business and future developments

A summary of the Company's trading during the year is shown in the statement of income and retained earnings on page 7.

The directors are pleased with the performance in the year. The financial year ended 31 July 2016 saw the Company record a profit of £3,205,278 *(period ended 31 July 2015(restated): £3,026,350)*. Turnover decreased by 13% from £13,247,128 to £11,551,441 due to the period of reporting being 12 months as opposed to 16 months in the prior period. Technological and regulatory related opportunities continue to arise with the drive for increased transparency in the United Kingdom retail finance industry.

Future developments

The Company is well placed to assist financial product providers in the distribution of their products and to assist financial intermediaries in complying with changes in regulation such as Pension Schemes Act 2015. The Company will continue to develop products and services that serve the existing customer base, leveraging on the Company's brand that is known as the trusted source of financial product information.

Regulatory issues

The Company continues to operate in an area experiencing significant regulatory change. These have provided the Company with a number of opportunities and the directors believe that the current product lines and planned developments of them will enjoy success in this changing environment.

Environmental impact

The Company works to reduce its carbon footprint by promoting paperless processes and recycling.

Principal risks

The principal risks facing the business are economic and regulatory in nature. The Company relies on the financial services sector in the United Kingdom for 100% *(2015: 100%)* of turnover and that sector continues to face continuing regulatory and economic changes.

Key Performance Indicators

The performance of the group of companies of which the Company is a member is monitored on a group basis rather than at an individual company level. The key performance indicators monitored at that level are turnover and adjusted operating profit and these are discussed in the report and financial statements of the ultimate parent undertaking Regulus Topco Limited.

Strategic report *(continued)*

Change in accounting policies

Research and development activity

The Company is developing new software and databases to improve the clarity and breadth of information available to our customers. Costs arising in carrying out this work are expensed as incurred except where the technical, commercial and financial viability of individual projects is such that the expenditure may deferred and amortised over the period during which the Company is expected to benefit. This is a change in accounting policy from the prior policy of expensing all such costs and ensures that costs of development are better aligned with the benefits arising from such development.

Turnover

The Directors assessed the treatment of the various revenue streams against the Company's accounting policy and considered that the treatment of one revenue stream was not in line with the policy. An adjustment has been made to recognise this revenue when performance occurs, thereby aligning turnover with the associated costs incurred.

On behalf of the board

A C G Brown
Director
29 November 2016

Directors' responsibilities in the preparation of the financial statements

The directors are responsible for preparing the Directors' Report, the Strategic 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 law).

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

Independent auditor's report to the members of Defaqto Limited

We have audited the financial statements on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Independent auditor's report to the members of Defaqto Limited *(continued)*

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

RSM UK Audit LLP

GRAHAM RICKETTS (Senior Statutory Auditor)
For and on behalf of:
RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Bucks
MK9 1BP

Date 29 November 2016

Statement of income and retained earnings
for the year ended 31 July 2016

	Note	**Year ended 31 July 2016 £**	**16 month period ended 31 July 2015 £ (Restated)**
Turnover	*3*	**11,551,441**	13,247,128
Staff costs	*8*	**(4,270,587)**	(5,518,440)
Other operating charges		**(2,962,010)**	(3,207,714)
Depreciation of tangible fixed assets		**(37,451)**	(37,268)
Amortisation of intangible fixed assets		**(979,337)**	(1,373,907)
Operating profit	*4*	**3,302,056**	3,109,799
Interest receivable and similar income	*5*	**3**	5,358
Interest payable and similar charges	*6*	**-**	(5)
Profit on ordinary activities before taxation		**3,302,059**	3,115,152
Tax charge on profit on ordinary activities	*9*	**(96,781)**	(88,802)
Profit on ordinary activities after taxation and profit for the financial year/period		**3,205,278**	3,026,350
Retained earnings at 1 August/1 April as previously reported		**763,080**	1,988,187
Effect of change in accounting policy		1,332,890	1,446,913
Effect of correction of revenue recognition		59,728	14,000
Retained earnings at 1 August/1 April (restated)		**2,155,698**	3,449,100
Dividends paid		**(883,500)**	(4,319,752)
Retained earnings at 31 July		**4,477,476**	2,155,698

This statement is presented in place of a Statement of Comprehensive Income and a Statement of Changes in Equity as the only changes to equity during the period arise from profit or loss, payment of dividends, corrections of prior period errors and changes in accounting policy.

Turnover and the operating profit relate to continuing activities.

Statement of financial position
as at 31 July 2016

	Note	31 July 2016		31 July 2015 (Restated)	
		£	£	£	£
Fixed assets					
Intangible assets	*12*		**1,734,469**		1,733,039
Tangible assets	*13*		**197,757**		45,825
Investments	*14*		**-**		-
			1,932,226		1,778,864
Current assets					
Debtors	*15*	**3,707,703**		2,481,485	
Cash at bank and in hand		**2,623,001**		1,307,771	
		6,330,704		3,789,256	
Current liabilities					
Creditors: amounts falling due within one year	*16*	**(3,506,796)**		(3,125,841)	
Net current assets			**2,823,908**		663,415
Provisions for liabilities: deferred tax	*17*		**(278,656)**		(286,579)
Net assets			**4,477,478**		2,155,700
Capital and reserves					
Called up share capital	*18*		**2**		2
Retained earnings	*18*		**4,477,476**		2,155,698
Total equity			**4,477,478**		2,155,700

These financial statements were approved by the board and authorised for issue on 29 November 2016 and were signed on its behalf by:

A C G Brown
Director

Notes

(forming part of the financial statements)

1 Accounting policies

Company information

Defaqto Limited ("the Company") is a private limited company, limited by shares, domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is Financial Research Centre, Haddenham Business Park, Pegasus Way, Haddenham, Buckinghamshire, HP17 8LJ. The Company's principal activities and the nature of the Company's operations are described in the Directors' Report and the Strategic Report.

Basis of accounting

These financial statements are prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102).

Monetary amounts in these financial statements are rounded to the nearest £1 except where otherwise indicated.

The prior period presented in these financial statements is the 16 months to 31 July 2015. A long period was presented in order to align the year end of all companies within the group of companies including the ultimate parent company Regulus Topco Limited and all of its subsidiaries.

Reduced disclosures

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of Statement of Cash Flow and related notes and disclosures
- Section 33 'Related Party Disclosures' – Compensation of key management personnel
- Section 11- 'Basic Financial Instruments' and section 12- 'Other Financial Instrument Issues'- carrying amounts, interest income/ expense and net gains/ losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.

The financial statements of the Company are consolidated in the financial statements of Regulus Midco Limited and Regulus Topco Limited.

The consolidated financial statements of both of these companies are available from the registered office address shown in company information.

Functional and presentational currencies

The financial statements are presented in sterling which is also the functional currency of the Company.

Notes *(continued)*

1 Accounting policies *(continued)*

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company projections prepared by the directors demonstrate that the Company will generate sufficient cash to enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment and as such the going concern basis of preparation is appropriate. In making this assessment, the directors have considered a period of at least 12 months from the date of authorising these financial statements. The directors acknowledge that there can be no certainty over future events, although at the date of approval of these financial statements, they have no reason to believe that the Company will not perform as expected.

Related party transactions

As the Company is a wholly owned subsidiary within the group headed by Regulus Topco Limited, the Company has taken advantage of the exemption contained under section 33 of FRS 102 and has therefore not disclosed transactions or balances with wholly owned entities which form part of the group.

Turnover

Turnover is the amount derived from the provision of services falling within the Company's ordinary activities and is stated net of Value Added Tax. Consideration received in advance of performance is recognised as deferred income. When performance occurs, the deferred income is released and simultaneously reported as turnover. Consideration received in arrears is recognised as accrued income upon performance and simultaneously reported as turnover. The accrued income is released when invoicing occurs.

Other income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. Employees are entitled to carry forward any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

The Company operates a defined contribution pension scheme. The amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Intangible fixed assets and amortisation

Intangible assets purchased in relation to computer software are capitalised at their cost and amortised through the profit and loss account in equal instalments over their estimated useful life of three years.

Research and development

Research expenditure is written off as the costs are incurred. Development costs are treated in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects and costs attributable to the projects can be reliably measured. In this situation, the expenditure is capitalised as an intangible fixed asset and amortised over the period during which the company is expected to benefit of between 3 and 5 years.

Notes *(continued)*

1 Accounting policies *(continued)*

Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition. Provision for depreciation is made so as to write off the cost of tangible fixed assets over their expected useful lives on a straight line basis. The principal rates used for this purpose are as follows:

Leasehold improvements	-	over life of lease or asset life if lower
Office furniture, fixtures and fittings	-	20% to 33⅓% per annum
Office equipment	-	33⅓% per annum

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Leased assets

Operating lease rentals are charged profit or loss on a straight line basis over the period of the lease.

Financial instruments

The Company has elected to apply the provisions of Sections 11 and 12 of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Notes *(continued)*

1 Accounting policies *(continued)*

Financial instruments (continued)

Financial assets

Trade debtors

Trade debtors are measured at the transaction price, less any impairment.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Amounts owed by group undertakings

Amounts owed by group undertakings are measured at the transaction price, less any impairment.

Financial liabilities and equity

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 Group after deducting all of its liabilities.

Equity instruments

Equity instruments are recorded at the net proceeds of issue after deducting directly attributable transaction costs.

Trade creditors

Trade creditors are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Other creditors

Other creditors are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Dividends

Dividends are recognised as liabilities once they are no longer at the discretion of the Company.

Notes *(continued)*

2 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Impairment of debtors: the Company makes an estimate of the recoverable amount of trade and other debtors. Credit rating, ageing profile and prior experience are all considered in establishing such impairment.

Critical areas of judgement

The directors apply their judgement in making estimates of the technical, commercial and financial viability and useful economic life of capitalised development costs. This judgement takes into consideration historical experience of the speed of change in the retail finance market and the longevity of benefits that arose historically from previous developments.

3 Turnover

The Company's entire turnover is derived from the sale of research data and associated tools in the United Kingdom.

4 Operating profit

	Year ended 31 July 2016 £	16 month period ended 31 July 2015 £ (Restated)
Operating profit is stated after charging:		
Depreciation and amortisation	1,016,788	1,411,175
Hire of land and buildings – rentals payable under operating leases	79,295	105,632
Hire of plant and equipment – rentals payable under operating leases	253,105	356,623
Auditor's remuneration		
Audit of these financial statements	27,000	24,500

Notes *(continued)*

4 Operating profit (continued)

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is disclosed on a consolidated basis in the consolidated financial statements of the intermediate parent company (Regulus Midco Limited) and the ultimate parent company (Regulus Topco Limited).

5 Interest receivable and similar income

	Year ended 31 July 2016 £	**16 month period ended 31 July 2015 £**
Bank deposit interest	3	5,358
	3	**5,358**

6 Interest payable and similar charges

	Year ended 31 July 2016 £	**16 month period ended 31 July 2015 £**
Other interest payable	-	5
	-	**5**

7 Directors' remuneration

Directors are remunerated by Defaqto Group Limited with recharges made to the Company as part of a management charge.

Notes *(continued)*

8 Staff numbers and costs

The average monthly number of persons employed by the Company during the period, analysed by category, was as follows:

	Number of employees	
	Year ended 31 July 2016	**16 month period ended 31 July 2015**
Research	54	48
Administration (including product development)	32	33
Sales and marketing	26	27
	112	**108**

The aggregate payroll costs of these persons were as follows:

	Year ended 31 July 2016	**16 month period ended 31 July 2015**
	£	**£ (Restated)**
Wages and salaries	4,171,967	5,275,950
Social security costs	452,642	622,103
Pension costs	589,548	753,627
	5,214,157	6,651,680
Staff costs capitalised as development costs	(943,570)	(1,133,240)
	4,270,587	**5,518,440**

Notes *(continued)*

9 Taxation

	Year ended 31 July 2016 £	16 month period ended 31 July 2015 £ (Restated)
UK corporation tax		
Current tax charge on income for the period	200,655	120,451
Adjustments in respect of prior periods	(95,951)	(18,847)
Total current tax	**104,704**	**101,604**
Deferred tax (see note 17)		
Deferred tax asset created	(16,242)	(12,802)
Adjustments in respect of prior periods	8,319	-
Total deferred tax	**(7,923)**	**(12,802)**
Tax charge on profit on ordinary activities	**96,781**	**88,802**

Factors affecting the tax charge for the current period:

The tax charge for the period is lower than the standard rate of corporation tax in the UK of 20% *(2015: 20.25%)*. The differences are explained below:

	Year ended 31 July 2016 £	16 month period ended 31 July 2015 £ (Restated)
Tax		
Profit on ordinary activities before taxation	**3,302,058**	**3,115,152**
Tax at 20% *(2015: 20.25%)*	660,412	630,818
Expenses not deductible for tax purposes	23,590	17,751
Group tax relief received	(468,627)	(568,192)
Effect of change in tax rate	(30,962)	3,268
Other differences	-	24,004
Adjustments in respect of prior periods	(87,632)	(18,847)
Total tax charge (see above)	**96,781**	**88,802**

The charge for the period to 31 July 2015 would be expected to be 20.25%, representing the 16 month period during which the tax rate was 21% for the initial 12 months and 20% for the final 4 months.

Notes *(continued)*

10 Dividends

	Year ended 31 July 2016 £	16 month period ended 31 July 2015 £
Ordinary dividends paid	883,500	4,319,752
	883,500	**4,319,752**

11 Prior period adjustments

Two prior period adjustments have been recorded. Both of these changes, each discussed further below, ensure that the turnover and costs arising in the year are more closely matched with one another, making the turnover, costs and profit better represent the performance of the Company.

The first prior period adjustment relates to the directors' election to capitalise development costs in accordance with Financial Reporting Standard 102 'The Financial Reporting Standards applicable in the UK and Republic of Ireland'(FRS 102). The change in treatment of such costs, which were previously written off as incurred, resulted in an increase in brought forward net assets at 1 April 2014 of £1,446,913 and of £1,332,890 as at 31 July 2015.

The second prior period adjustment relates to a review of recognition criteria relating to certain revenues and agreement that the policy was being incorrectly applied. Adjusting for this, brought forward net assets at 1 April 2014 increased by £14,000, and at 31 July 2015 increased by £59,728.

	16 month period ended 31 July 2015 £
Capitalisation and amortisation of previously expensed development costs	(142,530)
Change in revenue recognition policy	57,161
Tax effect of above	17,074
Decrease in net profit after tax	**(68,295)**

	31 July 2015 £	31 March 2014 £
Increase in intangible assets	1,666,112	1,808,642
Increase in deferred tax liability due to capitalisation of development costs	(333,222)	(361,729)
Effect of change in accounting policy	1,332,890	1,446,913
Reduction in deferred revenue	74,661	17,500
Increase in deferred tax liability due to change in revenue recognition policy	(14,933)	(3,500)
Effect of correction of revenue recognition	59,728	14,000
Increase in net assets	**1,392,618**	**1,460,913**

Notes *(continued)*

12 Intangible fixed assets

	Development costs £	Computer software £	Total £
Cost			
At 1 August 2015 (Restated)	4,209,390	571,111	4,780,501
Additions	980,767	-	980,767
Disposals	-	(283,782)	(283,782)
At 31 July 2016	5,190,157	287,329	5,477,486
Amortisation			
At 1 August 2015 (Restated)	2,543,278	504,184	3,047,462
Charge for year	951,683	27,654	979,337
Disposals	-	(283,782)	(283,782)
At 31 July 2016	3,494,961	248,056	3,743,017
Net book value			
At 31 July 2016	**1,695,196**	**39,273**	**1,734,469**
At 31 July 2015 (Restated)	1,666,112	66,927	1,733,039

With ongoing changes in the software services used internally, including outsourcing to specialist service providers rather than acquiring the software outright, a number of fixed assets, all of which had a zero net book value, were disposed of during the year.

Notes *(continued)*

13 Tangible fixed assets

	Leasehold improvements £	Office furniture, fixtures and fittings £	Office equipment £	Total £
Cost				
At 1 August 2015	328,746	31,128	499,452	859,326
Additions	148,569	-	40,814	189,383
Disposals	(300,602)	(29,599)	(415,343)	(745,544)
At 31 July 2016	176,713	1,529	124,923	303,165
Depreciation				
At 1 August 2015	328,746	29,854	454,901	813,501
Charge for year	4,996	509	31,946	37,451
Disposals	(300,602)	(29,599)	(415,343)	(745,544)
At 31 July 2016	33.140	764	71,504	105,408
Net book value				
At 31 July 2016	**143,573**	**765**	**53,419**	**197,757**
At 31 July 2015 (Restated)	-	1,274	44,551	45,825

With improvements to the leasehold premises being incurred in the year, a number of items, all of which had zero net book values, were disposed of.

14 Fixed asset investments

On 30 March 2015, the Company sold its investment in its wholly owned subsidiary undertaking Defaqto Europe Limited to Defaqto Group Limited for £1.

Notes *(continued)*

15 Debtors

	31 July 2016 £	31 July 2015 £ (Restated)
Trade debtors	665,176	671,371
Amounts owed by group undertakings	2,511,253	1,454,812
Prepayments and accrued income	429,978	355,302
Corporation tax repayable	101,296	-
	3,707,703	**2,481,485**

16 Creditors: amounts falling due within one year

	31 July 2016 £	31 July 2015 £ (Restated)
Trade creditors	415,263	143,087
Other taxation and social security	249,660	293,968
Corporation tax due	-	120,451
Other creditors	110,440	92,714
Accruals and deferred income	2,731,433	2,475,621
	3,506,796	**3,125,841**

Notes *(continued)*

17 Deferred taxation

	Deferred tax liability £
At 1 August 2015 (Restated)	286,579
Credit to the profit and loss account for the year	(7,923)
At 31 July 2016	**278,656**

The elements of these balances are as follows:

	31 July 2016 £	31 July 2015 £ (Restated)
Depreciation in advance of capital allowances	(16,405)	(51,259)
Other timing differences	295,061	337,838
	278,656	**286,579**

The deferred tax liability is expected to reduce by £129,247 (*2015: £138,366*) in the twelve months from the reporting date and £149,409 (*2015: £148,213*) is expected to unwind more than 12 months from the reporting date.

18 Share capital and reserves

	31 July 2016 £	31 July 2015 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	**2**	2

The Company's ordinary shares, which carry no right to fixed income, carry the right to one vote at general meetings of the Company.

Reserves

Retained earnings represents cumulative profit and loss net of distribution to owners.

Notes *(continued)*

19 Pension scheme

Defined contribution pension scheme

The Defaqto Personal Pension Plan is a defined contribution plan and is open to all employees of the Company that have completed three months' service. The Company doubles the contributions made by employees up to a maximum company contribution of 10% of salary (2015: 10%). The pension cost for the period represents contributions payable by the Company to the scheme and amounted to £589,548 (*2015: £753,627*). Included in creditors due within one year is £55,971 (*2015: £51,585*) in respect of contributions due in relation to this pension scheme.

20 Ultimate parent company and controlling party

The directors consider the ultimate parent undertaking to be Regulus Topco Limited, a company incorporated in the United Kingdom. The immediate parent company is Regulus Bidco Limited, a company incorporated in the United Kingdom.

The directors consider that the controlling party is Synova Capital LLP.

Regulus Midco Limited is the parent company of the smallest group for which consolidated accounts including Defaqto Limited are prepared. Regulus Topco Limited is the parent undertaking of the largest group for which consolidated accounts including Defaqto Limited are prepared. The consolidated accounts of both these companies are available to the public and may be obtained from:

Defaqto Group Limited
Financial Research Centre
Haddenham Business Park
Pegasus Way
Haddenham
Buckinghamshire
HP17 8LJ.

Notes *(continued)*

21 Commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2016		2015	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Due within one year	**79,500**	**147,312**	79,500	125,998
Due 2-5 years inclusive	**145,750**	**109,688**	225,250	56,683
Due > 5 years	**-**	**-**	-	490
	225,250	**257,000**	304,750	183,171

22 Contingent liabilities

The Company is registered with HMRC as a member of a group for VAT purposes, and as a result is jointly and severally liable on a continuing basis for amounts owing by any other members of that group in respect of unpaid VAT. At the balance sheet date, the outstanding VAT balance of the other group companies in the VAT group, of which the Company is a member, was a receivable amount of £5,050 (*2015: £3,115*).

Regulus Bidco Limited, the immediate parent company, has a loan outstanding due to HSBC Bank Plc. The Company has provided a charge over its assets and shares in relation to this loan.