Defaqto Limited

Registered number 2870220

Report and financial statements

For the year ended 31 July 2017

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
HSBC Bank Plc
26 Broad Street
Reading
Berkshire
RG1 2BU

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 2017.

Principal activity

The Company is a financial information business, helping financial institutions and consumers make better informed decisions through the provision of quality financial data and associated tools.

Dividends

On 24 February 2017, the directors proposed and paid an interim dividend of £820,000 per share totalling £1,640,000. 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
R P Bijtjes
A C G Brown

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.

On behalf of the board

A C G Brown
Director
30 October 2017

Strategic report

The directors present their strategic report for the year ended 31 July 2017.

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 Company is a financial information business, helping financial institutions and consumers make better informed decisions. Our independent fund and product information helps banks, insurers and fund managers with designing and promoting their propositions. In order to do so, the Company:

- collects data from across the whole of the market for products in the following areas: banking, general insurance, life and protection, wealth and funds;
- uses its expertise and insight to analyse the data, and to make it comparable;
- creates a range of products and services to deliver information in a meaningful way to its customers and stakeholders; and
- helps consumers to make better informed financial decisions, and helps the financial services sector create, manage and distribute products.

The Company does this by providing timely and accurate information to all levels of the financial sector including financial intermediaries, banks, insurers, life companies, asset managers, government departments, comparison websites and directly to consumers. Such services are generally supplied through digital delivery mechanisms thereby ensuring that the data used by decision makers is of the best quality available in the market.

Financial advisers use the Company's range of products to research the right products to suit their clients' needs. This service is predominantly offered in the life and protection, wealth and funds product areas.

The Company has and continues to focus its efforts on assisting financial intermediaries in delivering appropriate services to their client base. The Company's customers, both financial intermediaries and financial product providers, benefit from the continued expansion of the product and service suite and the Company is focussed on delivering best in class solutions to fit such demand.

The Company continues to provide services to providers of financial products that enable them to research, launch, distribute and manage quality products. Additionally, the Company rates financial products based on quality using the Defaqto Ratings process.

The Company offers services on either a hosted or an unhosted basis for integration with a number of consumer web-portals.

The directors are pleased with the performance in the year. The financial year ended 31 July 2017 saw the Company record a profit of £3,183,062 *(year ended 31 July 2016: £3,205,278)*. Turnover increased from £11,551,441 to £11,652,773.

During the year the directors decided to cease the events business as the business model of such a revenue stream does not fit with that of the rest of the Company. Excluding these discontinued operations, turnover grew by £289,332 from £11,034,441 to £11,323,773. Operating profit from continuing operations before depreciation and amortisation grew by £392,211 from £4,239,597 to £4,631,808 illustrating the operational gearing that the Company enjoys after significant investment in recent years.

The Company continues to invest heavily in the development of its software platforms with £1,018,123 having been invested in the year in both employed and outsourced services *(year ended 31 July 2016: £980,767)*. Such investment, as well as £180,358 invested in tangible fixed assets during the year, is offset by depreciation and amortisation of £988,397 leading to an increase in fixed assets of £210,084 to £2,142,310. Net current assets increased by £1,328,658, driven by the profitability of the Company and at year end cash stands at £4,299,093 (*31 July 2016: £2,623,001*).

Strategic report (continued)

Research and development

The Company continues to expand the software offering with the main focus being on tools for financial advisers. This investment totalling £1,018,123 in the year *(2016: £980,767)* has seen new workflows being launched within the Defaqto Engage service in the year and a number of new developments remained in progress at 31 July 2017 and will be launched in the following financial year.

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 and making their advice offering more efficient. 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% *(2016: 100%)* of turnover and that sector continues to face continuing regulatory and economic changes. The Company is not regulated but the majority of its customers are and there is a risk that a change in financial regulation in the United Kingdom may negatively impact either such customers or the Company directly. The directors maintain strong relationships with the customer base and the various financial regulators in the United Kingdom and take appropriate action where risks arise that need mitigation.

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.

On behalf of the board

S Z H Bilgrami
Director
30 October 2017

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

Opinion

We have audited the financial statements of Defaqto Limited (the 'company') for the year ended 31 July 2017 which comprise the statement of income and retained earnings, the statement of financial position, and the 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 FRS 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 31 July 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception
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 and the directors' report.

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
As explained more fully 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, 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 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: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

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 30 October 2017

Statement of income and retained earnings

for the year ended 31 July 2017

	Note	Year ended 31 July 2017 Continuing operations £	Year ended 31 July 2017 Discontinued operations £	Year ended 31 July 2017 Total £	Year ended 31 July 2016 Continuing operations £	Year ended 31 July 2016 Discontinued operations £	Year ended 31 July 2016 Total £
Turnover	3	11,323,773	329,000	11,652,773	11,034,441	517,000	11,551,441
Staff costs	7	(4,449,428)	(125,534)	(4,574,962)	(4,147,872)	(122,715)	(4,270,587)
Other operating charges		(2,242,537)	(262,446)	(2,504,983)	(2,646,972)	(315,038)	(2,962,010)
Depreciation of tangible fixed assets		(80,566)	-	(80,566)	(37,451)	-	(37,451)
Amortisation of intangible fixed assets		(907,831)	-	(907,831)	(979,337)	-	(979,337)
Operating profit/(loss)	4	3,643,411	(58,980)	3,584,431	3,222,809	79,247	3,302,056
Interest receivable and similar income	5	-	-	-	3	-	3
Profit on ordinary activities before taxation		3,643,411	(58,980)	3,584,431	3,222,812	79,247	3,302,059
Tax charge on profit on ordinary activities	8	(401,369)	-	(401,369)	(80,932)	(15,849)	(96,781)
Profit on ordinary activities after taxation and profit for the financial year		3,242,042	(58,980)	3,183,062	3,141,880	63,398	3,205,278
Retained earnings at 1 August				4,477,476			2,155,698
Dividends paid	9			(1,640,000)			(883,500)
Retained earnings at 31 July				6,020,538			4,477,476

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 year arise from profit or loss and payment of dividends.

Statement of financial position
as at 31 July 2017

	Note	31 July 2017		31 July 2016	
		£	£	£	£
Fixed assets					
Intangible assets	10		**1,844,761**		1,734,469
Tangible assets	11		**297,549**		197,757
			2,142,310		1,932,226
Current assets					
Debtors	12	**3,771,043**		3,707,703	
Cash at bank and in hand		**4,299,093**		2,623,001	
		8,070,136		6,330,704	
Current liabilities					
Creditors: amounts falling due within one year	13	**(3,917,570)**		(3,506,796)	
Net current assets			**4,152,566**		2,823,908
Provisions for liabilities: deferred tax	14		**(274,336)**		(278,656)
Net assets			**6,020,540**		4,477,478
Capital and reserves					
Called up share capital	15		**2**		2
Retained earnings	15		**6,020,538**		4,477,476
Total equity			**6,020,540**		4,477,478

These financial statements on pages 7 to 21 were approved by the board and authorised for issue on 30 October 2017 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 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) and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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

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

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. Turnover is recognised when performance of the services is delivered. Certain services are delivered at one point in time and turnover relating to those services is recognised at that point in time. Other services are delivered over a period of time in which case turnover is spread over the delivery period.

Any consideration received in advance of performance is recognised as deferred income. Such deferred income is released to turnover as performance occurs. Any consideration received in arrears of performance is recognised as accrued income. Any such 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 3 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 to 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.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

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/(loss)

	Year ended 31 July 2017 £	**Year ended 31 July 2016 £**
Operating profit/(loss) is stated after charging:		
Depreciation and amortisation	988,397	1,016,788
Hire of land and buildings – rentals payable under operating leases	84,034	79,295
Hire of plant and equipment – rentals payable under operating leases	261,277	253,105
Research and development expenditure	60,351	-
Auditor's remuneration		
Audit of these financial statements	27,000	27,000

Notes *(continued)*

4 Operating profit/loss (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 2017 £	Year ended 31 July 2016 £
Bank deposit interest	-	3
	-	**3**

6 Directors' remuneration

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

Notes *(continued)*

7 Staff numbers and costs

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

	Number of employees	
	Year ended 31 July 2017	**Year ended 31 July 2016**
Research	58	54
Administration (including product development)	33	32
Sales and marketing	29	26
	120	**112**

The aggregate payroll costs of these persons were as follows:

	Year ended 31 July 2017 £	**Year ended 31 July 2016 £**
Wages and salaries	4,280,747	4,171,967
Social security costs	488,421	452,642
Pension costs	641,153	589,548
	5,410,321	5,214,157
Staff costs capitalised as development costs	(835,359)	(943,570)
	4,574,962	**4,270,587**

Notes *(continued)*

8 Taxation

	Year ended 31 July 2017 £	Year ended 31 July 2016 £
UK corporation tax		
Current tax charge on income for the year	409,091	200,655
Adjustments in respect of prior years	(3,402)	(95,951)
Total current tax	**405,689**	**104,704**
Deferred tax (see note 14)		
Deferred tax asset created	33,908	(16,242)
Adjustments in respect of prior years	(19,218)	8,319
Effect of change in tax rate	(19,010)	-
Total deferred tax	**(4,320)**	**(7,923)**
Tax charge on profit on ordinary activities	**401,369**	**96,781**

Factors affecting the tax charge for the current year:

The tax charge for the year is lower than the standard rate of corporation tax in the UK of 19.67% *(2016: 20%)*. The differences are explained below:

	Year ended 31 July 2017 £	Year ended 31 July 2016 £
Tax		
Profit on ordinary activities before taxation	**3,584,431**	**3,302,059**
Tax at 19.67% *(2016: 20%)*	704,906	660,412
Expenses not deductible for tax purposes	44,198	23,590
Group tax relief received	(295,658)	(468,627)
Effect of change in tax rate	(19,010)	(30,962)
Other differences	(10,447)	-
Adjustments in respect of prior years	(22,620)	(87,632)
Total tax charge (see above)	**401,369**	**96,781**

The charge for the year to 31 July 2017 would be expected to be 19.67%, representing the 12 month period during which the tax rate was 20% for the initial 8 months and 19% for the final 4 months.

Notes *(continued)*

9 Dividends

	Year ended 31 July 2017 £	Year ended 31 July 2016 £
Ordinary dividends paid	1,640,000	883,500
	1,640,000	**883,500**

10 Intangible fixed assets

	Development costs £	Computer software £	Total £
Cost			
At 1 August 2016	5,190,157	287,329	5,477,486
Additions	1,018,123	-	1,018,123
At 31 July 2017	6,208,280	287,329	6,495,609
Amortisation			
At 1 August 2016	3,494,961	248,056	3,743,017
Charge for year	884,274	23,557	907,831
At 31 July 2017	4,379,235	271,613	4,650,848
Net book value			
At 31 July 2017	**1,829,045**	**15,716**	**1,844,761**
At 31 July 2016	1,695,196	39,273	1,734,469

Notes *(continued)*

11 Tangible fixed assets

	Leasehold improvements £	Office furniture, fixtures and fittings £	Office equipment £	Total £
Cost				
At 1 August 2016	176,713	1,529	124,923	303,165
Additions	111,502	40,999	27,857	180,358
At 31 July 2017	288,215	42,528	152,780	483,523
Depreciation				
At 1 August 2016	33,140	764	71,504	105,408
Charge for year	39,010	6,083	35,473	80,566
At 31 July 2017	72,150	6,847	106,977	185,974
Net book value				
At 31 July 2017	**216,065**	**35,681**	**45,803**	**297,549**
At 31 July 2016	143,573	765	53,419	197,757

Notes *(continued)*

12 Debtors

	31 July 2017 £	31 July 2016 £
Trade debtors	982,429	665,176
Amounts owed by group undertakings	2,355,732	2,511,253
Prepayments and accrued income	432,882	429,978
Corporation tax repayable	-	101,296
	3,771,043	**3,707,703**

13 Creditors: amounts falling due within one year

	31 July 2017 £	31 July 2016 £
Trade creditors	314,976	415,263
Other taxation and social security	360,458	249,660
Corporation tax due	253,066	-
Other creditors	112,038	110,440
Accruals and deferred income	2,877,032	2,731,433
	3,917,570	**3,506,796**

Notes *(continued)*

14 Deferred taxation

	Deferred tax liability £
At 1 August 2016	278,656
Credit to the profit and loss account for the year	(4,320)
At 31 July 2017	**274,336**

The elements of these balances are as follows:

	31 July 2017 £	31 July 2016 £
Depreciation in advance of capital allowances	(26,586)	(16,405)
Other timing differences	300,922	295,061
	274,336	**278,656**

The deferred tax liability is expected to reduce by £2,896 (*2016: £129,247*) in the twelve months from the reporting date and £271,440 (*2016: £149,409*) is expected to unwind more than 12 months from the reporting date.

15 Share capital and reserves

	31 July 2017 £	31 July 2016 £
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)*

16 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 (*2016: 10%*). The pension cost for the year represents contributions payable by the Company to the scheme and amounted to £641,153 (*2016: £589,548*). Included in creditors due within one year is £58,910 (*2016: £55,971*) in respect of contributions due in relation to this pension scheme.

17 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:

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

18 Commitments

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

	2017		**2016**	
	Land and buildings	**Other**	**Land and buildings**	**Other**
	£	**£**	**£**	**£**
Due within one year	**85,000**	**104,469**	79,500	147,312
Due 2-5 years inclusive	**49,583**	**59,094**	145,750	109,688
	134,583	**163,563**	225,250	257,000

19 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 £1,722 (*2016: £5,050*).

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.