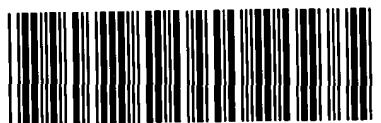


HPI LIMITED
Company Registration No. 04068979

Annual Report and Financial Statements
for the year ended 31 March 2018

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HPI LIMITED

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HPI LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

Directors

F Overtoom

R Giger

A Aquila

J Brady

C Wright

Registered Office

Capitol House

Bond Court

Leeds

LS1 5EZ

Auditor

Deloitte LLP

Abbots House

Abbey Street

Reading

RG1 3BD

Solicitors

Blake Morgan LLP

Buxton Court

3 West Way

Oxford

OX2 0SZ

HPI LIMITED

Annual Report and Financial Statements for the year ended 31 March 2018

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 March 2018:

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company is the provision of information and services to the automotive industry and consumer market, in the United Kingdom ("UK"), including vehicle provenance data.

As shown in the company's profit and loss account, revenues were £41.4m for the year ended 31 March 2018 (nine month period ended 31 March: £29.2m), which represents an increase of 6% on an annualised basis. The company's operating profits have also increased and show a healthy return. Following the closure of the company's previous headquarters in Salisbury in the prior period and the rationalisation of staff across other group companies, the company's headcount is lower in the current period. This has led to a consequent reduction in payroll costs and other administrative expenses. The directors feel that the results for the year leave them in a sound position for the coming year.

The balance sheet shows increase in net assets showing a stronger financial position. We are committed to ensuring that customers are provided with a robust and reliable service.

HPI Limited has had a successful trading period. The Company has continued to invest in technology, new product development and back-office processing improvements.

The directors consider the Company to be well positioned to serve its customers and continue to grow.

Future Developments

The directors are not aware, at the date of the annual report, of any likely changes in the company's activities in the next period.

Key Performance Indicators

The company's key financial performance indicators during the year were as follows:

	2018	2017
• Revenue	£41.4 million	£29.2 million
• Operating profit	£30.2 million	£19.0 million

Financial Risk Management

The Company has reviewed all aspects of the business and its environment and identified the principal risks and uncertainties facing it, allowing appropriate risk management policies to be drawn up. The company's parent undertaking, Solera Holdings, Inc., has determined the guidelines in managing the company financial risks. In order to minimise costs and maximise the resources available, Solera Holdings, Inc. has centralised all of the group's risk management. Solera Holdings, Inc. gathers all information concerning possible risk situations and defines the corresponding hedge. The Group manages the company capital to ensure that the company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

Principal risks and uncertainties

Economic

Competitive pressure in the UK is seen by the company as a risk, however the company aims to minimise this risk by providing added value services to its customers, maintaining strong customer relationships and fast response times to customer issues.

Risk factors beyond the Company's control, that could cause actual results to differ materially from those estimated include:

- UK domestic economic business conditions; and
- the impact of competition and inflation.

HPI LIMITED

Annual Report and Financial Statements for the year ended 31 March 2018

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

Technology and infrastructure

The company is reliant on its technology and infrastructure to deliver its product offerings. Disruption of this technology or of the company's broader IT infrastructure could prevent delivery of data to customers.

The company has invested in its product platforms to ensure that they remain robust and maintain their integrity. The company has a business continuity plan in place which ensures that the business can continually service its customers in any event.

To further strengthen our management of risk and ability to provide continuity of services, we have undertaken and achieved accreditation in ISO 27001 the International standard in Information Security and BS 25999 British standard for Business Continuity.

Cashflow risk

The company has no loans or other debt outside of the group. The company invoices most customers in sterling but is exposed to some foreign currency exchange risk on supplier purchases.

Credit risk

To manage credit risk which may arise from trading, the company only offers credit terms where an appropriate payment history can be demonstrated and credit worthiness procedures have been satisfied.

Environment

The company adopts a number of environmental policies including recycling of paper, printer cartridges and mobile phones. The company also ensures safe disposal of all redundant computer equipment.

Employees

Employee numbers and related costs can be found in note 6 to the financial statements. The company aims to recruit and retain the best quality staff and has achieved accreditation from Investors in People. The company also embraces diversity in the workforce whilst promoting a culture of equal opportunity.

Approved by the Board of Directors on 14 December 2018 and signed on behalf of the Board.



F. Overtom
Director

HPI LIMITED

Annual Report and Financial Statements for the year ended 31 March 2018

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2018. The prior period presented in the financial statements is for the nine month period ended 31 March 2017.

DIVIDENDS

The directors do not propose the payment of a final dividend this year (2017: £nil).

GOING CONCERN

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of financial risk management objectives and policies can be found in the strategic report on page 2 and form part of this report by cross reference.

DIRECTORS

The directors during the financial period and to the date of signing these financial statements are shown on page 1. C Wright was appointed on 1 November 2017.

FUTURE DEVELOPMENTS

Details of future developments can be found in the strategic report on page 2 and form part of this report by cross reference. There have been no events since the balance sheet date that require adjustment to or disclosure in the financial statements.

AUDITOR

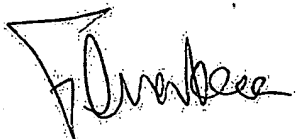
Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (2) the director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution for the re-appointment of Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 14 December 2018 and signed on behalf of the Board.



F Overtoom

Director

HPI LIMITED

Annual Report and Financial Statements for the year ended 31 March 2018

Directors' responsibilities statement

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 law), including FRS 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 of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material disclosed and explained in the financial statements; and
- 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.

HPI LIMITED

Independent auditor's report to the members of HPI Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of HPI Limited (the 'company') :

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet
- the statement of changes in equity; and
- the related notes 1 to 18.

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).

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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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 respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

HPI LIMITED

Independent auditor's report to the members of HPI Limited Report on the audit of the financial statements (continued)

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.

Report on other legal and regulatory requirements

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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our 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.



Andrew Hornby FCA (Senior Statutory auditor)
for and on behalf of Deloitte LLP

Statutory auditor

Reading, United Kingdom

14 December 2018

HPI LIMITED

Profit & Loss Account for the year ended 31 March 2018

		Year ended 31 March 2018 £'000	9 months ended 31 March 2017 £'000
	Notes		
Turnover	3	41,408	29,204
Cost of sales		(6,211)	(4,337)
Gross profit		<u>35,197</u>	<u>24,867</u>
Administrative expenses		(4,986)	(5,906)
Operating profit		<u>30,211</u>	<u>18,961</u>
Interest receivable and similar income	4	457	340
Profit before taxation	5	<u>30,668</u>	<u>19,301</u>
Tax on profit	8	(4,944)	(3,842)
Profit for the financial period		<u>25,724</u>	<u>15,459</u>

All amounts relate to continuing activities.

There was no other comprehensive income other than the profit for the current year and for the previous period. Therefore, a separate statement of other comprehensive income has not been presented.

The notes form part of these financial statements.

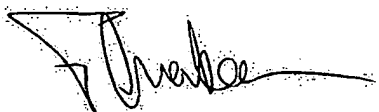
HPI LIMITED

Balance Sheet

As at 31 March 2018

	Notes	31 March 2018 £'000	31 March 2017 £'000
Fixed assets:			
Investment in subsidiary	9	27,681	27,681
Tangible assets	10	1,858	3,434
		<u>29,539</u>	<u>31,115</u>
Current assets:			
Debtors	11	133,825	92,113
Cash at bank and in hand		5,567	2,095
		<u>139,392</u>	<u>94,208</u>
Creditors: amounts falling due within one year	12	<u>(65,949)</u>	<u>(48,065)</u>
Net current assets		<u>73,443</u>	<u>46,143</u>
Total assets less current liabilities		<u>102,982</u>	<u>77,258</u>
Net assets:		<u>102,982</u>	<u>77,258</u>
Capital and reserves			
Share capital	15	30	30
Share premium		2,775	2,775
Capital Contribution Reserve		5,176	5,176
Profit and loss account		<u>95,001</u>	<u>69,277</u>
Shareholders' funds		<u>102,982</u>	<u>77,258</u>

The financial statements of HPI Limited (registration number 04068979) were approved by the Board of Directors and authorised for issue on 14 December 2018. They were signed on its behalf by



F Overtoom
Director

The notes form part of these financial statements.

HPI LIMITED

Statement of Changes in Equity for the year ended 31 March 2018

	Called-up share capital £'000	Share premium account £'000	Capital contribution reserve £'000	Profit and loss account £'000	Total £'000
At 30 June 2016	30	2,775	5,176	53,818	61,799
Profit for the financial period	-	-	-	15,459	15,459
Total comprehensive income	-	-	-	15,459	15,459
At 31 March 2017	30	2,775	5,176	69,277	77,258
Profit for the financial year	-	-	-	25,724	25,724
Total comprehensive income	-	-	-	25,724	25,724
At 31 March 2018	30	2,775	5,176	95,001	102,982

HPI LIMITED

Notes to the financial statements for the year ended 31 March 2018

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding period.

a. General information and basis of accounting

HPI Limited is a limited company incorporated in the United Kingdom under the Companies Act 2006. The company is a private company limited by shares, and is registered in England & Wales. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report.

These financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 ('FRS 102') issued by the Financial Reporting Council ('FRC').

The company has not drawn up consolidated financial statements because it is entitled to the exemption available under section 401 of the Companies Act 2006. It is included in the consolidated financial statements of Solera Parent Holding LLC which are publicly available (see note 18).

HPI Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

b. Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report, together with a summary of the financial position of the company, the company's policy for managing its capital and ensuring its financial risk management objectives are met.

After reviewing the company's forecasts and projections, taking account of reasonably possible changes in trading performance, the directors have concluded that the company has adequate resources to continue in operational existence for the foreseeable future, being a minimum of twelve months from the date of signing, and have therefore prepared the financial statements using the going concern basis of accounting.

c. Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	Forty years
IT equipment	Three to five years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

HPI LIMITED

Notes to the financial statements

for the year ended 31 March 2018

1 Accounting policies (continued)

d. Financial instruments

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

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

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute a financing transaction) and are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

HPI LIMITED

Notes to the financial statements

for the year ended 31 March 2018

1 Accounting policies (continued)

d. Financial instruments (continued)

(i) Financial assets and liabilities (continued)

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

Investments in subsidiaries are measured at cost less impairment.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

e. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective of impairment, an impairment loss is recognised in profit or loss.

f. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date 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.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

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

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

HPI LIMITED

Notes to the financial statements

for the year ended 31 March 2018

1 Accounting policies (continued)

g. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

h. Employee benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

i. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise.

j. Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

HPI LIMITED

Notes to the financial statements

for the year ended 31 March 2018

2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with FRS 102 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the year. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and key estimates that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key estimates:

Fixed asset investments represent a significant portion of the asset base of the Company. Therefore, the estimates and assumptions made to determine their carrying value and related impairment are critical to the Company's financial position and performance.

Critical judgements:

Management also considers whether there are indicators of impairment of the company's receivables balances with fellow group undertakings. Factors taken into consideration in reaching a decision include the economic viability and expected future financial performance of the group undertakings, as well as any significant changes to the technological, market, economic or legal environments in which the group undertakings operate.

Management believe there are no further areas that involve a higher degree of judgement or areas where assumptions and estimates are material to the financial statements.

HPI LIMITED

Notes to the financial statements for the year ended 31 March 2018

	Year ended 31 March 2018 £'000	9 months ended 31 March 2017 £'000
3 Turnover		
Revenue from the Company's principal activity as described in the Strategic report	41,408	29,204
	<u>41,408</u>	<u>29,204</u>
Turnover consists of sales made in the United Kingdom.		
4 Interest receivable and similar income	Year ended 31 March 2018 £'000	9 months ended 31 March 2017 £'000
Intercompany loan interest	449	336
Bank interest receivable	8	4
Interest receivable	<u>457</u>	<u>340</u>
5 Profit before taxation is after charging:	Year ended 31 March 2018 £'000	9 months ended 31 March 2017 £'000
Depreciation of tangible fixed assets	537	603
Rentals under operating leases	75	125
(Profit)/ Loss on disposal of tangible fixed assets	<u>(250)</u>	<u>42</u>
<i>The analysis of the auditor's remuneration is as follows:</i>		
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	44	50
Total audit fees	<u>44</u>	<u>50</u>
There were no fees payable to the company's auditor and its associates for non-audit services (2017: £nil).		

HPI LIMITED

Notes to the financial statements for the year ended 31 March 2018

6 Staff numbers and costs

The average weekly number of employees (including executive directors) during the period was as follows:

	Year ended 31 March 2018 Number	9 months ended 31 March 2017 Number
Management	1	2
Operation	7	20
IT	5	12
	<u>13</u>	<u>34</u>

Their aggregate remuneration comprised:

Staff costs:

	Year ended 31 March 2018 £'000	9 months ended 31 March 2017 £'000
Wages and salaries	855	1,203
Social security costs	81	201
Pension costs	33	59
	<u>969</u>	<u>1,463</u>

These costs were charged within administrative expenses.

7 Directors' remuneration

During the current year and prior period the costs of one director's remuneration was borne by Audatex (UK) Limited and the remaining directors were paid by other Solera Group companies. No cost was borne by HPI Limited for their services.

HPI LIMITED

Notes to the financial statements

for the year ended 31 March 2018.

	Year ended 31 March 2018 £'000	9 months ended 31 March 2017 £'000
8 Tax on profit		
The tax charge comprises:		
Current tax on profit		
UK Corporation tax	5,455	3,849
Adjustment in respect of prior years	(569)	(130)
Total current tax	4,886	3,719
Deferred tax		
Origination and reversal of timing differences	35	39
Effect of change in tax rate on opening liability	-	31
Adjustment in respect of prior years	23	53
Total deferred tax (see note 14)	58	123
Total tax on profit	4,944	3,842

The standard rate of tax applied to reported profit is 19% (2017: 20%). Reductions in the UK Corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce any future current tax charge for the Company accordingly.

There is no expiry date on timing differences, unused tax losses or tax credits.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax of 19% (2016: 20%) to the profit before tax is as follows:

	Year ended 31 March 2018 £'000	9 months ended 31 March 2017 £'000
Profit before tax	30,668	19,301
Tax at 19% (2017: 20%)	5,827	3,860
Effects of:		
- Expenses not deductible for tax purposes	21	35
- Non-taxable income	(354)	-
- Impact of change in rate	(4)	24
- Adjustments to tax charge in respect of previous periods	(546)	(77)
Total tax charge	4,944	3,842

HPI LIMITED

Notes to the financial statements for the year ended 31 March 2018

9 Investment in subsidiary

	31 March 2018 £'000	31 March 2017 £'000
Investment in subsidiaries		
Cost and net book value at 1 April 2017 and 31 March 2018	<u>27,681</u>	<u>27,681</u>

At 31 March 2018, the company has investments in the following subsidiary undertakings:

	Registered office	Principal activity	Holding* % (ordinary share capital)
Carweb Limited	The Forum, Station Road Reading, Berkshire, RG7 4RA	Supply of vehicle data	100

10 Tangible fixed assets

	Freehold buildings £'000	Data processing equipment £'000	Total £'000
Cost or valuation			
At 1 April 2017	2,679	2,775	5,454
Additions	138	36	174
Disposals	(1,306)		(1,306)
At 31 March 2018	<u>1,511</u>	<u>2,811</u>	<u>4,322</u>
Depreciation			
At 1 April 2017	190	1,830	2,020
Charge for the year	64	473	537
Disposals	(93)		(93)
At 31 March 2018	<u>161</u>	<u>2,303</u>	<u>2,464</u>
Net book value			
At 31 March 2018	<u>1,350</u>	<u>508</u>	<u>1,858</u>
At 31 March 2017	<u>2,489</u>	<u>945</u>	<u>3,434</u>

The freehold buildings disposal relates to the sale of the company's previous headquarters in Salisbury during the year.

HPI LIMITED

Notes to the financial statements for the year ended 31 March 2018

	31 March 2018 £'000	31 March 2017 £'000
11 Debtors		
Amounts falling due within one year:		
Trade debtors	7,740	6,536
Amounts due from parent undertakings	116,459	82,421
Amounts due from fellow subsidiary undertakings	8,992	1,903
Deferred tax asset (see note 14)	423	481
Prepayments and accrued income	210	772
Other debtors	1	
	133,825	92,113

The amounts due from parent undertakings include a loan receivable of £11,206k (2017: £11,206k) that bears interest at a rate of 4% (2017: 4%) per annum and is repayable on demand. The remaining amounts due from parent and fellow subsidiary undertakings are unsecured, non interest bearing and are repayable on demand.

	31 March 2018 £'000	31 March 2017 £'000
12 Creditors		
Amounts falling due within one year:		
Trade creditors	127	203
Amounts owed to subsidiary undertakings	15,507	10,366
Amounts owed to fellow subsidiary undertakings	45,168	31,311
Taxation and social security	1,210	1,180
Corporation Tax	2,577	3,433
Accruals and deferred income	1,034	1,242
Other liabilities	126	150
Provisions (Note 13)	200	180
	65,949	48,065

Amounts due to subsidiary and fellow subsidiary undertakings are unsecured, non interest bearing and are repayable on demand.

	Warranty provision £'000	Total £'000
13 Provisions		
At 1 April 2017	180	180
Additions	132	132
Utilised	(112)	(112)
At 31 March 2018	200	200

HPI Limited offers customers a warranty against potential losses arising from any errors in the accuracy and quality of data provided to the customer. HPI Limited bears the risk of warranty claims itself.

HPI LIMITED

Notes to the financial statements for the year ended 31 March 2018

	31 March 2018 £'000	31 March 2017 £'000
14 Deferred tax asset		
Balance at 1 April 2017	481	604
Charge to profit and loss for the year	(58)	(123)
Balance at 31 March 2018	423	481

The deferred tax asset is made up as follows:

Depreciation in excess of capital allowances	419	464
Reserves	4	17
	423	481

	31 March 2018 £'000	31 March 2017 £'000
15 Called up share capital		
Called up, allotted and fully paid: 3,035,002 ordinary shares of 1p each	30	30

The Company's other reserves are as follows:

The share premium account contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

The capital contribution reserve arose from the granting of share options in Solera Holdings, Inc. to the company's employees prior to the cancellation of the scheme on 3 March 2016.

HPI LIMITED

Notes to the financial statements

for the year ended 31 March 2018

16 Financial commitments

	31 March 2018 £'000	31 March 2017 £'000
<i>Total future minimum lease payments under non-cancellable operating leases are as follows:</i>		
Within one year	40	80
Within two to five years	14	125
	<u>54</u>	<u>205</u>

17 Pension commitments

The company makes contributions for all employees into personal pension schemes and the Legal & General Group Personal pension scheme. Contributions to these schemes are charged to the profit and loss account as they fall due.

The pension cost for the defined contribution schemes during the year totalled £33k (2017: £59k).

18 Ultimate and immediate parent companies

HPI Holdings Limited, registered office The Forum, Station Road, Theale, Reading, RG7 4RA, is the immediate parent company. The parent undertaking of the smallest and largest group in which the results of the company are consolidated is Solera Parent Holding LLC. The financial statements of Solera Parent Holding LLC may be obtained from its registered office, 7 Village Circle, Suite 100, Westlake, TX76262, USA.

The ultimate parent company and ultimate controlling party is Vista Equity LLC.