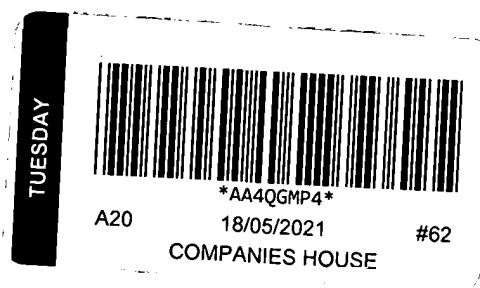


**HPI LIMITED**  
**Company Registration No. 04068979**

**Annual Report and Financial Statements**  
**for the year ended 31 March 2020**



# **HPI LIMITED**

## **Annual Report and Financial Statements for the year ended 31 March 2020**

### **Contents**

#### **Page:**

<b>1</b>	<b>Officers and Professional Advisors</b>
<b>2</b>	<b>Strategic report</b>
<b>6</b>	<b>Directors' report</b>
<b>8</b>	<b>Directors' responsibilities statement</b>
<b>9</b>	<b>Independent auditor's report</b>
<b>11</b>	<b>Profit &amp; loss account</b>
<b>12</b>	<b>Balance sheet</b>
<b>13</b>	<b>Statement of changes in equity</b>
<b>14</b>	<b>Notes to the financial statements</b>

# **HPI LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISORS**

### **Directors**

F Overtoom (resigned 12 June 2020)

J Brady (resigned 1 July 2020)

C Wright

D Babin (appointed 7 August 2019)

R Rogozinski (appointed 7 August 2019)

B Heath (appointed 12 June 2020)

T Aquila (resigned 7 August 2019)

R Giger (resigned 7 August 2019)

### **Registered Office**

Capitol House

Bond Court

Leeds

LS1 5EZ

### **Auditor**

Deloitte LLP

Reading

UK

### **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 2020**

#### **STRATEGIC REPORT**

The directors present their strategic report for the year ended 31 March 2020.

#### **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.

HPI Limited has had a successful trading period. The company has continued to invest in technology, new product development and back office processing improvements. During the year it, with certain of its fellow subsidiaries, commenced a programme to create centres of excellence for certain support functions; the second phase of this programme commenced after the year end.

On 11 March 2020, COVID was declared a pandemic and shortly thereafter the UK entered into the first nationwide lockdown. As a result, all the company's staff were working from home at the year end. Due to the resilience of the company's systems, there was no disruption to service provision. Whilst the majority of the company's revenues are derived from subscriptions, a proportional are transactional and in the lockdown period these revenues reduced significantly.

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

	<b>2020</b>	<b>2019</b>
• Revenue	£46.5 million	£45.1 million
• Operating profit	£30.2 million	£30.7 million

Revenue is dependent on the number and value of subscriptions and the number and value of transactional activities, and the directors therefore use revenue as a measure of the overall level of business activity and hence do not present non-financial KPIs.

The operating profit slightly reduced due to higher data costs in the year.

#### **Future developments**

During 2020 and into 2021, the COVID pandemic continued to impact on the UK. The majority of the company's subscriptions have been renewed, but the transactional based services have declined due to the impact of the various lockdowns.

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. The company will continue to focus on assisting its customers through innovative product development to meet their needs.

#### **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.

## HPI LIMITED

### Annual Report and Financial Statements for the year ended 31 March 2020

#### STRATEGIC REPORT (continued)

##### Principal risks and uncertainties

The directors consider that the principal risks and uncertainties affecting the company are:

##### Economic

COVID has had a significant impact on the UK economy since March 2020 and the longer term impacts are currently uncertain. The UK finally left the European Union on 31 December 2020 and, again, the longer term impact of that on the economy are uncertain.

As detailed above, the COVID lockdowns restricted the number of transactions undertaken; the lifting of the first national lockdown saw a recovery in trading activities and the directors expect that the lockdowns are further lifted, that this recovery will continue. However, it is uncertain how long this process will take.

The exit from the EU has not had a significant immediate impact on the company.

##### Competition

The company operates in a competitive environment, which could be exacerbated by any economic downturn. 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.

##### 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 the management of risk and ability to provide continuity of services, the company has undertaken and achieved accreditation in ISO 27001 the International standard in Information Security and BS 25999 British standard for Business Continuity.

##### Credit risk

To manage trading credit risk, credit terms are only provided to key accounts where an appropriate payment history can be demonstrated and credit worthiness procedures have been satisfied.

The company's most significant credit exposure is to other group companies; the risk is not considered to be significant.

##### 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.

##### Directors duties

Section 172 of the Companies Act 2006 sets out company directors' duties and the narrative below explains how the company's directors fulfilled those duties in the year:

The company is a subsidiary of Solera Holdings Inc and follows the same corporate core values:

- Leading with integrity
- Being respectful and inclusive
- Delivering innovation that matters
- Relentlessly committed to customer success
- Winning together

The directors of the company seek to instil these core values on all staff by leading by example.

## HPI LIMITED

### Annual Report and Financial Statements for the year ended 31 March 2020

#### STRATEGIC REPORT (continued)

The Group leadership team sets out the vision and mission of the Group, which the company's directors use to set the company's four year rolling strategic plan, which is reviewed and updated throughout the year. The plan gives a road map for the development of the company's products, which is refined through conversations with customers, assessing their future needs and how the company may help them meet those needs, maximising customer value.

The company has no employees, But as well as customers, other key stakeholders are certain suppliers to the company and the ultimate owners of the company.

The company works with key suppliers to identify emerging opportunities for both the company and the relevant suppliers, and expand the dissemination of the suppliers' products within the company's service offerings.

The company seeks to be a good corporate citizen through initiatives to reduce its carbon footprint (see below), through charity giving and local charitable initiatives.

Key decisions in the year included:

- the company's response to COVID, which resulted in all staff working from home to protect them, their families and the wider population
- the decision to create a centre of excellence for key support activities, to further enhance customer service

The directors consider that anticipating and meeting the needs of the customers is key to the company's success and therefore the success of its employees within the business. When making these decisions, the directors considered their long term impact on the company and its stakeholders.

#### Energy and carbon reporting

The company's carbon emissions and energy usage for the year ended 31 March 2020 were:

2020	Combustion of gas	Use of electricity	Transport
CO <sub>2</sub> emissions (tonnes)	-	380	-
Energy usage (kWhr)	-	1,486,195	-

The energy usage from the use of electricity is derived from meter readings, or where those are not available, average office energy usage per square metre of floor space. The energy usages are converted to tonnes of CO<sub>2</sub> using Government data. Scope 3 emissions are excluded.

The company has measured an intensity ratio (in accordance with the requirements of the Companies Act) as the tonnes of CO<sub>2</sub> emissions per £1 million of turnover. For 2020, the ratio is 8.17 tonnes per £1 million.

## **HPI LIMITED**

### **Annual Report and Financial Statements for the year ended 31 March 2020**

#### **STRATEGIC REPORT (continued)**

##### **Financial position**

The directors consider the company's financial position as at the year end is satisfactory. The company remits excess cash to its parent, which results in an increasing inter-company balance which comprises the majority of the debtor balance by value. The company also has a significant balance with a fellow subsidiary as that subsidiary remits its excess cash to the company (and in turn the cash is passed onto the parent). The company continued to be funded primarily by its retained reserves.

Approved by the Board of Directors on 14 May 2021 and signed on behalf of the Board.

A handwritten signature in black ink, appearing to read 'B Heath'.

B Heath  
Director

## **HPI LIMITED**

### **Annual Report and Financial Statements for the year ended 31 March 2020**

#### **Directors' report**

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report for the year ended 31 March 2020.

#### **Dividends**

The directors do not propose the payment of a final dividend this year (2019: £nil).

#### **Directors**

The directors who served throughout the year and to the date of signing are shown on page 1.

#### **Energy and carbon reporting**

Information on energy usage and greenhouse gas emissions is given in the strategic report and forms part of this report by cross reference.

#### **Going concern**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the date of signing. 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.

#### **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.

#### **Post balance sheet events**

In March 2021, the Chancellor announced that UK corporation tax will increase to 25% in 2023, which will increase the company's future tax liabilities.

#### **Financial risk management objectives and policies**

Details of financial risk management objectives and policies can be found in the strategic report on page 3 and form part of this report by cross reference.

#### **Engagement with suppliers, customers and others**

Details of how the company engages with suppliers, customers and others are set out in the Strategic Report within the Directors' duties statement and form part of this report by cross reference.



## **HPI LIMITED**

### **Annual Report and Financial Statements for the year ended 31 March 2020**

#### **Directors' report (continued)**

#### **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  
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 May 2021 and signed on behalf of the Board.



---

B Heath  
Director

## **HPI LIMITED**

### **Annual Report and Financial Statements for the year ended 31 March 2020**

#### **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 2020 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](http://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 May 2021

## HPI LIMITED

### Profit & Loss Account for the year ended 31 March 2020

		Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
	Notes		
Turnover	3	46,519	45,089
Cost of sales		<u>(9,436)</u>	<u>(6,561)</u>
Gross profit		37,083	38,528
Administrative expenses		<u>(6,917)</u>	<u>(7,818)</u>
Operating profit		30,166	30,710
Interest receivable and similar income	4	<u>465</u>	<u>448</u>
Profit before taxation	5	30,631	31,158
Tax on profit	8	<u>(5,725)</u>	<u>(5,899)</u>
Profit for the financial period		<u>24,906</u>	<u>25,259</u>

All amounts relate to continuing activities.

There was no other comprehensive income other than the profit for the current and previous year. 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 2020

		31 March 2020 £'000	31 March 2019 £'000
	Notes		
<b>Fixed assets</b>			
Investment in subsidiary	9	27,681	27,681
Tangible assets	10	<u>1,351</u>	<u>1,587</u>
		29,032	29,268
<b>Current assets</b>			
Debtors	11	232,068	175,233
Cash at bank and in hand		<u>1,969</u>	<u>8,002</u>
		234,037	183,235
<b>Creditors: amounts falling due within one year</b>	12	<u>(109,922)</u>	<u>(84,262)</u>
<b>Net current assets</b>		<u>124,115</u>	<u>98,973</u>
<b>Total assets less current liabilities</b>		<u>153,147</u>	<u>128,241</u>
<b>Net assets</b>		<u>153,147</u>	<u>128,241</u>
<b>Capital and reserves</b>			
Share capital	15	30	30
Share premium		2,775	2,775
Capital Contribution Reserve		5,176	5,176
Profit and loss account		<u>145,166</u>	<u>120,260</u>
<b>Shareholders' funds</b>		<u>153,147</u>	<u>128,241</u>

The financial statements of HPI Limited (registration number 04068979) were approved by the Board of Directors and authorised for issue on 14 May 2021. They were signed on its behalf by



B Heath  
Director

The notes form part of these financial statements.

## HPI LIMITED

### Statement of Changes in Equity for the year ended 31 March 2020

	Called-up share capital £'000	Share premium account £'000	Capital contribution reserve £'000	Profit and loss account £'000	Total £'000
At 31 March 2018	30	2,775	5,176	95,001	102,982
Profit for the financial year	-	-	-	25,259	25,259
Total comprehensive income	-	-	-	25,259	25,259
At 31 March 2019	30	2,775	5,176	120,260	128,241
Profit for the financial year	-	-	-	24,906	24,906
Total comprehensive income	-	-	-	24,906	24,906
At 31 March 2020	30	2,775	5,176	145,166	153,147

## HPI LIMITED

### Notes to the financial statements for the year ended 31 March 2020

#### 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.



**Notes to the financial statements**

**for the year ended 31 March 2020**

**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 2020

#### 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 2020**

#### **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.

**Notes to the financial statements**  
**for the year ended 31 March 2020**

**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 areas involving 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.

Management considers whether there are indicators of impairment of the company's investments in subsidiaries, or of its receivables balances with fellow group undertakings. Factors taken into consideration in reaching a decision include assumptions and estimates made to determine 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 2020

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
<b>3 Turnover</b>		
Revenue from the Company's principal activity	46,519	45,089
	<u>46,519</u>	<u>45,089</u>

Turnover consists of sales made in the United Kingdom.

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
<b>4 Interest receivable and similar income</b>		
Intercompany loan interest	449	448
Bank interest receivable	15	-
Interest receivable	<u>465</u>	<u>448</u>

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
<b>5 Profit before taxation is after charging:</b>		
Depreciation of tangible fixed assets	250	443
Rentals under operating leases	47	70
Foreign exchange loss/(gain)	401	(4)

*The analysis of the auditor's remuneration is as follows:*

Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	56	54
<b>Total audit fees</b>	<u>56</u>	<u>44</u>

There were no fees payable to the company's auditor and its associates for non-audit services (2019: £nil).

## HPI LIMITED

### Notes to the financial statements for the year ended 31 March 2020

#### 6 Staff

All staff are employed by a fellow subsidiary, CAP HPI limited, and the company has no employees (2019 - none).

#### 7 Directors' remuneration

	31 March 2020 £'000	31 March 2019 £'000
Emoluments	75	-
Contribution to money purchase pension scheme	4	-
	<hr/> 79	<hr/> -
	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	<hr/> 1	<hr/> -

# HPI LIMITED

## Notes to the financial statements for the year ended 31 March 2020

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
<b>8 Tax on profit</b>		
The tax charge comprises:		
<b>Current tax on profit</b>		
UK Corporation tax	5,795	5,903
Adjustment in respect of prior years	(63)	(54)
<b>Total current tax</b>	<b>5,732</b>	<b>5,849</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	43	30
Effect of change in tax rate on opening liability	(45)	-
Adjustment in respect of prior years	(5)	19
<b>Total deferred tax (see note 14)</b>	<b>(7)</b>	<b>50</b>
<b>Total tax on profit</b>	<b>5,725</b>	<b>5,899</b>

The standard rate of tax applied to reported profit is 19% (2019: 19%).

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

The reduction in the rate of corporation to 17% that was to be effective from 1 April 2020 has now been reversed. On 3 March 2021 the UK government announced an intention to increase the UK corporation tax rate to 25% with effect from 1 April 2023. If enacted this will impact the value of our UK deferred tax balances, and the tax charged on UK profits generated in 2023 and subsequently. We have yet to determine the impact of these proposed changes.

The effective rate of corporation tax from 1 April 2020 remains at 19%. Deferred tax balances have been calculated at the rate of 19% (2019: 17%).

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
<b>Profit before tax</b>	<b>30,631</b>	<b>31,158</b>
<b>Tax at 19% (2019: 19%)</b>	<b>5,820</b>	<b>5,920</b>
Effects of:		
- Expenses not deductible for tax purposes	18	18
- Impact of change in rate	(45)	(4)
- Adjustments to tax charge in respect of previous periods	(68)	(35)
<b>Total tax charge</b>	<b>5,725</b>	<b>5,899</b>

## HPI LIMITED

### Notes to the financial statements for the year ended 31 March 2020

#### 9 Investment in subsidiary

	31 March 2020 £'000	31 March 2019 £'000
Investment in subsidiaries		
Cost and net book value at 1 April 2019 and 31 March 2020	<u>27,681</u>	<u>27,681</u>

At 31 March 2020, the company has investments in the following subsidiary undertakings:

Subsidiary	Registered office	Principal activity	Holding % (ordinary share capital)
Carweb Limited	Solera House, Western Road, Bracknell, United Kingdom, RG12 1RF	Supply of vehicle data	100

#### 10 Tangible fixed assets

	Freehold buildings £'000	IT equipment £'000	Total £'000
<b>Cost or valuation</b>			
At 1 April 2019	1,511	2,982	4,493
Additions	10	4	14
At 31 March 2020	<u>1,521</u>	<u>2,986</u>	<u>4,507</u>
<b>Depreciation</b>			
At 1 April 2019	219	2,688	2,906
Charge for the year	58	192	250
At 31 March 2020	<u>277</u>	<u>2,880</u>	<u>3,157</u>
<b>Net book value</b>			
At 31 March 2020	<u>1,245</u>	<u>106</u>	<u>1,351</u>
At 1 April 2019	<u>1,292</u>	<u>294</u>	<u>1,587</u>



# HPI LIMITED

## Notes to the financial statements for the year ended 31 March 2020

	31 March 2020 £'000	31 March 2019 £'000
<b>11 Debtors</b>		
Amounts falling due within one year:		
Trade debtors	8,259	8,214
Amounts due from parent undertakings	218,086	157,034
Amounts due from fellow subsidiary undertakings	5,125	9,469
Deferred tax asset (see note 14)	380	373
Prepayments and accrued income	182	143
Other debtors	36	-
	<b>232,068</b>	<b>175,233</b>

The amounts due from parent undertakings include a loan receivable of £11,206k (2019: £11,206k) that bears interest at a rate of 4% (2019: 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 2020 £'000	31 March 2019 £'000
<b>12 Creditors: amounts falling due within one year</b>		
Trade creditors	346	-
Amounts owed to subsidiary undertakings	16,298	10,501
Amounts owed to fellow subsidiary undertakings	86,084	68,479
Taxation and social security	2,599	1,725
Corporation tax	3,311	2,294
Accruals and deferred income	1,024	1,124
Other liabilities	-	28
Provisions (Note 13)	260	111
	<b>109,922</b>	<b>84,262</b>

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

### 13 Provisions

	Warranty provision £'000	Total £'000
At 1 April 2019	111	111
Additions	313	313
Utilised	(164)	(164)
<b>At 31 March 2020</b>	<b>260</b>	<b>260</b>

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 2020

	31 March 2020 £'000	31 March 2019 £'000
<b>14 Deferred tax asset</b>		
Balance at 1 April 2019	373	423
Charge to profit and loss for the year	7	(50)
<b>Balance at 31 March 2020</b>	<b>380</b>	<b>373</b>
The deferred tax asset is made up as follows:		
Depreciation in excess of capital allowances	380	373
	<b>380</b>	<b>373</b>

	31 March 2020 £'000	31 March 2019 £'000
<b>15 Called up share capital</b>		
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 2020

#### 16 Financial commitments

	31 March 2020 £'000	31 March 2019 £'000
<i>Total future minimum lease payments under non-cancellable operating leases are as follows:</i>		
Within one year	38	20
Within two to five years	50	11
	<u>88</u>	<u>31</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 £nil (2019: £nil).

#### 18 Ultimate and immediate parent companies

HPI Holdings Limited, registered office Solera House, Western Road, Bracknell, United Kingdom, RG12 1RF, 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.