Registered number: 05381786

Acenden Limited

Report and audited financial statements
for the year ended 31 March 2018

Contents

	Page
Company information	1
Strategic report	2
Directors' report	6
Statement of directors' responsibilities	9
Independent auditor's report	11
Consolidated income statement	12
Consolidated statement of financial position	13
Company statement of financial position	14
Consolidated statement of changes in equity	15
Company statement of changes in equity	16
Consolidated statement of cash flows	17
Notes to the financial statements	18

Registered number: 05381786

Company information

Directors	R Gupta M J Preston (Appointed 3 April 2018) O G Joyce (Appointed 1 May 2018) D S Miller (Appointed 1 May 2018) A Attia (Resigned 30 September 2017) P McMillan (Resigned 1 May 2018) P F Williamson (Resigned 31 March 2018)
Independent auditor	KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH
Registered office	Ascot House Maidenhead Office Park Maidenhead SL6 3QQ
Registered number	05381786

Acenden Limited

Strategic report
for the year ended 31 March 2018

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

Introduction

The principal activity of the consolidated group ("Group"), comprising Acenden Limited (the "Company") and its subsidiary Cell A52 Harlequin Insurance Protective Cell Company Limited ("the Cell"), is the provision of third party residential mortgage services to lenders and investors in the United Kingdom and Ireland. The Company is headquartered in Maidenhead with further offices in London and Dublin. It is authorised and regulated by the Financial Conduct Authority (FCA reg. no. 438372).

The Company is a wholly owned subsidiary of Elevate Bidco Limited ("Elevate"). Elevate is ultimately owned by funds managed by Blackstone Tactical Opportunities Advisors L.L.C. and TPG Sixth Street Partners LLP. The largest group in which the results of the Company are consolidated is Koala (Cayman) Limited, a company incorporated in the Cayman Islands. The Company operates as part of the group of companies owned by Koala (Cayman) Limited (the "Koala Cayman Group").

At 31 March 2018, the Company managed a portfolio of 123,121 (2017: 115,923) mortgage loans with an outstanding balance of £11.7bn (2017: £11.1bn).

The Company provides comprehensive primary loan administration servicing, dedicated special servicing (arrears management), data due diligence, data cleansing and data collection services, portfolio assessment and due diligence services, arrangement of insurance policies and cash bond administration and investor reporting services in support of securitisation programmes.

As part of its mortgage servicing activity, the Company acts as a reinsurer for mortgage customers who do not have home insurance. Up to December 2017 this activity was carried out by its subsidiary, the Cell, a Protected Cell Company registered and regulated in Guernsey. The Cell acts as a Producer Owned Reinsurance Captive of block policies relating to buildings and property owners liability. From January 2017 onwards, any new insurance contracts were written in the name of the Company although the Cell retained any existing contracts until their expiry.

In March 2018, the Irish contracts that the Company were a party to, were terminated and all mortgages in relation to these customers were transferred to independent 3rd party servicers. Following these transfers, the decision was made to close the Irish operations of the Group. Any regulatory permissions obtained by Acenden (Ireland) DAC, a wholly owned subsidiary of the Company to act as a mortgage administrator will not be used and are in the process of being cancelled. Employees of the Company, all of whom related to the Irish operations, had reduced to 9 at the year-end (2017: 29).

Future business developments and strategy

A corporate simplification exercise is taking place within the Koala Cayman Group which will mean that in the next 12 months, all delegation agreements from Kensington Mortgage Company Limited ("KMC"), a fellow Group company, will be cancelled and the Company will no longer service those mortgage assets. Mortgage servicing contracts with external third party lenders will remain in the Company for the foreseeable future.

The Company is subject to a number of risks, described in the principal risks and uncertainties section of this report, which could adversely affect the business in future years and the directors will continue to monitor and manage these risks.

Business review

The Group reported a loss of £284,000 before tax for the year ended 31 March 2018 (2017: £7,265,000 profit before tax).

Strategic report
for the year ended 31 March 2018

The loss was predominantly driven by a charge to the provision of £7,595,000 for redress activities in relation to redress owed to customers on historical issues including Consumer Credit Act 2006 and Insurance remediation activities due to certain customers being dual insured. A proportion of the amount provided may be recoverable but does not meet the criteria for asset recognition as it cannot be reliably estimated and is therefore a contingent asset.

The underlying business of the Company has been stable during the year with increased income due to an increase in the serviced mortgage assets following the on-boarding in November 2017 of £2.1bn of Koala Cayman Group assets that were previously serviced by a third party servicer.

Financial performance

Acenden's key financial and other performance indicators during the year were as follows:

	2018	2017
Fees receivable and related income (£'000)	39,587	38,230
(Loss)/profit for the financial year before taxation (£'000)	(284)	7,265
(Loss)/profit after tax (£'000)	(99)	5,277
Average no. of loans serviced	120,647	114,838
Average no. of employees	26	30

Note: (Loss)/profit after tax includes £29,844,000 (2017: £28,251,000) of group recharges expenses.

Operating income for the year reflects the increase in the number of mortgages that are now being serviced due to the on-boarding of £2.1bn of Koala Cayman Group assets in the year and the increase in loans from Kensington new originations. These have been partially offset by the continuing attrition of the closed book of the Lehman Group's securitised assets that Acenden has serviced for a number of years. The absolute number of mortgages increased by 7,198 in the year.

During the year, £902,000 of intangible assets and £2,746,000 of tangible assets, representing the entire intangible and tangible assets of the Company were sold to The Northview Group Limited, a fellow Koala Cayman Group Company.

The directors consider the Company to have a strong cash and balance sheet position following the result for the year.

Principal risks and uncertainties

The Company provides mortgage administration services to the wider group and external clients. Competitive pressure in the UK mortgage market, within which the Koala Cayman Group operates, is a continuing risk for the Group's business as a whole particularly in the light of the uncertainties created by UK's plan to exit the European Union and the lack of simple majority for the Government in the parliament following the General Elections in June 2017.

Risk management

Risk management is carried out consistent with the Group-wide Risk Management Framework. The Group's and Company's risk management approach seeks to minimise the potential adverse effects of these risks on the financial performance of the Company and the Group.

Strategic report
for the year ended 31 March 2018

Group risks are discussed in the Koala (Cayman) Limited annual report which does not form part of this report. The statement of financial position contains financial instruments that are detailed below. The Company does not use derivative products. Therefore, it is the opinion of the directors that the Company is not exposed to significant financial instruments risk.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk, insurance risk, conduct risk and operational risk. The directors review and agree policies for managing each of these risks and they are summarised below.

(a) Credit risk

The Group and Company's credit risk has been primarily attributable to its trade debtors from third party clients and amounts owed by group undertakings balances. Debtor balances are represented in the statement of financial position net of allowances for doubtful debtors. An allowance for impairment is established where there is evidence of a reduction in the recoverability of the balances. All carrying values for debtors are expected to be fully recoverable.

(b) Liquidity risk

The Company is exposed to liquidity risk to the extent that they are unable to meet its daily payment obligations. The Group and the Company have sufficient cash reserves, which take into account stress testing recommendations. To support their liquidity requirements, the Group operates cash flow management processes and maintains adequate cash reserves both at the entity level and at the group level.

(c) Interest rate risk

The Company is not subject to interest rate risk as at statement of financial position date. Debtors consist of short term trade and other receivables and amounts owed by group undertakings that are not subject to interest rate risk.

(d) Insurance risk

The principal risk the Company and its subsidiary face under insurance contracts is that the actual claims and benefit payments of the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities. The Group's risk is reduced through the exposure to claims being shared between the Cell and the primary insurer.

(e) Conduct Risk

Conduct risk is the risk of not delivering fair customer outcomes. The Company will be exposed to the financial costs and regulatory consequences of the need to take action to remedy any customer detriment arising from failures in areas such as designing products to meet customer needs, ensuring products are clearly and fairly described and are administered and perform in line with the way they have been marketed and sold to customers. The conduct risk is managed in line with the overall risk management framework as described in the operational risk section below.

(f) Operational risk

Operational risk is defined as any instance where there is potential or actual impact to the Company resulting from inadequate or failed internal processes, people, systems, or from external events. The impacts can be financial as well as non-financial such as the costs of remedial actions or reputational consequences.

Acenden Limited

Strategic report
for the year ended 31 March 2018

Whilst the Company is exposed to operational risks, it operates under a controls and governance framework enshrined in its risk management framework. This includes an industry standard three lines of defence model including an outsourced independent internal audit function and adequate business continuity plans. The functions are adequately staffed and operate under the oversight of the Acenden Risk Committee and the Board.

Events after balance sheet date

To date, there have been no matters that warrant disclosure or adjustment to the Group's financial results as at 31 March 2018 and for the year then ended.

This report was approved by the Board on 12 July 2018 and signed on its behalf by:

R Gupta
Director

Date : 23 July 2018

Acenden Limited

Directors' report
for the year ended 31 March 2018

The directors present their report and the audited financial statements for the year ended 31 March 2018.

Results and dividends

The loss for the year, after taxation, amounted to £99,000 (2017: profit of £5,277,000).

The directors do not recommend the payment of a dividend (2017: Nil).

Financial risk management and future developments

An assessment of the Group's financial risk management and future developments disclosures is described in the strategic report under the risk management and the future business developments and strategy sections.

Directors

The directors who served during the year and up to the date of signing this report, unless otherwise indicated, are given below:

R Gupta
M J Preston (Appointed 3 April 2018)
O G Joyce (Appointed 1 May 2018)
D S Miller (Appointed 1 May 2018)
A Attia (Resigned 30 September 2017)
P McMillan (Resigned 1 May 2018)
P F Williamson (Resigned 31 March 2018)

None of the above mentioned directors are directors of the ultimate parent company, or had a beneficial interest in the share capital of the parent company or the ultimate company during the year ended 31 March 2018. There are no directors' interests requiring disclosure under the Companies Act 2006.

Company secretary

Company secretarial duties are carried out by employees of The Northview Group Limited, a fellow group company.

Qualifying third party indemnity provisions

The Group maintains a Directors' and Officers' Liability Insurance policy including for the benefit of the Company. In accordance with the Company's Articles of Association, the Board may also indemnify a director against any costs or liabilities incurred as a result of their office, to the extent permitted by law. Neither the insurance policy nor any indemnities that may be provided by the Group for the Company provide cover for fraudulent or dishonest actions by the directors. However, costs may be advanced to directors for their defence in investigations or legal actions. The indemnity provision remains in force as at the date of approving the directors' report.

Acenden Limited

Directors' report
for the year ended 31 March 2018

Going concern

The financial statements have been prepared on a going concern basis. In assessing the appropriateness of the going concern basis, the directors have taken account of all relevant information covering a period of at least 12 months from the date of approval of the financial statements.

A corporate simplification exercise is taking place within the Koala Cayman Group which will mean that in the next 12 months, all delegation agreements from Kensington Mortgage Company Limited ("KMC"), a fellow Group company, will be cancelled and the Company will no longer service those mortgage assets. Mortgage servicing contracts with external third party lenders will remain in the Company for the foreseeable future. This will reduce the number of assets serviced by £8.3bn (78,820 loans).

The directors have carefully considered the Group's cash and earnings forecast taking into account possible changes in trading performance arising from the change in scope of the Company's business. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

For these reasons the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Post balance sheet date events

To date, there have been no matters that warrant disclosure or adjustment to the Company's financial results as at 31 March 2018 and for the year then ended.

Corporate and social responsibility

The Company operates in accordance with the Koala Cayman Group policies described in the Koala (Cayman) Limited annual report which does not form part of this report.

Principal risks and uncertainties

The business is subject to a number of risks, described in the strategic report under the principal risks and uncertainties section, which could adversely affect the business in future years and the directors will continue to monitor and manage those risks.

Employees

The Group operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employee Regulations 2005. Attracting, developing and retaining the skills we need to deliver on our strategy a key imperative for the Company. Where changes to working practices or structure affect staff, they are consulted and given appropriate support.

All employees are provided with information on matters of concern to them in their work, through regular briefing meetings and internal publications.

The Company has 9 employees (2017: 29). Further information on employees can be found in note 7.

Acenden Limited

Directors' report
for the year ended 31 March 2018

Disabled employees

Applications for employment by disabled persons are always properly considered, including taking into account any reasonable workplace adjustments. In the event of members of staff becoming disabled during employment every effort is made to support their return to work including making appropriate adjustments to facilities and working practices. It is the policy of the Group that the training, career development and promotion opportunities for disabled persons should, as far as reasonably practicable, be identical with that of other employees.

Disclosure of information to the auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and

- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

Auditor

Following an external audit tender in 2017, Ernst & Young LLP was replaced as the auditor of Acenden Limited by KPMG LLP with effect from the audit for the 2018 financial year. The auditor, KPMG LLP, has indicated its willingness to continue in office and a resolution concerning its re-appointment will be considered at the forthcoming Annual General Meeting.

This report was approved by the Board on 12 July 2018 and signed on its behalf by:

R Gupta
Director
Date : 23 July 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report, the Directors' 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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACENDEN LIMITED

Opinion

We have audited the financial statements of Acenden Limited ("the company") for the year ended 31 March 2018 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and related notes.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The directors are responsible for the other information, which comprises the strategic report and the directors' report. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the other information for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company 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 these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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 Walker (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
23 July 2018

Acenden Limited

Consolidated income statement for the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Fees receivable and related income	5	39,587	38,230
Operating and administrative expenses		(40,010)	(31,095)
Operating (loss)/profit	6	(423)	7,135
Interest receivable and similar income	9	38	9
Other income		101	121
(Loss)/profit before taxation		(284)	7,265
Tax credit/(expense) on (loss)/profit	10	185	(1,988)
(Loss)/profit and total comprehensive (expense)/income for the financial year		(99)	5,277

All amounts relate to continuing operations.

There were no items of other comprehensive income for 2018 or 2017 and therefore no separate statement of other comprehensive income has been presented.

The notes on pages 18 to 37 form an integral part of these financial statements.

Registered number: 05381786

Acenden Limited

Consolidated statement of financial position as at 31 March 2018

	Note	2018 £'000	2017 £'000
Non-current assets			
Intangible assets	11	-	1,322
Tangible assets	12	-	3,331
Deferred tax assets	18	604	705
Total non-current assets		604	5,358
Current assets			
Debtors: *amounts falling due within one year*	14	34,509	31,152
Cash and cash equivalents	15	16,434	15,289
Total current assets		50,943	46,441
Current liabilities			
Creditors: amounts falling due within one year	16	(20,534)	(27,658)
Provisions	17	(8,566)	(1,595)
Total current liabilities		(29,100)	(29,253)
Net current assets		21,843	17,188
Net assets		22,447	22,546
Capital and reserves			
Called up share capital	19	-	-
Share premium account		10	10
Retained earnings		22,437	22,536
Total equity		22,447	22,546

The financial statements were approved and authorised for issue by the board on 12 July 2018 and were signed on its behalf by:

R Gupta
Director
Date: 23 July 2018

The notes on pages 18 to 37 form an integral part of these financial statements.

Registered number: 05381786

Acenden Limited

Company statement of financial position as at 31 March 2018

	Note	2018 £'000	2017 £'000
Non-current assets			
Intangible assets	11	-	1,322
Tangible assets	12	-	3,331
Investments in subsidiaries	13	675	675
Deferred tax assets	18	604	705
Total non-current assets		1,279	6,033
Current assets			
Debtors: amounts falling due within one year	14	34,509	31,152
Cash and cash equivalents	15	13,200	11,212
Total current assets		47,709	42,364
Current liabilities			
Creditors: amounts falling due within one year	16	(22,787)	(28,882)
Provisions	17	(8,107)	(731)
Total current liabilities		(30,894)	(29,613)
Net current assets		16,815	12,751
Net assets		18,094	18,784
Capital and reserves			
Called up share capital	19	-	-
Share premium account		10	10
Retained earnings		18,084	18,774
Total equity		18,094	18,784

The Company recorded loss for the year of £690,000 (2017: *profit of* £4,003,000).

The financial statements were approved and authorised for issue by the board on 12 July 2018 and were signed on its behalf by:

R Gupta
Director
Date: 23 July 2018

The notes on pages 18 to 37 form an integral part of these financial statements.

Acenden Limited

Consolidated statement of changes in equity for the year ended 31 March 2018

	Called up share capital £000	Share premium account £'000	Retained earnings £'000	Total equity £'000
At 1 April 2016	-	10	17,259	17,269
Profit for the financial year	-	-	5,277	5,277
At 31 March 2017	-	10	22,536	22,546
Loss for the financial year	-	-	(99)	(99)
At 31 March 2018	-	10	22,437	22,447

The notes on pages 18 to 37 form an integral part of these financial statements.

Acenden Limited

Company statement of changes in equity for the year ended 31 March 2018

	Called up share capital £000	Share premium account £'000	Retained earnings £'000	Total equity £'000
At 1 April 2016	-	10	14,771	14,781
Profit for the financial year	-	-	4,003	4,003
At 31 March 2017	-	10	18,774	18,784
Loss for the financial year	-	-	(690)	(690)
At 31 March 2018	-	10	18,084	18,094

The notes on pages 18 to 37 form an integral part of these financial statements.

Acenden Limited

Consolidated statement of cash flows for the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Cash flows from operating activities			
(Loss)/profit for the financial year		(99)	5,277
Taxation credit/(expense)		(185)	(1,988)
(Loss)/profit before taxation		(284)	7,265
Adjustments for:			
Depreciation and amortisation of fixed assets	11, 12	1,005	1,789
Loss on disposal of tangible fixed assets	12	2,746	133
Loss on disposal of intangible assets	11	902	-
Interest receivable	9	(38)	(9)
Increase in debtors		(3,357)	(17,495)
(Decrease)/Increase in creditors		(5,882)	11,111
Increase in provisions		6,971	183
Corporation tax (paid)/received		(956)	3,296
Net cash generated from/(used in) operating activities		1,107	(992)
Cash flows from/(used in) investing activities			
Purchase of tangible fixed assets	12	-	(189)
Sale of tangible fixed assets		-	873
Interest received		38	9
Net cash flows from investing activities		38	693
Cash flows from financing activities			
Net cash flows from financing activities		-	-
Net increase in cash and cash equivalents		1,145	6,966
Cash and cash equivalents at the beginning of the year		15,289	8,323
Cash and cash equivalents at the end of the year	15	16,434	15,289

The notes on pages 18 to 37 form an integral part of these financial statements.

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

1. General information

The principal activity of the consolidated group ("Acenden"), comprising Acenden Limited (the "Company") and its subsidiaries Cell A52 Harlequin Insurance Protective Cell Company Limited (the "Cell") and Acenden Ireland (DAC) Limited, is the provision of third party residential mortgage services to lenders and investors in the United Kingdom and Ireland.

The Company is a private company limited by shares and was incorporated and is domiciled in England, United Kingdom. Its principal place of business is its registered office located at Ascot House, Maidenhead Office Park, Maidenhead, SL6 3QQ.

Acenden is headquartered in Maidenhead with further offices in London and Dublin. It is authorised and regulated by the Financial Conduct Authority (FCA reg. no. 438372).

2. Statement of compliance

The Acenden and individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

3.1. Basis of preparation

These consolidated and separate financial statements have been prepared on a going concern basis under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain significant accounting estimates. It also requires group management to exercise its judgement in the process of applying the Group's and Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

3.2. Basis of consolidation

The assets, liabilities and cash flows of Cell A52 Harlequin Insurance PCC Limited have been included in the consolidated financial statements as a quasi-subsidiary. The Group is entitled to all dividends and distributions of profit from the Cell subject to approval from its board of directors.

In accordance with section 408 (4) of the Companies Act 2006, Acenden Limited is exempt from the requirement to present its own statement of comprehensive income. The result for the year of Acenden Limited is disclosed in the Company statement of changes in equity.

3.3. Consolidation exemption

The Company has taken advantage of the ruling under Companies Act 2006 Section 405(2), where a subsidiary may not be included for consolidation purposes, if it is not material to the Group and as such has not consolidated New Street Mortgages Limited and New Street Mortgages (Ireland) Limited.

3.4. Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

The Company has taken advantage of the following exemptions in its individual financial statements:

(a) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;

(b) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statements disclosures.

3.5. Going concern

The financial statements have been prepared on a going concern basis. In assessing the appropriateness of the going concern basis, the directors have taken account of all relevant information covering a period of at least 12 months from the date of approval of the financial statements.

The Group and Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, and its exposures to credit, liquidity, interest rate, insurance, conduct and operational risk are described in the strategic report on pages 2 to 5.

The Group and Company have considerable financial resources together with long term contracts with a number of associated securitisations. The directors have assessed the future cash flows in relation to these contracts and believe that they are sufficient to cover the capital requirements of the business. As a consequence, the directors believe that the Group and Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Based on the Company's cash flows forecasts and projections, the Board is satisfied that the Company will be able to operate for the foreseeable future and for this reason the Company continues to adopt the going concern basis in preparing its financial statements.

3.6. Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration receivable, exclusive of sales taxes and discounts. The following specific recognition criteria must also be met before revenue is recognised:

a) Fees

Revenue arising from fees represents fees earned by the Group and Company for providing mortgage administration services. Receipts and payments of fees are accounted for on an accruals basis less a provision for any fees where recovery is not expected. The provision is calculated based on the prior period performance of the serviced mortgage assets and the current status of the individual loans for which fees are receivable.

b) Servicing income

Revenue earned by the Group and Company's for providing primary loan administration servicing and dedicated special servicing (arrears management) and cash bond administration. Servicing income is accounted for on an accruals basis.

c) Insurance income

Represents revenue from insurance intermediation activities and amounts recharged to group related entities which include a mark-up for overhead costs incurred on their behalf. Insurance income is deferred over the life of the insurance policy issued with unearned premiums recognised as a deferred income liability on a monthly pro rata basis.

If an insurance premium is cancelled, income is recognized up to date of cancelation.

d) Segment information

The Group and Company carry out business within the United Kingdom and the Republic of Ireland. The nature of the trade does not differ substantially and so the Group treats these as one market, therefore no segmental analysis has been presented.

e) Other income

Other income includes unrealised gains on foreign exchange and income from non performing loans and recognised on an accruals basis.

f) Interest receivable and similar income

Interest receivable represents interest received from short term investments and bank deposits. These are accounted for on an accrual basis. Interest income is recognised in the income statement for all instruments measured at amortised cost using the effective interest method. The effective interest rate is the rate that discounts the expected future cash flows over the expected life of the financial instrument to the net carrying amount of the financial asset or liability at initial recognition.

3.7. Expenses

Receipts and payments of expenses are accounted for on an accruals basis.

3.8. Intangible assets

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life of 3 years on a straight line basis. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Where factors such as technological advancement or changes in market price indicate that residual value or useful life have changes, these are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

3.9. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments (beginning the month following acquisition) over their estimated useful economic lives as follows:

Leasehold improvements	-	lesser of 10 years or lease term
Furniture, fixtures and office equipment	-	lesser of 10 years or lease term
Computer equipment and systems		20 - 33%

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Assets under development are transferred to other fixed asset categories upon completion.

3.10. Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in total equity. In this case the tax is also recognised in other comprehensive income or directly in total equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns in respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on deductible temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.11. Impairment of non financial assets

At each statement of financial position date non financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre tax discount rate that represents the current market risk free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

3.12. Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

3.12.1. Financial assets

Financial assets, including trade and other debtors and amounts owed by group undertakings and cash and bank balances, are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

3.12.2. Financial liabilities

Basic financial liabilities, including trade and other creditors and amounts owed to group undertakings are classified as debt are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

3.12.3. Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.13. Investment in subsidiary

The Company's investments in subsidiary companies are stated at cost less any provision for impairment if, in the opinion of the directors, there has been a permanent diminution in value of the investment.

3.14. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

3.15. Foreign currency translation

The financial statements are presented in pounds sterling (£), which is the functional and presentation currency of the Company. All amounts in these financial statements have been rounded to the nearest thousand, unless otherwise indicated.

Transactions in foreign currency are initially converted to sterling at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange prevailing at the reporting date. All differences on exchange are taken to the statement of comprehensive income.

3.16. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.17. Operating leases

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term. Lease incentives are recognised over the shorter of the lease term and the date of the next review.

3.18. Pensions

The Company operates a defined contribution stakeholder pension plan with company contributions rates of between 7% and 12% of basic salary. Contributions are recognised on an accrual basis in the statement of comprehensive income in the period in which they become payable.

3.19. Provisions

Provisions are recognised for present legal or constructive obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated.

Claims are recognised upon being reported and are valued according to the terms of the relevant contract.

A provision is recognised for the estimated cost of settling all claims incurred up to but not paid at the statement of financial position date whether reported or not based on previous loss experience.

The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The estimation of claims incurred but not reported is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where more information about the claim event is generally available.

3.20. Dividends

Final dividends are recorded in the financial statements in the period in which they are approved by the Company's board.

Interim dividends are recorded in the period in which they are approved and paid.

4. Significant accounting estimates and judgements

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

Acenden Limited

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

4.1. Significant accounting estimates

The Group makes estimates and assumptions concerning the future. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4.1.1. Insurance Conduct provision

When estimating the provision for redress of double insured borrowers, estimates were made of the number of borrowers who had double insurance as well as the proportion of redeemed borrowers who the Company will be able to trace.

4.1.2. Useful economic lives of intangible and tangible assets

The annual amortisation and depreciation charges for tangible and intangible assets respectively are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 11 and 12 for the carrying amount of the tangible and intangible assets and note 3.8 and 3.9 for the useful economic lives for each class of assets.

4.1.3. Impairment of debtors

The Group makes an estimate of the recoverable value of trade and other debtors and amounts owed by group undertakings. When assessing impairment of debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

4.1.4. Deferred tax asset

The company has recognised a deferred tax asset on the availability of tax losses and decelerated capital allowances. The tax asset has been recognised on the assumption that the Company will continue to generate sufficient future taxable profits which the directors have assessed as probable.

4.2. Significant accounting judgements

The Company has assessed that the Cell should be consolidated into the group accounts as at 31 March 2018.

5. Fees receivable and related income

	Group 2018 £'000	Group 2017 £'000
Fee income	4,402	6,534
Servicing income	27,377	25,259
Insurance income	2,381	2,749
Other income	5,427	3,688
	39,587	38,230

Acenden Limited

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

Gross written insurance premiums in the year were £1,296,000 (2017: £4,764,000)

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	Group 2018 £'000	Group 2017 £'000
Depreciation of tangible fixed assets	585	918
Amortisation of intangible assets, including goodwill	420	871
Auditor's remuneration - audit services (audit of the Group's and Company's financial statements)	56	33
Recharges from group companies	29,844	28,251
Redundancy costs	298	64

Statutory information on remuneration for other services provided by the Company's auditor to the Koala Cayman Group is given on a consolidated basis in the consolidated financial statements of Koala (Cayman) Limited, which is the largest group into which the results of the Company are consolidated. There are no non audit services specific to the Company in the current year or prior year.

7. Employees

Staff costs were as follows:

	Group 2018 £'000	Group 2017 £'000
Wages and salaries	1,118	1,126
Social security costs	165	138
Other pension costs	28	68
	1,311	1,332

Following the closure of the Irish business, the Company has 9 employees (2017: 29). The average monthly number of employees, including the directors, during the year was as follows:

	Group 2018 No.	Group 2017 No.
Administration	9	30

8. Directors' remuneration

During the year 4 (2017: 3) directors and the Chairman were remunerated by the group. Included within wages and salaries is the directors' remuneration of £36,000 (2017: £40,000). No compensation was made to directors in respect of loss of office.

9. Interest receivable and similar income

	Group 2018 £'000	Group 2017 £'000
Bank interest	16	9
Other interest	22	-
	38	9

10. Taxation

Analysis of tax credit/(expense) for the year:

	2018 £'000	2017 £'000
Current tax		
UK corporation tax (credit)/expense on (loss)/profit for the year	(62)	1,138
Adjustments in respect of previous periods	(224)	(259)
Total current tax	(286)	879
Deferred tax		
Origination and reversal of timing differences	84	453
Impact of changes in tax rates	(9)	85
Adjustments in respect of previous periods	26	571
Total deferred tax	101	1,109
Taxation (credit)/expense on (loss)/profit	(185)	1,988

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

Factors affecting taxation

The tax assessed for the year is lower than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 20%).

	2018 **£'000**	2017 £'000
(Loss)/profit before tax	(284)	7,265
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	(54)	1,453
Effects of:		
Income not subject to tax	76	12
Effect of changes in tax rates	(9)	84
Adjustments to tax charge in respect of prior periods – deferred tax	26	571
Adjustments to tax charge in respect of prior periods – current tax	(224)	(259)
Deferred tax assets not recognised	-	79
Effects of different statutory tax rates of foreign jurisdictions	-	48
Total tax (credit)/expense for the year	(185)	1,988

The Finance Act (No. 2) 2015 and Finance Act 2016 contain provisions reducing the rate of United Kingdom corporation tax from 20% to 19% from 1 April 2017 and from 19% to 17% from 1 April 2020, respectively. These Acts were enacted on 18 November 2015 and 15 September 2016, respectively.

11. Intangible assets

Group and Company

	Computer software £'000	Total £'000
Cost		
At 1 April 2016	5,680	5,680
Disposals	(680)	(680)
At 31 March 2017	5,000	5,000
Disposals	(5,000)	(5,000)
At 31 March 2018	-	-
Amortisation		
At 1 April 2016	3,441	3,441
Charge for the year	871	871
Disposals	(634)	(634)
At 31 March 2017	3,678	3,678
Charge for the year	420	420
Disposals	(4,098)	(4,098)
At 31 March 2018	-	-
Net book value		
At 31 March 2018	-	-
At 31 March 2017	1,322	1,322
At 31 March 2016	2,239	2,239

Acenden Limited

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

12. Tangible fixed assets

Group and Company

	Leasehold improvements £'000	Furniture, fixtures and office equipment £'000	Computer equipment and systems £'000	Assets under development £'000	Total £'000
Cost					
At 1 April 2016	2,772	1,846	3,128	1,758	9,504
Additions	-	-	23	166	189
Disposals	(301)	(16)	(661)	(912)	(1,890)
Transfers between classes	360	-	652	(1,012)	-
At 31 March 2017	2,831	1,830	3,142	-	7,803
Disposals	(2,831)	(1,830)	(3,142)	-	(7,803)
At 31 March 2018	-	-	-	-	-
Depreciation					
At 1 April 2016	703	1,679	2,102	-	4,484
Charge for year	351	62	505	-	918
Disposals	(293)	(7)	(630)	-	(930)
At 31 March 2017	761	1,734	1,977	-	4,472
Charge for year	216	-	369	-	585
Disposals	(977)	(1,734)	(2,346)	-	(5,057)
At 31 March 2018	-	-	-	-	-
Net book value					
At 31 March 2018	-	-	-	-	-
At 31 March 2017	2,070	96	1,165	-	3,331
At 31 March 2016	2,069	167	1,026	1,758	5,020

There were no fixed assets held under finance leases.

13. Investments in subsidiaries

Company

	2018 £'000	2017 £'000
Cost		
Investments in subsidiaries	675	675

The following were direct subsidiary undertakings of the Company:

Company	Principal activity	Country of incorporation	Type of shares	Ultimate % equity interest	Status
New Street Mortgages Limited	Residential Lending	England, UK	Ordinary	100	Dissolved
Acenden (Ireland) DAC	Mortgage Administration	Ireland	Ordinary	100	Active
Cell A52 Harlequin Insurance PCC Limited	Insurance	England, UK	Ordinary	100	Active

New Street Mortgages Limited was dissolved on 6 March 2018.

14. Debtors

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Trade debtors	147	2,670	147	2,670
Amounts owed by group undertakings	27,502	20,433	27,502	20,433
Other debtors	16	343	16	343
Prepayments and accrued income	6,774	7,706	6,774	7,706
Corporation tax receivable	70	-	70	-
	34,509	31,152	34,509	31,152

Prepayments and accrued income are net of a provision for impairment of £1,420,000 (2017: £1,540,000). Amounts owed by group undertakings are interest free and repayable on demand.

The carrying amount approximates their fair value.

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

15. Cash and cash equivalents

	Group 2018 £'000	Group 2017 £'000	**Company 2018 £'000**	Company 2017 £'000
Cash at bank	7,787	7,241	4,553	3,164
Short term deposit	8,647	8,048	8,647	8,048
	16,434	15,289	13,200	11,212

The carrying amount approximates their fair value.

16. Creditors: amounts falling due within one year

	Group 2018 £'000	Group 2017 £'000	**Company 2018 £'000**	Company 2017 £'000
Trade creditors	318	516	318	516
Amounts owed to group undertakings	18,950	24,080	20,762	26,325
Corporation tax	-	1,172	-	1,172
Other taxation and social security	96	224	96	224
Other creditors	22	168	17	168
Accruals and deferred income	696	1,498	1,142	477
Group relief payable to fellow group companies	452	-	452	-
	20,534	27,658	22,787	28,882

Amounts owed to group undertakings are interest free and repayable on demand.

The carrying amount approximates their fair value.

17. Provisions

Group

	Insurance PCC	Conduct	Dilapidation	Total
	£'000	£'000	£'000	£'000
At 1 April 2016	584	50	778	1,412
Charged to the statement of comprehensive income	933	526	-	1,459
Utilised in the year	(653)	(49)	(574)	(1,276)
At 31 March 2017	864	527	204	1,595
Charged to the statement of comprehensive income	113	7,595	490	8,198
Utilised in the year	(518)	(505)	(204)	(1,227)
At 31 March 2018	459	7,617	490	8,566

Company

	Conduct	Dilapidation	Total
	£'000	£'000	£'000
At 1 April 2016	50	778	828
Charged to the statement of comprehensive income	526	-	526
Utilised in the year	(49)	(574)	(623)
At 31 March 2017	527	204	731
Charged to the statement of comprehensive income	7,595	490	8,085
Utilised in the year	(505)	(204)	(709)
At 31 March 2018	7,617	490	8,107

Insurance PCC

This provision relates to claims made in relation to insurance activities. The associated cash outflows for insurance costs are primarily less than one year.

Conduct

During the year and in the prior year, the Directors of the Company, after taking legal advice where necessary, established provisions after taking into account the facts of each case in relation to redress owed to customers on historical issues including Consumer Credit Act 2006 and Insurance remediation activities due to certain customers being dual insured. The redress is expected to be settled over the next 12 months. A proportion of the amount provided may be recoverable but does not meet the criteria for asset recognition as it cannot be reliably estimated and is therefore a contingent asset.

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

Dilapidation

The dilapidations relate to the leasehold properties in Maidenhead and London. These provisions are expected to be utilised over the period to the end of each specific lease.

18. Deferred taxation

Group and parent company

	2018 £'000	2017 £'000
At beginning of the year	705	1,814
(Credited)/expensed to the statement of comprehensive income	(101)	(1,109)
At end of the year	604	705

The deferred tax asset is made up as follows:

	Group 2018 £'000	Group 2017 £'000	**Company 2018 £'000**	Company 2017 £'000
Decelerated capital allowances	604	705	604	705
	604	705	604	705

Deferred tax assets have been recognised in respect of decelerated capital allowances as it is the opinion of the directors that it is probable that there will be sufficient taxable profit in future periods against which the temporary differences can be offset.

The Finance Act (No. 2) 2015 and Finance Act 2016 contain provisions reducing the rate of UK corporation tax from 20% to 19% from 1 April 2017 and from 19% to 17% from 1 April 2020, respectively. These Acts were enacted on 18 November 2015 and 15 September 2016, respectively.

19. Share capital

	***Group and Company* 2018 £**	*Group and Company* 2017 £
Allotted, called up and fully paid		
400 (2017: 400) Ordinary shares of £1 each	400	400

20. Dividends

The directors do not recommend the payment of a dividend (2017: Nil).

21. Pension commitments

The Group operates a defined contribution stakeholder pension plan. During the year the Group contributed pension costs of £28,000 (2017: £68,000) in respect of pensions and at 31 March 2018 had a creditor of £4,000 (2017: £11,000).

22. Commitments under operating leases

At 31 March 2018 the Group and the Company had future minimum lease payments under non cancellable operating leases as follows:

	Group 2018 £'000	Group 2017 £'000	**Company 2018 £'000**	Company 2017 £'000
Not later than 1 year	1,522	1,241	1,522	1,241
Later than 1 year and not later than 5 years	3,496	5,278	3,496	5,278
	5,018	6,519	5,018	6,519

The operating lease commitments represent rentals payable by the Group and the Company primarily for its office properties.

23. Related party transactions

The Company has entered into transactions in the ordinary course of business with other related parties. Transactions between the Company and its subsidiary, the Cell are eliminated on consolidation and are not disclosed. As at 31 March 2018, the Company has amounts payable to the directors of £2,000 (2017: £79,000)

	Amount expensed	**Amounts owed by related parties**	**Amounts owed to related parties**
	2018	**2018**	**2018**
	£'000	**£'000**	**£'000**
Kensington Mortgage Company Limited	15,165	18,039	(358)
The Northview Group Limited	(29,844)	9,070	(18,497)
Kensington Personal Loans Limited	-	-	(9)
Kensington Mortgages Limited	-	-	(1)
Koala Bidco Limited	-	-	(6)
Kayl Holdco S.à r.l.	299	299	-
Elevate Bidco Limited	-	-	(3)
Koala Warehouse Limited	-	-	(76)
NVG Portman Square Limited	94	94	-
	(14,286)	27,502	(18,950)

	Amount expensed	Amounts owed by related parties	Amounts owed to related parties
	2017	2017	2017
	£'000	£'000	£'000
Kensington Mortgage Company Limited	10,906	12,813	-
The Northview Group Limited	(28,257)	7,620	(24,054)
Other group entities	-	-	(26)
	(17,351)	20,433	(24,080)

24. Parent undertaking and controlling party

The immediate parent company of the Company is Elevate Bidco Limited, a company incorporated in England, United Kingdom and with its registered office at Ascot House, Maidenhead Office Park, Maidenhead, SL6 3QQ. The ultimate parent company of the Company is Koala (Cayman) Limited, Koala (Cayman) Limited is the largest and smallest group into which the Company's results are consolidated. The consolidated financial statements of Koala (Cayman) Limited are available to the public and may be obtained from 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands.

25. Contingent assets

In relation to the insurance redress activities detailed in note 17, the Company is in the process of negotiating reimbursement from the insurance underwriter and the underlying lenders. No agreement on a reimbursement amount has been reached at the date of signing the accounts.

26. Post balance sheet events

To date, there have been no matters that warrant disclosure or adjustment to the Company's financial results as at 31 March 2018 and for the year then ended.