

Regulus Midco Limited

Registered number 9467813

Report and group financial statements

For the year ended 31 July 2017

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COMPANIES HOUSE

Directors

S Z H Bilgrami
A C G Brown
R P Bijtjes

Company Number

9467813

Registered Office

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

Bankers

HSBC Bank Plc
26 Broad Street
Reading
Berks
RG1 2BU

Solicitors

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

Auditor

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

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Strategic report

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

Review of the business and future developments

A summary of the Group's trading during the year is shown in the consolidated statement of comprehensive income on page 9.

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

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

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

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

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

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

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

During the year ended 31 July 2017, the Group recorded turnover of £11,653,931 and EBITDA (calculated by adding back depreciation and amortisation to operating loss) of £4,618,834 (2016: £11,555,941 and £4,331,660 respectively). During the year the directors decided to cease operating events as the business model of such a revenue stream does not fit with that of the rest of the Group. Excluding the discontinued operations, turnover grew by £285,990 from £11,038,941 to £11,324,931 and EBITDA grew from £4,252,413 to £4,677,814.

The Group continues to invest heavily in the development of its software platforms with £1,018,123 having been invested in the year in both employed and outsourced services (2016: £980,767). Such investment, as well as £180,358 invested in tangible fixed assets during the year, is more than offset by depreciation and amortisation of £4,713,732 leading to a decrease in tangible and intangible fixed assets of £3,515,251 in aggregate.

In March 2017, the Group invested in a 27% holding in Jump Topco Limited, a financial product comparison software provider for £145,180 and has recognised its share of profits in the period totalling £14,506. Alongside this investment, the Group also provided Jump Topco Limited with a loan that, including accrued interest, totalled £106,125 at year end. Including this outstanding loan, debtors increased from £1,289,006 to £1,654,605.

Strategic report (continued)

Cash increased by £1,657,559 to £4,434,295. These movements in debtors and cash along with an increase in creditors falling due within one year from £6,848,400 to £7,106,517 led to a decline in net current liabilities from £2,782,658 to £1,017,617. Creditors falling due after more than one year increased by £1,555,212 predominantly due to the settlement of £2,075,000 in accrued interest by the issuance of new loan notes. The deferred tax liability declined from £2,121,649 to £1,618,822.

The Group recorded a loss after taxation for the year of £2,642,909 (2016: £2,431,936) after taking into account the interest due on the bank and other loans, the depreciation and amortisation charges arising on fixed assets and the tax credit. These losses have resulted in the Group having net liabilities of £6,192,681 (2016: £3,549,772).

Research and development

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

Liquidity

The Group raised no additional money through new debt financing during the year (2016: £122,000).

None of the loan notes or interest accrued thereon were settled in cash during the year ended 31 July 2017 (2016: £784,200 and £99,278 respectively). Bank loan repayments of £666,667 were made in the year (2016: £666,666).

The Group generated EBITDA of £4,618,834 (2016: £4,331,660) in the year to 31 July 2017. Operating activities (excluding the interest payments made on the aforementioned debt and corporation tax payments) generated £4,277,528 (2016: £4,656,221) of cash inflows driven by the EBITDA performance. The Group incurred capital expenditure of £1,316,666 (2016: £1,067,565) including £1,018,123 in capitalised development costs (2016: £980,767).

Regulatory issues

Various regulatory changes and thematic reviews have provided the Group with a number of opportunities and the directors believe that the existing product lines will enjoy success in the continuing evolution of the UK financial services industry which demands a deeper understanding of product and service features and new distribution models.

Future developments

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

Environmental impact

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

Principal risks

The principal risks facing the business are economic and regulatory in nature. The Group relies on the financial services sector in the United Kingdom for 100% (2016: 100%) of turnover and that sector continues to face continuing regulatory and economic changes. The Group is not regulated but the majority of its customers are and there is a risk that a change in financial regulation in the United Kingdom may negatively impact either such customers or the Group directly. The directors maintain strong relationships with the customer base and the various financial regulators in the United Kingdom and take appropriate action where risks arise that need mitigation.

Strategic report *(continued)*

The Group is part financed through variable rate bank loans and shareholder loan notes and therefore faces interest rate and liquidity risks. In order to manage this risk, an interest rate cap instrument has been entered into to hedge against the situation where LIBOR exceeds 2%. The bank loans are repayable partly in instalments and partly on maturity (see note 17 for further information). The shareholder loan notes carry fixed rates of interest and are repayable in 2022.

Key performance indicators

The directors consider turnover and EBITDA* from ongoing operations (i.e. excluding the discontinued events operation) to be the key performance indicators. These indicators are monitored at least monthly. The directors are very pleased with the performance of the Group as follows:

| | Year ended 31 July 2017 £ | Year ended 31 July 2016 £ |
|----------------------------------|------------------------------------|------------------------------------|
| Turnover from ongoing operations | 11,324,931 | 11,038,941 |
| EBITDA* from ongoing operations | 4,677,814 | 4,252,413 |

*EBITDA is calculated by adding back depreciation and amortisation to operating loss and excludes the discontinued event operations.

On behalf of the board



S Z H Bilgrami
30 October 2017

Directors' report

The directors present their directors' report and the audited consolidated financial statements for the year ended 31 July 2017.

Principal activity

The Company was incorporated on 3 March 2015 to provide management and financing services to other members of the Group.

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

Dividends

No dividends were paid or payable in the year (2016: £nil).

Directors

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

S Z H Bilgrami
R P Bijtjes
A C G Brown

Third party indemnity provision for directors

Defaqto Group Limited, an indirect subsidiary of the Company, maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against the Directors of that company, the ultimate parent undertaking Regulus Topco Limited and all of that parent undertakings subsidiaries including the Company. The Directors of the Company are covered by this insurance.

Disclosure of information to auditor

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

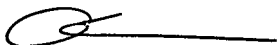
Auditor

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

Matters of strategic importance

The Company has chosen in accordance with Companies Act 2006, s414c(11) to set out in the Company's Strategic Report information required by Large and Medium Sized Companies and Group (Accounts and Reports) Regulations 2008, sch 7 to be contained in the Directors' Report.

On behalf of the board



A C G Brown
30 October 2017

Directors' responsibilities in the preparation of the financial statements

The directors are responsible for preparing the Directors' Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Regulus Midco Limited

Opinion

We have audited the financial statements of Regulus Midco Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2017 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Regulus Midco Limited

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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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 group's and the 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 the directors 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 for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent auditor's report to the members of Regulus Midco Limited

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

RSM UK Audit LLP

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

Date 30 October 2017

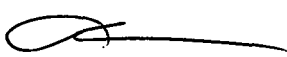
Consolidated statement of comprehensive income
for the year ended 31 July 2017

| | Note | Year ended 31 July 2017 £ Continuing operations | Year ended 31 July 2017 £ Discontinued operations | Year ended 31 July 2017 £ Total | Year ended 31 July 2016 £ Continuing operations | Year ended 31 July 2016 £ Discontinued operations | Year ended 31 July 2016 £ Total |
|--|------|--|--|---|--|--|---|
| Turnover | 3 | 11,324,931 | 329,000 | 11,653,931 | 11,038,941 | 517,000 | 11,555,941 |
| Staff costs | 8 | (4,931,179) | (125,534) | (5,056,713) | (4,883,936) | (122,715) | (5,006,651) |
| Depreciation of tangible fixed assets | | (80,566) | - | (80,566) | (37,451) | - | (37,451) |
| Amortisation of intangible fixed assets | | (4,633,166) | - | (4,633,166) | (4,604,981) | - | (4,604,981) |
| Other operating charges | | (1,715,938) | (262,446) | (1,978,384) | (1,902,592) | (315,038) | (2,217,630) |
| Operating (loss)/profit | 4 | (35,918) | (58,980) | (94,898) | (390,019) | 79,247 | (310,772) |
| Interest receivable and similar income | 5 | 1,306 | - | 1,306 | 186 | - | 186 |
| Interest payable and similar expenses | 6 | (2,687,279) | - | (2,687,279) | (2,520,441) | - | (2,520,441) |
| Interest payable on loans due to parent undertaking | 6 | (16,684) | - | (16,684) | (82,178) | - | (82,178) |
| Share of associate profit | 13 | 14,506 | - | 14,506 | - | - | - |
| (Loss)/profit on ordinary activities before taxation | | (2,724,069) | (58,980) | (2,783,049) | (2,992,452) | 79,247 | (2,913,205) |
| Taxation | 9 | 140,140 | - | 140,140 | 497,118 | (15,849) | 481,269 |
| (Loss)/profit on ordinary activities after taxation and loss for the financial year | | (2,583,929) | (58,980) | (2,642,909) | (2,495,334) | 63,398 | (2,431,936) |
| Total comprehensive (loss)/profit for the year | | (2,583,929) | (58,980) | (2,642,909) | (2,495,334) | 63,398 | (2,431,936) |

Consolidated statement of financial position
as at 31 July 2017

| | Note | | 31 July 2017 £ | 31 July 2016 £ |
|---|------|-------------|----------------------|----------------------|
| Fixed assets | | | | |
| Investment in associate | 13 | | 159,686 | - |
| Goodwill | 10 | 10,696,646 | 12,091,863 | |
| Other intangible assets | 11 | 9,753,494 | 11,973,320 | |
| Total intangible assets | | | 20,450,140 | 24,065,183 |
| Tangible assets | 12 | | 297,549 | 197,757 |
| Total fixed assets | | | 20,907,375 | 24,262,940 |
| Current assets | | | | |
| Debtors | 14 | 1,654,605 | 1,289,006 | |
| Cash at bank and in hand | | 4,434,295 | 2,776,736 | |
| | | 6,088,900 | 4,065,742 | |
| Current liabilities | | | | |
| Creditors: amounts falling due within one year | 15 | (7,106,517) | (6,848,400) | |
| Net current liabilities | | | (1,017,617) | (2,782,658) |
| Total assets less current liabilities | | | 19,889,758 | 21,480,282 |
| Creditors: amounts falling due after more than one year | 16 | | (24,463,617) | (22,908,405) |
| Provision for liabilities: deferred tax | 19 | | (1,618,822) | (2,121,649) |
| Net liabilities | | | (6,192,681) | (3,549,772) |
| Capital and reserves | | | | |
| Called up share capital | 20 | | 675 | 675 |
| Share premium account | 20 | | 66,833 | 66,833 |
| Retained earnings | 20 | | (6,260,189) | (3,617,280) |
| Total equity | | | (6,192,681) | (3,549,772) |

The financial statements on pages 9 to 37 were approved by the board of directors and authorised for issue on 30 October 2017 and are signed on its behalf by:

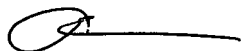

A C G Brown
Director

Company statement of financial position
as at 31 July 2017

| | Note | 31 July 2017 £ | 31 July 2016 £ |
|---|------|----------------------|----------------------|
| Fixed assets | | | |
| Investments | 13 | 13,683,762 | 13,683,762 |
| Current assets | | | |
| Debtors: due within one year | 14 | 336,220 | 188,071 |
| Debtors: due in greater than one year | 14 | 1,154,162 | 1,108,183 |
| Cash at bank and in hand | | 109,671 | 115,008 |
| | | <u>1,600,053</u> | <u>1,411,262</u> |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 15 | (2,649,794) | (2,553,271) |
| Net current liabilities | | <u>(1,049,741)</u> | <u>(1,142,009)</u> |
| Total assets less current liabilities | | <u>12,634,021</u> | <u>12,541,753</u> |
| Creditors: amounts falling due after more than one year | 16 | (16,855,292) | (14,780,292) |
| Net liabilities | | <u>(4,221,271)</u> | <u>(2,238,539)</u> |
| Capital and reserves | | | |
| Called up share capital | 20 | 675 | 675 |
| Share premium account | 20 | 66,833 | 66,833 |
| Retained earnings | 20 | (4,288,779) | (2,306,047) |
| Total equity | | <u>(4,221,271)</u> | <u>(2,238,539)</u> |

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's loss for the year and total comprehensive loss for the year were both £1,982,732 (2016: £1,741,981).

The financial statements on pages 9 to 37 were approved by the board of directors and authorised for issue on 30 October 2017 and are signed on its behalf by:



A C G Brown
Director

Consolidated statement of changes in equity
for the year ended 31 July 2017

| | Share capital £ | Share premium £ | Retained earnings £ | Total £ |
|--|-----------------------|-----------------------|---------------------------|--------------------|
| Balance at 1 August 2015 | 675 | 66,833 | (1,185,344) | (1,117,836) |
| Loss for the year | - | - | (2,431,936) | (2,431,936) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total comprehensive loss for the year | - | - | (2,431,936) | (2,431,936) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 1 August 2016 | 675 | 66,833 | (3,617,280) | (3,549,772) |
| Loss for the year | - | - | (2,642,909) | (2,642,909) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total comprehensive loss for the year | - | - | (2,642,909) | (2,642,909) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 31 July 2017 | 675 | 66,833 | (6,260,189) | (6,192,681) |
| | <hr/> | <hr/> | <hr/> | <hr/> |

Company statement of changes in equity
for the year ended 31 July 2017

| | Share capital £ | Share premium £ | Retained earnings £ | Total £ |
|--|-----------------------|-----------------------|---------------------------|-------------|
| Balance at 1 August 2015 | 675 | 66,833 | (564,066) | (496,558) |
| Loss for the year | - | - | (1,741,981) | (1,741,981) |
| Total comprehensive loss for the year | - | - | (1,741,981) | (1,741,981) |
| Balance at 1 August 2016 | 675 | 66,833 | (2,306,047) | (2,238,539) |
| Loss for the year | - | - | (1,982,732) | (1,982,732) |
| Total comprehensive loss for the year | - | - | (1,982,732) | (1,982,732) |
| Balance at 31 July 2017 | 675 | 66,833 | (4,288,779) | (4,221,271) |

Consolidated statement of cash flows
For the year ended 31 July 2017

| | Note | Year ended 31 July 2017 £ | Year ended 31 July 2016 £ |
|--|------|------------------------------------|------------------------------------|
| Operating activities | | | |
| Cash generated from operations | 21 | 4,277,528 | 4,656,221 |
| Interest paid | | (386,637) | (562,392) |
| Taxation | | - | (326,451) |
| Net cash generated from operating activities | | 3,890,891 | 3,767,378 |
| Investing activities | | | |
| Acquisition of shares in associate undertaking | | (185,993) | - |
| Sale of shares in associate undertaking | | 40,813 | - |
| Long term loans made to associate undertaking | | (104,820) | - |
| Purchase of intangible assets | | (1,018,123) | (996,367) |
| Purchase of tangible fixed assets | | (298,543) | (71,198) |
| Interest received | | 1 | 186 |
| Net cash used in investing activities | | (1,566,665) | (1,067,379) |
| Financing activities | | | |
| Proceeds of new borrowings | | - | 122,000 |
| Repayment of other loans | | - | (784,200) |
| Repayment of bank loans | | (666,667) | (666,666) |
| Net cash used in financing activities | | (666,667) | (1,328,866) |
| Net increase in cash and cash equivalents | | 1,657,559 | 1,371,133 |
| Cash and cash equivalents at beginning of year | | 2,776,736 | 1,405,603 |
| Cash and cash equivalents at end of year | | 4,434,295 | 2,776,736 |
| Relating to: | | | |
| Bank balances and short term deposits included in cash at bank and in hand | | 4,434,295 | 2,776,736 |

Notes

(forming part of the financial statements)

1 Accounting policies

General information

Regulus Midco Limited ("the Company") is a private company limited by shares domiciled and incorporated in England. The registered office is Financial Research Centre, Haddenham Business Park, Pegasus Way, Haddenham, Buckinghamshire, HP17 8LJ.

The Company's and the Group's principal activities and the nature of the Company's and Group's operations are described in the Directors' Report and the Strategic Report.

Basis of accounting

These financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)' and the requirements of the Companies Act 2006 including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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

The financial statements of the Company are consolidated in the financial statements of Regulus Topco Limited. The consolidated financial statements of Regulus Topco Limited are available from the registered office address shown in general information.

Reduced disclosures

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

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

Company statement of comprehensive income

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's loss for the year and total comprehensive loss for the year were both £1,982,732 (2016: £1,741,981).

Basis of consolidation

The consolidated financial statements incorporate those of Regulus Midco Limited and all of its subsidiaries (i.e. entities that the Company controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during a period are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 July 2017.

Notes (continued)
(forming part of the financial statements)

1 Accounting policies (continued)

Basis of consolidation (continued)

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs.

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Going concern

The financial statements have been prepared on the going concern basis. Financial projections prepared by the directors demonstrate that the Group will generate sufficient cash from profitable operations to enable the Company and the Group to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. The Group has net current liabilities of £1,017,617 (2016: £2,782,658), which includes £2,356,369 (2016: £1,993,558) of deferred income that will be settled through the provision of services rather than cash over the period of 12 months from the reporting date. Excluding this deferred income, the Group had net current assets of £1,339,752 (2016: net current liabilities of £789,100). The directors have considered the outstanding borrowings of the Group and Company in establishing their opinion that it is appropriate to prepare the financial statements on a going concern basis. In making this assessment, the directors have considered a period of at least 12 months from the date of authorising these financial statements. The directors acknowledge that there can be no certainty over future events, although at the date of approval of these financial statements, they have no reason to believe that the Group will not perform as expected.

Turnover

Turnover is the amount derived from the provision of services falling within the Group's ordinary activities and is stated net of Value Added Tax. Turnover is recognised when performance of the service is delivered. Certain services are delivered at one point in time and turnover relating to those services are recognised at that point in time. Other services are delivered over a period of time in which case turnover is spread over the delivery period.

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

Functional and presentational currencies

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

Intangible fixed assets – goodwill

Goodwill is capitalised and written off evenly over 10 years as in the opinion of the directors, this represents the period over which the goodwill is expected to give rise to economic benefits.

Notes (continued)
(forming part of the financial statements)

1 Accounting policies (continued)

Other intangible assets

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Research expenditure is written off as the costs are incurred. Development costs are treated in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects and costs attributable to the projects can be reliably measured.

Intangible assets arising on a business combination are recognised, except where the asset arises from legal or contractual rights and there is no evidence of exchange transactions for the same or similar assets and estimating fair value would depend on immeasurable variables.

Intangible assets are initially recognised at cost (which for intangible assets acquired in a business combination is the fair value at acquisition date) and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

| | |
|-------------------------------------|----------|
| Internally developed software | 3 years |
| Brand | 5 years |
| Purchased computer software | 3 years |
| Database and customer relationships | 10 years |

Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

Impairments of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Undertakings in which the Group has significant influence (i.e. the power to participate in the financial and operating policy decisions but not control or joint control over those policies) are classified as associates. The Group's share of the results is accounted for using the equity method based on the associate's financial information at the reporting date.

Notes (continued)
(forming part of the financial statements)

1 Accounting policies (continued)

Tangible fixed assets

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

| | | |
|---|---|-----------------------|
| Leasehold improvements, office furniture, fixtures and fittings | - | 20% to 33⅓% per annum |
| Office equipment | - | 33⅓% per annum |

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

Related party transactions

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

Employee benefits

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

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

Retirement benefits

The Group operates a defined contribution pension scheme. The amount charged to profit or loss is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either other creditors or other debtors.

Notes (continued)
(forming part of the financial statements)

1 Accounting policies (continued)

Taxation

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

Current tax is based on taxable profit for the period. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

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

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

Deferred tax is recognised on income or expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allowed for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

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

Notes (continued)
(forming part of the financial statements)

1 Accounting policies (continued)

Leased assets

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

Financial instruments

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

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

Financial assets

Trade debtors, other debtors and accrued income

Trade debtors, other debtors and accrued income are measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any impairment.

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

Amounts owed by group undertakings and loans due from associate undertakings

Amounts due from group undertakings and loan amounts due from associate undertakings are measured at transaction price and subsequently measured at amortised cost, being the transaction price less any impairment.

Financial liabilities and equity

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

Equity instruments

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

Trade creditors, other creditors, accruals and amounts owed to group undertakings

Trade creditors, other creditors, accruals and amounts owed to group undertakings are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Notes (continued)
(forming part of the financial statements)

1 Accounting policies (continued)

Borrowings

Borrowings including loan notes and bank loans are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar expenses.

Derecognition of financial assets and liabilities

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

Dividends

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

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

- Impairment of debtors: the Group makes an estimate of the recoverable value of trade and other debtors. Credit rating, ageing profile and prior experience are all considered in establishing such impairment. The carrying values of trade and other debtors are shown in note 14.

Critical areas of judgement

The directors apply their judgement in determining when the recognition criteria to capitalise development costs have been met and the useful economic life of capitalised development costs. This judgement takes into consideration historical experience of the speed of change in the retail finance market and the longevity of benefits that arose historically from previous development.

Despite the loss in the year and prior year and the net liabilities of the Group, the directors have considered that there are no indicators of impairment of the intangible assets, goodwill or carrying value of the Company's investments in its group undertakings. The directors have taken into account the actual and expected EBITDA and cash generated by the Group, which supports the carrying values of goodwill and intangible assets as shown in notes 10 and 11.

3 Turnover

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

Notes (continued)

4 Operating (loss)/profit

| | Year ended 31 July 2017 £ | Year ended 31 July 2016 £ |
|---|------------------------------------|------------------------------------|
| <i>Operating (loss)/profit is stated after charging:</i> | | |
| Depreciation and amortisation | 4,713,732 | 4,642,432 |
| Hire of land and buildings – rentals payable under operating leases | 84,034 | 79,295 |
| Hire of plant and equipment – rentals payable under operating leases | 256,149 | 253,105 |
| Research and development expenditure | 60,351 | - |
| Amounts receivable by auditors and their associates in respect of: | | |
| - Audit of these financial statements | 3,000 | 3,000 |
| - Audit of the financial statements of subsidiaries pursuant to legislation | 38,500 | 38,500 |
| - All other non-audit services | 2,500 | 2,500 |
| | <u> </u> | <u> </u> |

5 Interest receivable and similar income

| | Year ended 31 July 2017 £ | Year ended 31 July 2016 £ |
|---|------------------------------------|------------------------------------|
| Bank deposit interest | 1 | 186 |
| Interest receivable on loans to associate undertaking | 1,305 | - |
| | <u> </u> | <u> </u> |
| | 1,306 | 186 |
| | <u> </u> | <u> </u> |

6 Interest payable and similar expenses

| | Year ended 31 July 2017 £ | Year ended 31 July 2016 £ |
|---------------------------------|------------------------------------|------------------------------------|
| Bank loans and overdrafts | 533,515 | 609,992 |
| Other loans | 2,153,764 | 1,910,449 |
| Loans due to parent undertaking | 16,684 | 82,178 |
| | <u> </u> | <u> </u> |
| | 2,703,963 | 2,602,619 |
| | <u> </u> | <u> </u> |

Notes (continued)

7 Directors' remuneration

In respect of the directors of Regulus Midco Limited:

| | Year ended 31 July 2017 £ | Year ended 31 July 2016 £ |
|--|------------------------------------|------------------------------------|
| Directors' emoluments | 356,691 | 543,882 |
| Contributions to money purchase pension scheme | 73,029 | 70,902 |
| | <u>429,720</u> | <u>614,784</u> |

The number of directors to whom retirement benefits are accruing under the defined contribution scheme was 3 (2016: 3). The highest paid director earned total remuneration of £159,863 (2016: £241,738), including £21,688 (2016: £21,056) in pension contributions.

8 Staff numbers and costs

The average monthly number of persons employed by the Group (including executive directors) during the year, analysed by category, was as follows:

| | Year ended 31 July 2017 | Year ended 31 July 2016 |
|--|-------------------------------|-------------------------------|
| Research | 58 | 54 |
| Administration (including product development) | 37 | 36 |
| Sales and marketing | 30 | 27 |
| | <u>125</u> | <u>117</u> |

The aggregate payroll costs of these persons were as follows:

| | Year ended 31 July 2017 £ | Year ended 31 July 2016 £ |
|--|------------------------------------|------------------------------------|
| Wages and salaries | 4,755,513 | 4,785,435 |
| Social security costs | 548,270 | 497,812 |
| Pension costs | 730,709 | 666,974 |
| | <u>6,034,492,</u> | <u>5,950,221</u> |
| Staff costs capitalised as development costs | (977,779) | (943,570) |
| | <u>5,056,713</u> | <u>5,006,651</u> |

The Company had no employees during the year (2016: none). The three directors (2016: three) who all held office throughout the year only received remuneration from subsidiaries of the Company as disclosed in note 7.

Notes (continued)

9 Taxation

| | Year ended 31 July 2017 £ | Year ended 31 July 2016 £ |
|--|------------------------------------|------------------------------------|
| UK corporation tax | | |
| Current tax charge on loss for the year | 409,091 | 200,655 |
| Adjustment in respect of prior period | (3,402) | (95,951) |
| Total current tax | 405,689 | 104,704 |
| Deferred tax (see note 19) | | |
| Origination and reversal of timing differences | (479,812) | (311,819) |
| Effect of change in tax rate | (46,799) | (225,812) |
| Adjustment in respect of prior period | (19,218) | (48,342) |
| Total deferred tax | (545,829) | (585,973) |
| Tax credit on loss on ordinary activities | (140,140) | (481,269) |

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

| | Year ended 31 July 2017 £ | Year ended 31 July 2016 £ |
|---|------------------------------------|------------------------------------|
| Loss on ordinary activities before taxation | (2,783,049) | (2,913,205) |
| Tax at 19.67% (2016: 20%) | (547,308) | (582,641) |
| Tax on share of associate profit | (2,853) | - |
| Expenses not deductible for tax purposes | 213,593 | 180,097 |
| Goodwill amortisation not deductible for tax purposes | 274,380 | 279,043 |
| Adjustment in respect of prior period | (22,620) | (144,293) |
| Effect of change in tax rate | (46,799) | (225,812) |
| Other differences | (10,447) | - |
| Group tax relief received | 1,914 | 12,337 |
| Total tax credit (see above) | (140,140) | (481,269) |

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

Notes *(continued)*

10 Intangible fixed assets - goodwill

| GROUP | Goodwill £ (Restated) |
|---------------------------------------|--------------------------------------|
| <i>Cost</i> | |
| 1 August 2016 and 31 July 2017 | 13,952,148 |
| <i>Amortisation and impairment</i> | |
| 1 August 2016 | 1,860,285 |
| Amortisation charge in year | 1,395,217 |
| 31 July 2017 | 3,255,502 |
| <i>Carrying amount</i> | |
| 31 July 2017 | 10,696,646 |
| 31 July 2016 | 12,091,863 |

The goodwill arose entirely on the acquisition of Defaqto Group Limited and represents the excess of the consideration paid over the fair value of the assets acquired.

Notes (continued)

11 Other intangible assets

| GROUP | Internally developed software £ | Brand £ | Purchased computer software £ | Database and customer relationships £ | Total £ |
|---|--|--------------------|--|--|--------------------|
| <i>Cost</i> | | | | | |
| 1 August 2016 | 5,501,291 | 3,664,598 | 77,266 | 6,694,440 | 15,937,595 |
| Additions | 1,018,123 | - | - | - | 1,018,123 |
| 31 July 2017 | 6,519,414 | 3,664,598 | 77,266 | 6,694,440 | 16,955,718 |
| <i>Amortisation and impairment</i> | | | | | |
| 1 August 2016 | 2,056,463 | 977,227 | 37,993 | 892,592 | 3,964,275 |
| Amortisation charge in year | 1,812,028 | 732,920 | 23,557 | 669,444 | 3,237,949 |
| 31 July 2017 | 3,868,491 | 1,710,147 | 61,550 | 1,562,036 | 7,202,224 |
| <i>Carrying amount</i> | | | | | |
| 31 July 2017 | 2,650,923 | 1,954,451 | 15,716 | 5,132,404 | 9,753,494 |
| 31 July 2016 | 3,444,828 | 2,687,371 | 39,273 | 5,801,848 | 11,973,320 |
| Remaining amortisation period (nearest year): | 2 years | 3 years | 1 year | 8 years | |

Approximately £2.3 million (2016: £2.9 million) of the internally developed software relates to the Group's financial adviser facing software and has a remaining amortisation period of 2 years (2016: 2 years).

There are no contractual commitments to acquire intangible assets.

Notes (continued)

12 Tangible fixed assets

| GROUP | Leasehold improvements £ | Office furniture, fixtures and fittings £ | Office equipment £ | Total £ |
|-----------------------|---|--|-----------------------------------|--------------------|
| <i>Cost</i> | | | | |
| 1 August 2016 | 148,569 | 1,444 | 94,414 | 244,427 |
| Additions | 111,502 | 40,999 | 27,857 | 180,358 |
| 31 July 2017 | 260,071 | 42,443 | 122,271 | 424,785 |
| <i>Depreciation</i> | | | | |
| 1 August 2016 | 4,996 | 679 | 40,995 | 46,670 |
| Charge for year | 39,010 | 6,083 | 35,473 | 80,566 |
| 31 July 2017 | 44,006 | 6,762 | 76,468 | 127,236 |
| <i>Net book value</i> | | | | |
| 31 July 2017 | 216,065 | 35,681 | 45,803 | 297,549 |
| 31 July 2016 | 143,573 | 765 | 53,419 | 197,757 |

There are no contractual commitments to acquire tangible assets.

Notes (continued)

13 Fixed asset investments

GROUP

**Investment in
associate
undertakings
£**

Cost

1 August 2016

-

Additions

185,993

Disposals

(40,813)

Share of associate profit

14,506

31 July 2017

159,686

Provisions

31 July 2017 and 31 July 2016

-

Carrying amount

31 July 2017

159,686

31 July 2016

-

On 2 March 2017, the Group purchased shares in Jump Topco Limited for £185,993. The Group subsequently sold a portion of these shares, at nil gain or loss, for £40,813. As at 31 July 2017, the Group held 27% of the ordinary share capital (and voting rights) in Jump Topco Limited.

COMPANY

**Shares in
group
undertakings
£**

Cost

31 July 2017 and 31 July 2016

13,683,762

Provisions

31 July 2017 and 31 July 2016

-

Carrying amount

31 July 2017 and 31 July 2016

13,683,762

Notes (continued)

13 Fixed asset investments (continued)

The following information relates to the Company's subsidiary and associate undertakings:

| Name | Country of incorporation | Class of share held | Percentage held | Nature of business |
|-------------------------------|--------------------------|---------------------|-----------------|---|
| <i>Direct subsidiaries:</i> | | | | |
| Regulus Bidco Limited | England and Wales | Ordinary | 100% | Provision of management and finance services |
| <i>Indirect subsidiaries:</i> | | | | |
| Defaqto Limited | England and Wales | Ordinary | 100% | Financial research provider |
| Defaqto Group Limited | England and Wales | Ordinary | 100% | Provision of management and finance services |
| DefaqtoMedia Limited | England and Wales | Ordinary | 100% | Website administration |
| Defaqto Europe Limited | England and Wales | Ordinary | 100% | Dormant |
| Find Limited | England and Wales | Ordinary | 100% | Dormant |
| <i>Indirect associates:</i> | | | | |
| Jump Topco Limited | England and Wales | Ordinary | 27% | Provider of financial product comparison software |

The registered office of all subsidiary undertakings is Financial Research Centre, Haddenham Business Park, Pegasus Way, Haddenham, Buckinghamshire, HP17 8LJ. The registered office of Jump Topco Limited is Springboard Business Centre, Llantarnam Industrial Park, Cwmbran, Torfaen, Wales, NP44 3AW.

14 Debtors

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 31 July 2017 | 31 July 2016 | 31 July 2017 | 31 July 2016 |
| | £ | £ | £ | £ |
| Trade debtors | 982,429 | 665,176 | - | - |
| Amounts owed by group undertakings (£336,220 due within one year, £1,032,038 due in greater than one year; 2016: £188,071 and £1,032,038 respectively) | - | - | 1,368,258 | 1,220,109 |
| Other debtors | - | 1,100 | - | - |
| Deferred tax asset (note 19) | 132,346 | 89,344 | 122,124 | 76,145 |
| Prepayments and accrued income | 433,705 | 432,090 | - | - |
| Corporation tax repayable | - | 101,296 | - | - |
| Loans due from associate undertakings | 106,125 | - | - | - |
| | 1,654,605 | 1,289,006 | 1,490,382 | 1,296,254 |

The amounts owed to the Company by group undertakings includes a loan of £1,032,038 (2016: £1,032,038) due from Regulus Bidco Limited that is repayable on 30 March 2022, and interest due thereon totalling £329,011 (2016: £177,237). This loan bears interest at 12%, is unsecured, and is payable quarterly although such payments may be deferred subject to compounding.

The loan due from the associate represents a principal of £104,820 and interest accrued thereon of £1,305. Interest accrues at 3% and is payable quarterly although such payments may be deferred subject to compounding.

Notes (continued)

15 Creditors: amounts falling due within one year

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 31 July | 31 July | 31 July | 31 July |
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Amounts owed to group undertakings | 15,415 | 5,656 | 71,910 | 47,426 |
| Bank loans (note 17) net of transaction costs of £146,878 (2016: £146,878) | 519,789 | 519,789 | - | - |
| Trade creditors | 325,476 | 433,548 | - | 1,750 |
| Other taxation and social security | 358,736 | 244,610 | - | - |
| Corporation tax | 253,066 | - | - | - |
| Other creditors | 112,824 | 111,226 | - | - |
| Accruals and deferred income | 5,521,211 | 5,533,571 | 2,577,884 | 2,504,095 |
| | 7,106,517 | 6,848,400 | 2,649,794 | 2,553,271 |

16 Creditors: amounts falling due after more than one year

| | Group | | Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 31 July | 31 July | 31 July | 31 July |
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Bank loans (note 17) net of transaction costs of £391,675 (2016: £538,553) | 7,608,325 | 8,128,113 | - | - |
| Other loans – loan notes (note 17) | 16,741,839 | 14,666,839 | 16,741,839 | 14,666,839 |
| Amounts owed to group undertakings | 113,453 | 113,453 | 113,453 | 113,453 |
| | 24,463,617 | 22,908,405 | 16,855,292 | 14,780,292 |

| | Group | | Company | |
|---|----------------|-------------------|----------------|-------------------|
| | 31 July | 31 July | 31 July | 31 July |
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Included in creditors are: | | | | |
| Amounts repayable other than by instalments falling due after more than five years | - | 20,780,292 | - | 14,780,292 |
| | - | 20,780,292 | - | 14,780,292 |

Notes (continued)

17 Borrowings

| | Group | | Company | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 31 July 2017 | 31 July 2016 | 31 July 2017 | 31 July 2016 |
| | £ | £ | £ | £ |
| Creditors: amounts falling due within one year (gross of transaction costs): | | | | |
| Bank loans | 666,667 | 666,667 | - | - |
| | <u>666,667</u> | <u>666,667</u> | <u>-</u> | <u>-</u> |

| | Group | | Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 31 July 2017 | 31 July 2016 | 31 July 2017 | 31 July 2016 |
| | £ | £ | £ | £ |
| Creditors: amounts falling due after more than one year (gross of transaction costs): | | | | |
| Bank loans | 8,000,000 | 8,666,666 | - | - |
| Other loans – loan notes | 16,741,839 | 14,666,839 | 16,741,839 | 14,666,839 |
| Amounts due to group undertakings – loan notes | 113,453 | 113,453 | 113,453 | 113,453 |
| | <u>24,855,292</u> | <u>23,446,958</u> | <u>16,855,292</u> | <u>14,780,292</u> |

The bank loans consist of an A Facility (£2,666,667 outstanding at 31 July 2017; £3,333,333 outstanding at 31 July 2016) and a B Facility (£6,000,000 outstanding at 31 July 2017 and 31 July 2016) (the “Facilities”). The A Facility is due for repayment in annual instalments of equal amounts over 6 years, the first payment having fallen due on 30 March 2016 and full settlement arising on 30 March 2021. The B Facility is due for repayment on 30 March 2022. Subject to sufficient cashflows arising, early repayment of both facilities may arise.

The lender of the Facilities holds a charge over the assets and shares of the Company and those of its subsidiary undertakings.

The A and B Facilities bear interest at 3.75% and 4.25% above the London Inter-Bank Offer Rate (“LIBOR”) respectively. Interest is payable quarterly and is included within accruals to the extent it remains unpaid at the reporting date.

The other loans owing by the Group that fall due after more than 12 months, including those due to the parent undertaking, are unsecured, bear interest at 12% and are repayable on 30 March 2022. Interest is payable quarterly although such payments may be deferred subject to compounding. Accrued interest is included within accruals. During the year £2,075,000 (2016: £10,000) of accrued interest was settled via the issuance of new loan notes on the same terms as the existing ones.

Notes (continued)

18 Financial instruments

The Group has the following financial instruments:

| | Group | | Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 31 July | 31 July | 31 July | 31 July |
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| <i>Financial assets:</i> | | | | |
| Debt instruments carried at amortised cost: | | | | |
| - Trade debtors | 982,429 | 665,176 | - | - |
| - Accrued income | 156,305 | 171,962 | - | - |
| - Other debtors | - | 1,100 | - | - |
| - Amounts owed by group undertakings | - | - | 1,368,258 | 1,220,109 |
| - Loan due from associate | 106,125 | - | - | - |
| Total | 1,244,859 | 838,238 | 1,368,258 | 1,220,109 |
| <i>Financial liabilities:</i> | | | | |
| Measured at amortised cost: | | | | |
| - Trade creditors | 325,476 | 433,548 | - | 1,750 |
| - Accruals | 3,164,842 | 3,540,013 | 2,577,884 | 2,504,095 |
| - Other creditors | 112,824 | 111,226 | - | - |
| - Bank loans (net of transaction costs) | 8,128,114 | 8,647,902 | - | - |
| - Other loans – loan notes | 16,741,839 | 14,666,839 | 16,741,839 | 14,666,839 |
| - Amounts owed to group undertakings | 128,868 | 119,109 | 185,363 | 160,879 |
| Total | 28,601,963 | 27,518,637 | 19,505,086 | 17,333,563 |

The Group uses an interest rate cap to manage its exposure to interest rate movements on its bank borrowings. Contracts with nominal values of £29,583 cap interest payments on the A and B Facilities at no more than 2% plus 3.75% and 2% plus 4.25% respectively for periods up until 30 March 2018. The fair value of the instrument was immaterial at 31 July 2016 and 31 July 2017 and therefore it has not been recognised in the statement of financial position.

Notes (continued)

19 Deferred taxation

| | Group £ | Company £ |
|-----------------------------------|--------------------|----------------|
| 31 July 2015 | (2,618,278) | - |
| Credit to profit or loss for year | 585,973 | 76,145 |
| 31 July 2016 | (2,032,305) | 76,145 |
| Credit to profit or loss for year | 545,829 | 45,979 |
| 31 July 2017 | (1,486,476) | 122,124 |

The elements of these balances are as follows:

| | Group 31 July 2017 £ | 31 July 2016 £ | Company 31 July 2017 £ | 31 July 2016 £ |
|--|-------------------------------|----------------------|---------------------------------|----------------------|
| Depreciation in advance of capital allowances | 36,808 | 29,604 | - | - |
| Other timing differences | (178,799) | (218,916) | 122,124 | 76,145 |
| Tax losses | - | - | - | - |
| Fair value adjustment in respect of acquired intangibles on business combination | (1,344,485) | (1,842,993) | - | - |
| Net deferred tax (liability)/asset | (1,486,476) | (2,032,305) | 122,124 | 76,145 |

The Group's net deferred tax liability has been separated on the statement of financial position into a deferred tax asset of £132,346, (2016: £89,344) and a deferred tax liability of £1,618,822 (2016: £2,121,649). The deferred tax liability is expected to reduce by £396,120, (2016: £419,421) in the 12 months from the reporting date as the fair value of the acquired intangibles is amortised. The entire Group deferred tax asset is expected to reverse within 12 months of the reporting date. The Company's deferred tax asset is expected to reverse in more than 12 months.

All losses may be carried forward indefinitely.

Notes (continued)

20 Share capital and reserves

Share capital

GROUP AND COMPANY

| | Ordinary shares of £0.01 each Number | Ordinary shares of £0.01 each £ |
|----------------------------------|---|--|
| Allotted, issued and fully paid: | | |
| 31 July 2015 | 67,508 | 675 |
| Fully paid during the year | - | - |
| | <hr/> | <hr/> |
| 31 July 2016 | 67,508 | 675 |
| Fully paid during the year | - | - |
| | <hr/> | <hr/> |
| 31 July 2017 | 67,508 | 675 |
| | <hr/> | <hr/> |

Ordinary share rights

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

Reserves

Reserves of the Company and Group represent the following:

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Retained earnings

Cumulative profit and loss net of distributions to owners.

Notes (continued)

21 Reconciliation of loss after tax to net cash generated from operations

| | Year ended 31 July 2017 £ | Year ended 31 July 2016 £ |
|--|------------------------------------|------------------------------------|
| Loss after tax | (2,642,909) | (2,431,936) |
| Adjustments for: | | |
| Depreciation of tangible fixed assets | 80,566 | 37,451 |
| Amortisation of intangible assets | 4,633,166 | 4,604,981 |
| Share of associate profit | (14,506) | - |
| Interest receivable | (1,306) | (186) |
| Interest payable | 2,703,963 | 2,602,619 |
| Taxation | (140,140) | (481,269) |
| Operating cash flows before movements in working capital | 4,618,834 | 4,331,660 |
| Increase in trade and other debtors | (317,768) | (67,148) |
| (Decrease)/increase in trade and other creditors | (23,538) | 391,709 |
| Cash generated from operations | 4,277,528 | 4,656,221 |

The only non-cash transaction arising in the year ended 31 July 2017 was the settlement of £2,075,000 of interest accrued on the other loan notes via the issuance of £2,075,000 of new loan notes (2016: settlement of £10,000 of interest accrued via the issuance of £10,000 of new loan notes).

22 Pension scheme

Defined contribution pension scheme

The Group operates a defined contribution plan which is open to all employees of the Group that have completed three months' service. The Group doubles the contributions made by employees up to a maximum company contribution of 10% of salary. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £730,709 (2016: £666,974). Included in creditors due within one year is £58,910 (2016: £55,971) in respect of contributions due in relation to this pension scheme.

Notes (continued)

23 Parent and controlling party

The ultimate and immediate parent undertaking is Regulus Topco Limited, a company incorporated in the United Kingdom.

The directors consider that the controlling party is Synova Capital LLP who manage Synova Capital Fund II LP's majority shareholding in Regulus Topco Limited.

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

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

24 Commitments

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

| | 31 July 2017 | | 31 July 2016 | |
|-------------------------|----------------------------|----------------|----------------------------|----------------|
| | Land and buildings £ | Other £ | Land and buildings £ | Other £ |
| Due within one year | 85,000 | 104,469 | 79,500 | 147,312 |
| Due 2-5 years inclusive | 49,583 | 59,094 | 145,750 | 109,688 |
| | <u>134,583</u> | <u>163,563</u> | <u>225,250</u> | <u>257,000</u> |

The Company has never entered into any non-cancellable operating leases.

Notes (continued)

25 Remuneration of key management personnel

The directors of the Company are considered the key management personnel of the Group and their remuneration is disclosed in note 7. In addition to such remuneration, employers national insurance contributions totalling £40,383 (2016: £68,105) were incurred.

26 Contingent liabilities

The Company is registered with HMRC as a member of a group for VAT purposes, and as a result is jointly and severally liable on a continuing basis for amounts owing by any other members of that group in respect of unpaid VAT. At the reporting date, the outstanding VAT balance of the other group companies in the VAT group, of which the Company is a member, was a payable amount of £214,724 (2016: £105,790).

The Company has provided a charge over its assets to HSBC Bank Plc in relation to a loan provided by HSBC Bank Plc to Regulus Bidco Limited, a group undertaking.

27 Related party transactions

The following related party loan notes, transactions and balances have arisen and exist at the reporting date:

| | Loan Maturity Date | At 31 July 2017 | | At 31 July 2016 | |
|---------------------------|--------------------|-------------------------|------------------------|-------------------------|------------------------|
| | | Loan principal £ | Interest outstanding £ | Loan principal £ | Interest outstanding £ |
| Synova Capital Fund II LP | 30 March 2022 | 15,701,254 | 2,255,961 | 13,626,254 | 2,328,501 |
| Key management personnel | 30 March 2022 | 1,040,585 | 315,498 | 1,040,585 | 164,194 |
| | | <u>16,741,839</u> | <u>2,571,459</u> | <u>14,666,839</u> | <u>2,492,695</u> |
| | Loan Maturity Date | Year ended 31 July 2017 | | Year ended 31 July 2016 | |
| | | Interest charge £ | | Interest charge £ | |
| Synova Capital Fund II LP | 30 March 2022 | 2,002,460 | | 1,783,685 | |
| Key management personnel | 30 March 2022 | 151,304 | | 126,764 | |
| | | <u>2,153,764</u> | | <u>1,910,449</u> | |

The terms of these loan notes are shown in note 17.

The Group sold 28,569 shares in Jump Topco Limited for £28,569 at nil gain or loss to key management personnel on 3 March 2017.