NewTA Limited
(trading as UK Finance)

(a company limited by guarantee)

Report and financial statements

for the period from 1 July 2017 to 31 December 2017

Registered number: 10250295

NewTA Limited
(trading as UK Finance)

Report and Financial Statements

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NewTA Limited
(trading as UK Finance)

Officers and professional advisers

(as at date of signing the report and financial statements)

Directors

R Wigley
S Jones
A Vaswani
C Woodman
J Stuart
J Bardrick
J Gadhia
J Elson
J Garner
M Sismey-Durrant
M Celic
N Macpherson
P Gallagher
P Lynam
P Hill
P Smith
R Kalifa
T McDermott
V Maru
C Duerden
J Jenkins
D Duffy

Secretary

None appointed

Registered office

5th Floor
1 Angel Court
London
EC2R 7HJ

Registered number

10250295

Auditor

Deloitte LLP

London

NewTA Limited
(trading as UK Finance)

Strategic Report

The directors present their strategic report on the Company for the period ended 31 December 2017.

Review of the business

NewTA Limited (trading as UK Finance) ('the Company', or 'UK Finance') is the trade association launched in July 2017 to represent the UK-based financial services industry in its widest sense; for members who provide credit, banking, mortgages, markets and payments-related services.

Our members are large and small, national and regional, domestic and international, corporate and mutual, retail and wholesale, physical and virtual, banks and non-banks. The customers of our members are individuals, corporates, charities, clubs, associations and government bodies, served domestically and cross-border. These customers access a wide range of financial and advisory products and services, essential to their day-to-day activities.

The purpose of UK Finance is to help our members ensure that the UK retains its position as a safe and transparent global leader in financial services, placing the interests of our members and their customers at the heart of our work.

- We seek to facilitate the conditions necessary for effective, resilient, safe and stable markets in relevant financial services. We work hard with our members to earn customer trust and deliver outstanding services, and ensure we act individually and collectively in a way that is responsible, ethical, efficient and for the long term.
- We facilitate industry–wide collaboration and offer an industry-wide perspective on areas of mutual interest, ensuring always that we listen and act upon the voices of customers, communities, employees and broader society.
- We provide data and evidence-backed representation for our members in their individual and collective interaction with policy makers and regulators in the UK, EU and at a global level. Our engagement with policymakers is always constructive and with the goal of helping to shape effective and long-lasting policy frameworks.
- We offer thought leadership to help our industry innovate, anticipate and adapt to changing customer, technological, regulatory and societal demands and opportunities.
- We actively promote the actions necessary to protect our customers and the financial system from fraud, financial crime and cyber threats. We do so by leading cooperation across the industry and with relevant government agencies.
- We offer outstanding events, training, research and data services relevant to our members' activities.

UK Finance was created to consolidate the number of trade associations in the financial services sector. The new organisation brings together most of the activities formerly undertaken by the Asset Based Finance Association, the British Bankers' Association, the Council of Mortgage Lenders, Financial Fraud Action UK, Payments UK and the UK Cards Association.

The integration has allowed UK Finance to harness the expertise and skills of these six existing trade associations (ETAs), drawing them together to provide members with a coordinated single entity for their trade association services. Working at the highest levels with industry, governments, regulators, customers/users and the media, UK Finance helps to facilitate the UK's continued role as a global leader in financial services, advancing the industry's interests and reputation.

On 1 July 2017 the UK Finance purchased the trade and/or assets of the aforementioned associations. ETA assets were acquired by UK Finance at a value of £8.7m based on independent valuations. Of this, £1.5m was settled on the completion date and the remaining £7.2m was initially funded by agreeing deferred payment terms with certain ETAs.

The costs of the integration of 6 ETAs into UK Finance were funded by certain members prepaying future membership subscriptions (the 'prefunding institutions'). Subsequent to the balance sheet date all eight of the prefunding institutions agreed to irrevocably waive the right to repayment of 50% of the prepaid future membership subscriptions.

Strategic Report

In aggregate this will improve the balance sheet position and future cash flows by £7.8m and reduce the time over which UK Finance will achieve a net asset position.

Results and Performance

A key performance indicator by which UK Finance measures its performance is Member Engagement which will be monitored through an annual survey of our members.

UK Finance measures its financial performance using the key performance measures of net income, net surplus, balance sheet strength and longer term financial resilience as measured by net asset position.

Strategy

The UK Finance Board has agreed a set of strategic objectives to ensure the interests of our members and their customers are at the heart of everything we do. These strategic objectives are summarised as:

- Serving customers better
- Supporting the economy
- Enhancing competitiveness
- Fighting fraud and cyber crime
- Embracing innovation
- Earning trust

Principal risks and uncertainties

At 31 December 2017, the principal risks were considered to be relating to recruitment and retention of key people, cash flow during the start-up and transformation phase and data migration from ETAs.

UK Finance has since developed its risk management framework and a strategic risk register which is reviewed regularly by management, the Audit & Oversight Committee, and Board. Strategic risks and their migration include ensuring GDPR compliance, strengthening our commercial revenue propositions, managing key member relationships; and recruitment and retention of key people.

Approved by the Board and signed on its behalf by:

Stephen Jones

Chief Executive Officer
26 September 2018

5th Floor
1 Angel Court
London
EC2R 7HJ

NewTA Limited
(trading as UK Finance)

Directors' report

The directors present their report on the affairs of NewTA Limited (trading as UK Finance) ('the Company', or 'UK Finance') together with the financial statements and auditor's report, for the period starting on 1 July 2017 and ending on 31 December 2017 (the "Period"). This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemptions.

Future developments

Details of future developments can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

Events after the balance sheet date

Details of significant events since the balance sheet date can be found in note 18 to the financial statements.

Going concern

As at the balance sheet date UK Finance has accumulated losses of £15.1m (June 2017: £5.5m) as a consequence of non-recurring transformation, integration costs, and ETA wind down costs incurred.

After considering the following, the directors are satisfied that the company has sufficient liquidity to meet obligations as they fall due for at least one year from the date the financial statements are approved, and that UK Finance will continue to operate as a going concern:

- UK Finance was created in response to the proposal set out by The Financial Services Trade Associations Review (FSTAR), which was set up by a steering committee of major UK banks and building societies. UK Finance also has the support of its other members who comprise a broad network of around 300 financial institutions;
- six of the prefunding institutions have provided a guarantee to the landlord of Angel Court with assurance that the rent will be paid for the full 15 year term of the lease;
- the Board has reviewed and approved a fully evaluated budget for 2018. It has also reviewed longer term high level projections which demonstrate that the underlying activities of UK Finance will be profitable and generate ongoing surpluses to repay the liabilities and, over time, achieve a net asset position. The projections include an appropriate level of conservatism/prudence. UK Finance has also agreed a £7m revolving credit facility with Barclays which includes customary covenants that have been met;
- subsequent to the balance sheet date all eight of the prefunding institutions agreed to irrevocably waive the right to repayment of 50% of the prepaid future membership subscriptions. In aggregate this improves the balance sheet position and future cash flows by £7.8m and reduces the time over which UK Finance will achieve a net asset position.

NewTA Limited
(trading as UK Finance)

Directors' report

The Directors who served during the period under review and up until the date of signing the financial statements were:

Chair	Robert Wigley (Appointed on 01 March 2017)
Chief Executive Officer	Stephen Jones (Appointed on 24 May 2017)
Other Board members	Ashok Vaswani (Appointed on 01 July 2017) Chief Executive Officer Barclays UK
	Clare Woodman (Appointed on 01 July 2017) Head of Europe, Middle East and Africa Morgan Stanley
	John Stuart (Appointed on 01 July 2017) Chief Executive Officer HSBC
	James Bardrick (Appointed on 01 July 2017) UK Chief Executive Officer Citigroup
	Jayne-Anne Gadhia (Appointed on 01 July 2017) Chief Executive Officer Virgin Money
	Joanna Elson OBE (Appointed on 01 July 2017) Chief Executive Officer Money Advice Trust
	Johnson Garner (Appointed on 01 July 2017) Chief Executive Officer Nationwide Building Society
	Mark Sismey-Durrant (01 July 2017) Chief Executive Officer Hampshire Trust Bank
	Miles Celic (Appointed on 01 July 2017) Chief Executive Officer TheCityUK
	Nick Macpherson (Appointed on 11 October 2017) Chairman C. Hoare & Co
Other Board members	Paul Gallagher (Appointed on 01 July 2017)

Directors' report

(continued)

Chief Risk Officer & MD - UK, Nordics and Greece
ABN AMRO

Paul Lynam (Appointed on 01 July 2017)
Chief Executive Officer
Secure Trust Bank

Peter Hill (Appointed on 01 July 2017)
Chief Executive Officer
Leeds Building Society

Peter Smith (Appointed on 01 July 2017)
Co-Founder & Chief Executive Officer
Blockchain

Rohinton Kalifa (Appointed on 01 July 2017)
Vice Chairman and Executive Director
Worldpay

Tracey McDermott (Appointed on 01 July 2017)
Head of Corporate, Public and Regulatory Affairs
Standard Chartered

Vim Maru (Appointed on 01 July 2017)
Group Director, Customer Products & Marketing
Lloyds Banking Group

Charlotte Duerden (Appointed on 23 April 2018)
General Manager
American Express UK

David J Duffy (Appointed on 01 July 2017)
Chief Executive Officer
Clydesdale

Ian O'Doherty (Appointed on 24 June 2016), (Resigned 01 July 2017)
MBNA Limited

Marion King (Appointed on 24 June 2016), (Resigned 01 July 2017)
The Royal Bank of Scotland Group plc

J Jenkins (Appointed on 01 July 2017)
Amicus

NewTA Limited
(trading as UK Finance)

Directors' report

Directors' indemnities

The Company has qualifying third party indemnity provisions for the benefit of its directors which were in force during the period and remain in force at the date of this report.

Auditor

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

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

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

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

Stephen Jones

Chief Executive Officer
26 September 2018

5th Floor
1 Angel Court
London
EC2R 7HJ

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

NewTA Limited
(trading as UK Finance)

Independent auditor's report to the members of NewTA Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of NewTA Limited (the 'Company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

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

Independent auditor's report to the members of NewTA Limited

Report on the audit of the financial statements (continued)

We have nothing to report in respect of these matters.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Independent auditor's report to the members of NewTA Limited

Report on the audit of the financial statements (continued)

- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report.

We have nothing to report in respect of these matters.

James Polson (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

Date: 26 September 2018

NewTA Limited
(trading as UK Finance)

Profit and loss account
For the six month period ended 31 December 2017

		6 months ended 31-Dec-17 £	Year ended 30-Jun-17 £
Turnover	**3**	17,263,901	-
Cost of sales		(528,112)	-
Gross profit		16,735,789	-
Administrative expenses	**4**	(26,173,344)	(5,539,265)
Operating loss		(9,437,555)	(5,539,265)
Interest receivable and similar income		-	-
Interest payable and similar charges	**7**	(104,243)	-
Loss on ordinary activities before taxation	**8**	(9,541,798)	(5,539,265)
Taxation	**9**	-	-
Loss for the period		**(9,541,798)**	**(5,539,265)**

Note: all activities are continuing

NewTA Limited
(trading as UK Finance)
Registered number: 10250295

Balance sheet

As at 31 December 2017

	Notes		31-Dec-17		30-Jun-17
		£	£	£	£
Fixed Assets					
Intangible assets	**10**		8,216,813		-
Tangible assets	**11**		5,305,289		2,559,536
			13,522,102		2,559,536
Current Assets					
Debtors due within one year	**12**	25,741,901		1,244,522	
Cash at bank		2,157,722		8,779,268	
		27,899,623		10,023,790	
Creditors: amounts falling due within one year	**14**	(35,451,519)		(6,289,322)	
Net current assets			(7,551,896)		3,734,468
Total assets less current liabilities			5,970,206		6,294,004
Creditors: amounts falling due after more than one year	**15**		(19,738,479)		(11,833,269)
Provisions for liabilities	**16**		(1,312,790)		-
Net assets			**(15,081,063)**		**(5,539,265)**
Capital and reserves					
Accumulated fund	**17**		**(15,081,063)**		**(5,539,265)**

The accounts have been prepared in accordance with the special provision applicable to companies subject to the small companies' regime.

NewTA Limited
(trading as UK Finance)
Registered number: 10250295
Balance sheet
As at 31 December 2017

The financial statements of NewTA Limited were approved by the board of directors and authorised for issue on 26 September 2018. They were signed on its behalf by:

Stephen Jones

Chief Executive Officer

NewTA Limited
(trading as UK Finance)

Statement of changes in equity

	Called up share capital	Profit and loss account	Accumulated fund
	£	£	£
At 1 July 2017	-	(5,539,265)	(5,539,265)
Loss for the financial period	-	(9,541,798)	(9,541,798)
At 31 December 2017	-	(15,081,063)	(15,081,063)

As previously noted, subsequent to the balance sheet date the prefunding institutions agreed to irrevocably waive the right to repayment of 50% of their prepaid future membership subscriptions. This has been credited directly to the accumulated fund in 2018 and improves the balance sheet position by £7.8m

NewTA Limited
(trading as UK Finance)

Notes to the financial statements
For the six month period ended 31 December 2017

1. Accounting policies

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

a. General information and basis of accounting

NewTA Limited (the Company) is a private Company limited by guarantee incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1. The Company trades as UK Finance.

The Company was incorporated on 24th June 2016. This accounting period runs from 1 July to 31 December 2017.

The principal activities of the Company and the nature of the Company's operations are set out in the Strategic Report on pages 2 to 3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with section 1A of Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of UK Finance is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

b. Going concern

The financial statements have been prepared using the going concern basis of accounting. As at the balance sheet date UK Finance has accumulated losses of £15.1m (June 2017: £5.5m) as a consequence of non-recurring transformation, integration costs, and ETA wind down costs incurred.

After considering the following, the directors are satisfied that the company has sufficient liquidity to meet obligations as they fall due for at least one year from the date the financial statements are approved and that UK Finance will continue to operate as a going concern:

- UK Finance was created in response to the proposed consolidation set out by The Financial Services Trade Associations Review (FSTAR), which was set up by a steering committee of major UK banks and a building society. UK Finance also has the support of its other members who comprise a broad network of around 300 financial institutions;
- six of the prefunding institutions have provided a guarantee to the landlord of Angel Court with assurance that the rent will be paid for the full 15 year term of the lease;
- the Board has reviewed and approved a fully evaluated budget for the second half of 2017 and 2018. It has also reviewed longer term high level projections which demonstrate that UK Finance will generate surpluses which will, over time, fully mitigate the net liabilities position and ultimately build up reserves. In the intervening period they demonstrate full compliance with funding covenants;
- subsequent to the balance sheet date all eight of the prefunding institutions agreed to waive the right to repayment of 50% of the prepaid future membership subscriptions. In aggregate this will improve the balance sheet position and future cash flows by £7.8m and reduce the time over which the Company will achieve a net asset position.

1. Accounting policies (continued)

c. Intangible fixed assets

Acquisition of commercial business activities

The commercial business activities acquired from the ETAs are capitalised and stated at cost less accumulated amortisation, over a period of 10 years, and less impairment losses.

Brands and trademarks

Separately acquired brand and trademarks are included at cost and amortised in equal annual instalments over a period of five years which is their useful economic life. Provision is made for impairment.

Websites

The acquisition of the ETAs websites are included at cost and amortised in equal annual instalments over a period of five years which is their useful economic life. Provision is made for impairment.

Acquisition of fraud intelligence systems

Separately acquired fraud intelligence systems from the ETAs are included at cost and amortised in equal annual instalments over a period of five years which is their useful economic life. Provision is made for impairment.

Amortisation

Amortisation is charged to the profit and loss on a straight-line basis over the lives of the intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives as follows:

- Acquisition of commercial business activities 10 years
- Brands and trademarks 5 years
- Websites 5 years
- Acquisition of fraud intelligence systems 5 years

d. Tangible fixed assets

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

- Leasehold land and buildings 15 years
- Fixtures and fittings 5 years
- Software systems 5 years
- Computer equipment 3 years

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

e. Financial instruments

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

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

1. Accounting policies (continued)

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

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

Debt instruments which meet the following conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

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

With the exception of some hedging instruments, other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

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

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

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

Notes to the financial statements

For the six month period ended 31 December 2017

1. Accounting policies (continued)

f. Impairment of assets

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

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of the cash-generating unit (CGU), the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

g. Taxation

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

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

1. Accounting policies (continued)

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

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

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

h. Turnover

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

i. Employee benefits

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

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

j. Leases

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

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

k. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

In preparing the financial statements the Directors have made the following judgements:

- Determining whether there are indicators of impairments of the Company's intangible fixed assets. Factors taken into consideration in reaching a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability, and expected future performance of that unit.

- Determining whether there are indicators of issues with the recoverability of the Company's trade debtors. Factors taken into consideration in reaching a decision include the economic viability and expected future financial performance of the customer and valuation of assets.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, are those that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial are discussed below.

- Impairment of intangible assets

The company determines the recoverable amount of its intangible assets by reference to their value-in-use, assessed using discounted cash flow models. There is judgement in determining the assumptions that are considered to be reasonable, in particular the timing of cash flows and the discount rate to be applied.

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3. Turnover

An analysis of turnover by class of business is as follows:

	6 months ended 31-Dec-17 £	Year ended 30-Jun-17 £
Membership income	13,740,181	-
Commercial income	2,489,304	-
Other income	1,034,416	
	17,263,901	-

4. Administrative expenses

Administrative expenses comprise of the following:

	6 months ended 31-Dec-17 £	Year ended 30-Jun-17 £
Staff costs	11,705,664	340,570
Professional and consultancy	3,553,008	4,129,158
Occupancy	3,703,552	244,762
Data management and research	2,805,262	-
General and admin	1,903,968	643,919
Information technology	1,101,522	146,015
Member and external relations	747,441	14,684
Publications and subscriptions to other trading bodies	398,881	-
Travel and subsistence	254,046	20,157
	26,173,344	5,539,265

5. Staff costs and numbers

	6 months ended 31-Dec-17 £	Year ended 30-Jun-17 £
Wages and salaries	9,574,556	173,924
Social security costs	616,761	17,710
Other pension costs	723,563	-
	10,914,880	191,634

Staff costs includes non-recurring restructuring costs of £3,682,598 (June 2017: nil).

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5. Staff costs and numbers (continued)

The average number of employees, including Directors, during the period was as follows:

	6 months ended 31-Dec-17	Year ended 30-Jun-17
Administrative staff	167	0.2

The number of employees at 31 December 2017 was 121 (June 2017: 2).

The transfer agreements between UK Finance and each of the six ETAs and UK Payments Administration Limited were legally completed on 1 July 2017 and all continuing employees were transferred under the Transfer of Undertakings (Protection of Employment) regulations on the same date. A restructuring exercise took place between that date and the period end date.

6. Directors remuneration

The Directors' remuneration for the period was as follows:	6 months ended 31-Dec-17 £	Year ended 30-Jun-17 £
Remuneration (including benefits in kind)	453,100	145,128

	Number	Number
The number of directors who:		
Are members of a defined benefit pension scheme	Nil	Nil
Are members of a money purchase pension scheme	Nil	Nil
Exercised options over shares in the Company	Nil	Nil
Had awards receivable in the form of shares under a long-term incentive scheme	Nil	Nil

	6 months ended 31-Dec-17 £	Year ended 30-Jun-17 £
Remuneration of the highest paid director		
Emoluments	353,100	78,462
Company contribution to money purchase pension schemes	-	-
	353,100	78,462

Director’s advances, credits and guarantees: There were none during the period.

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7. Interest payable and similar charges

	6 months ended 31-Dec-17	Year ended 30-Jun-17
	£	£
Loan interest payable	104,243	-

8. Loss before taxation

Loss before taxation is stated after charging:

	6 months ended 31-Dec-17	Year ended 30-Jun-17
	£	£
Operating lease rentals in respect of land and buildings	2,674,876	208,269
Depreciation of tangible assets	454,200	-
Amortisation of intangible assets	450,520	-
Auditor's remuneration:		
- Other services relating to Tax services	17,300	40,100
- Audit fees payable	82,500	15,000
- Other accounting services	19,500	-

9. Taxation

As at 31 December 2017 the Company had unutilised tax losses. The Directors have assessed that at this stage of the life cycle of the Company, a deferred tax asset should not be recognised.

Notes to the financial statements

For the six month period ended 31 December 2017

10. Intangible fixed assets

	Acquisition of Commercial Business Activities	Brands and Trademarks	Websites	Acquisition of fraud intelligence systems	Total
	£	£	£	£	£
Cost:					
At 24 June 2016	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 30 June 2017	-	-	-	-	-
Additions	8,307,800	38,000	156,533	165,000	8,667,333
Disposals	-	-	-	-	-
At 31 December 2017	8,307,800	38,000	156,533	165,000	8,667,333
Amortisation and impairment					
At 24 June 2016	-	-	-	-	-
Amortisation charge for the period	-	-	-	-	-
Disposals	-	-	-	-	-
At 30 June 2017	-	-	-	-	-
Amortisation charge for the period	415,390	3,800	14,830	16,500	450,520
Disposals	-	-	-	-	-
At 31 December 2017	415,390	3,800	14,830	16,500	450,520
Carrying amount					
At 24 June 2016	-	-	-	-	-
At 30 June 2017	-	-	-	-	-
At 31 December 2017	7,892,410	34,200	141,703	148,500	8,216,813

Acquisition of commercial business activities relates to the associate membership, events, training and other commercial revenue streams from the ETAs.

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For the six month period ended 31 December 2017

11. Tangible fixed assets

	Leasehold improvements	Fixtures & Fittings	Computer equipment	Software	Total
	£	£	£	£	£
Cost					
At 24 June 2016	-	-	-	-	-
Additions	1,297,914	642,671	618,951	-	2,559,536
Disposals	-	-	-	-	-
At 30 June 2017	1,297,914	642,671	618,951	-	2,559,536
Additions	1,830,200	492,392	857,787	19,574	3,199,953
Disposals	-	-	-	-	-
At 31December 2017	3,128,114	1,135,063	1,476,738	19,574	5,759,489
Depreciation					
At 24 June 2016	-	-	-	-	-
Charge for the period	-	-	-	-	-
Disposals	-	-	-	-	-
At 30 June 2017	-	-	-	-	-
Charge for the period	108,552	105,586	238,089	1,973	454,200
Disposals	-	-	-	-	-
At 31 December 2017	108,552	105,586	238,089	1,973	454,200
Carrying amount					
At 24 June 2016	-	-	-	-	-
At 30 June 2017	1,297,914	642,671	618,951	-	2,559,536
At 31 December 2017	3,019,562	1,029,477	1,238,649	17,601	5,305,289

12. Debtors

	31-Dec-17	30-Jun-17
Amounts falling due within one year:	**£**	**£**
Trade debtors	22,791,885	-
Prepayments and accrued income	2,566,531	552,080
Other debtors	383,485	692,442
	25,741,901	1,244,522

13. Financial instruments

	31-Dec-17	30-Jun-17
	£	**£**
Carrying amount of financial assets		
Measured at amortised cost	26,869,135	9,471,710
Carrying amount of financial liabilities		
Measured at amortised cost	11,146,479	2,414,322

Financial assets measured at amortised cost comprise cash at bank, trade debtors, other debtors and accrued revenue.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and bank loans.

14. Creditors: amounts falling due within one year

	31-Dec-17	30-Jun-17
	£	**£**
Trade creditors	2,055,730	170,450
Bank loans and overdraft	3,514,350	-
Other taxation and social security	702,278	-
Accruals and deferred income	27,747,982	6,118,872
Other creditors	1,431,179	-
	35,451,519	6,289,322

Bank loans and overdraft relate to partial drawdown under interest bearing revolving credit facility of £7 million (June 2017: nil) provided by Barclays Bank PLC. The interest rate on the revolving loan is base rate + 1.6 percent per annum and is fully repayable on 30 September 2022. This revolving loan has been classified within “Creditors due within one year” to reflect the terms of the revolving loan agreement.

Notes to the financial statements

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15. Creditors: amounts falling due after more than one year

	31-Dec-17	30-Jun-17
	£	£
Deferred income	11,625,000	11,625,000
Term Loan	7,306,436	208,269
Other long-term creditors	807,043	-
	19,738,479	**11,833,269**

Deferred income represents advance membership subscriptions received.

UK Finance has a sterling term loan facility with Barclays Bank PLC for £7.7 million. The interest rate on the loan is base rate +1.75 percent per annum and the loan is fully repayable on 30 September 2022. This loan has been classified within “Creditors due after more than one year” to reflect the terms of the loan facility.

16. Provisions for liabilities

	31-Dec-17	30-Jun-17
	£	£
Dilapidations	26,758	-
Other provisions	1,286,032	-
	1,312,790	-

Movements on provisions

	Dilapidations	Onerous contracts	Total
	£	£	£
At 1 July 2017	-	-	-
Provided in the period	26,758	1,864,130	1,890,888
Utilised in the period	-	(578,098)	(578,098)
At 31 December 2017	26,758	1,286,032	1,312,790

Dilapidations - as part of the Company's property leasing arrangements there is an obligation to return the property to an agreed condition at the end of the lease. The cost is charged to the profit and loss account as the obligation arises. The provision is expected to be utilised in 2032 when the lease terminates.

Onerous contracts - UK Finance agreed to assume the liability for certain contracts of the ETAs as part of the agreements to transfer the business and assets of the six ETAs to UK Finance. To the extent that the unavoidable cost of meeting the obligations under the contracts exceeds the economic benefits expected to be received thereunder, the contract value is recognised as a provision. The provisions are expected to be utilised over the course of 2018 to 2020.

17. Accumulated fund

The profit and loss account represents cumulative losses and total recognised gains or losses made by the Company.

18. Operating lease commitments

At the reporting end date, the Company had outstanding commitments for the future minimum lease payments under non-cancellable operating leases.

	Land and buildings 31-Dec-17 £	**Land and buildings 30-Jun-17 £**
Operating leases which expire:		
Within one year	-	-
Within two to five years	4,165,503	3,432,196
After five years	13,664,295	14,397,602
	17,829,798	**17,829,798**

19. Post balance sheet events

Subsequent to the balance sheet date all eight of the prefunding institutions have agreed to irrevocably waive the right to repayment of 50% of their prepaid future membership subscriptions, relating to 2018 and 2019, amounting to £7.8m. This has been credited to the accumulated fund in 2018.