UK Finance Limited (formerly NewTA Limited)

Annual Report and Financial Statements

1 January to 31 December 2018

Company no.
10250295

UK Finance is the collective voice for the banking and finance industry. Representing more than 250 firms across the industry, we act to enhance competitiveness, support customers and facilitate innovation.

Our Purpose

To champion a thriving banking and finance industry, acting always in the best interests of consumers, businesses and wider society.

Our Objectives

- Enhancing competitiveness
- Supporting customers
- Facilitating innovation

Our Values

- **Integrity.** We act transparently and ethically for the good of our members as well as their customers and wider society. We seek to enhance trust in the banking and finance industry.
- **Excellence.** We lead from the front as a beacon of quality, inspiration and best practice.
- **Leadership.** We are proactive and innovative in helping to shape tomorrow's banking and finance landscape.

UK FINANCE

Contents

Officers and professional advisers

Directors

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

Chair	Bob 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) Chief Executive Officer, EMEA Morgan Stanley
	John Stuart (Appointed on 01 July 2017) Chief Executive Officer HSBC UK
	James Bardrick (Appointed on 18 August 2016) Chief Executive Officer Citigroup Global Markets Limited
	Joanna Elson, OBE (Appointed on 01 July 2017) Chief Executive Officer Money Advice Trust
	Joe Garner (Appointed on 01 July 2017) Chief Executive Officer Nationwide Building Society
	Mark Sismey-Durrant (Appointed on 24 June 2016) Former Chief Executive Officer Hampshire Trust Bank Chair of Audit & Oversight Committee
	Miles Celic (Appointed on 01 July 2017) Chief Executive Officer TheCityUK
	Lord Nick Macpherson (Appointed on 11 October 2017) Chairman C. Hoare & Co
	Paul Gallagher (Appointed on 24 June 2016) Chief Risk Officer and Managing Director - UK, Nordics and Greece ABN AMRO

UK FINANCE

(continued)

Paul Lynam (Appointed on 24 June 2016)
Chief Executive Officer
Secure Trust Bank

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

Ron Kalifa (Appointed on 01 July 2017)
Deputy Chairman and Executive Director
Worldpay

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

Vimlesh Maru (Appointed on 01 July 2017)
Group Director, Retail
Lloyds Banking Group

Charlotte Duerden (Appointed on 23 April 2018)
UK Country Manager/SVP, Head of Consumer & International Currency Card
American Express UK

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

Mark Barnett (Appointed on 26 September 2018)
Division President, UKINB
Mastercard

Charlotte Benham Crosswell (Appointed on 26 November 2018)
Chief Executive Officer
Innovate Finance

Mark Parsons (Appointed on 05 December 2018)
Chief Executive Officer
Coventry Building Society

David Postings (Appointed on 26 September 2018)
Global Chief Executive Officer
Bibby Financial Services

John Jenkins (Appointed on 01 July 2017; resigned 26 September 2018)
Former Chief Executive Officer
Amicus

(continued)	Peter Hill (Appointed on 25 July 2016; resigned on 05 December 2018) Former Chief Executive Officer Leeds Building Society Dame Jayne-Anne Gadhia DBE (Appointed on 01 July 2017; resigned on 26 September 2018) Former Chief Executive Officer Virgin Money

Registered number

10250295

Registered office

5th Floor
1 Angel Court
London
EC2R 7HJ

Auditor

Deloitte LLP

London

UK FINANCE

Strategic report

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

UK Finance Limited (the 'Company', or 'UK Finance') is the collective voice for the banking and finance industry. 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. Our members' customers 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.

We work for and on behalf of our members to promote a safe, transparent and innovative banking and finance industry. We offer research, policy expertise, thought leadership and advocacy in support of our work. We provide a single voice for a diverse and competitive industry. Our operational activity enhances members' own services in situations where collective industry action adds value.

We do so to champion a thriving banking and finance industry, acting always in the best interests of consumers, businesses and wider society through:

- Enhancing competitiveness
- Supporting customers
- Facilitating innovation

Review of the business

The formation of UK Finance has resulted in significant, value-adding cross-cutting work, including in areas such as Brexit analysis and planning; digital, technology and cyber; economic crime; and on aspects of consumer vulnerability and financial inclusion. By having an early seat at the table as policy evolves in multiple areas, we have been able to influence outcomes to the benefit of our members and their customers.

In 2018, some of the key successes delivered for our members include:

- In Personal, our Consumer Credit Taskforce agreed and drove the delivery of a voluntary suite of prompts to improve customers' awareness of, and engagement with, their Personal Current Account. Highlighting the behavioural use of their account, features to help them manage their money and the costs of borrowing supports customers to assess whether the product is the most suitable for their needs. This Taskforce also evaluated and responded to regulatory concerns around the growth of consumer credit lending, potential loosening of lending standards, and increasing prudential risk.
- Our Consumer Advisory Group was instrumental in ensuring that the Department for Work and Pensions developed a comprehensive communications programme to help recipients of Support for Mortgage Interest to fully understand and transition to the revised benefit. The group has also lobbied for improvements to the roll out of the Universal Credit programme and worked with UK Finance and Home Office staff to operationalise the Immigration Act.
- In Payments, we developed voluntary 'Screen Scraping' guidelines in coordination with the regulators, with a view to reducing the risk of customer fraud arising from the Open Banking technical specification.
- In Mortgages, we engaged extensively with the FCA on their Mortgage Market Study, interest only mortgages and retirement interest-only mortgages. We continue to engage with the PRA

UK FINANCE

and the Treasury on the impact of tax, regulatory and legislative reforms on the buy-to-let market. We have also engaged with government on the introduction of Support for Mortgage Interest, with a view to ensuring this transition from a social security benefit to cover mortgage interest to a government loan-based form of support for those requiring public assistance does not inadvertently drive up hardship and arrears for the most vulnerable.

- In Commercial, we brought the industry together to respond rapidly and effectively to the collapse of Carillion and Monarch. We also developed simpler account opening requirements for SMEs and established an independent review into Alternative Dispute Resolution for SMEs.
- In Invoice Finance and Asset-Based Lending, our policy work and engagement has led to new regulations which will open up the market for invoice finance for smaller businesses, by prohibiting large businesses from effectively banning the assignment of receivables.
- In Economic Crime, we worked with the industry to develop an interim code on Authorised Push Payment (APP) scam reimbursement.
- The introduction by UK Finance and the industry of the Banking Protocol, educating branch staff and local police forces on closer collaboration to prevent customers being duped by fraudsters out of their savings, has helped to prevent over £30 million of fraud and led to 240 arrests to date since fully launching more than a year ago.
- Our partnerships with Metropolitan and City of London police forces, the Dedicated Card and Payment Crime Unit (DCPCU), target the more sophisticated organised crime-led aspects of card and payment fraud and has been recognised by City of London Police as their top performing group in 2018.
- We completed phase two of the Take Five to stop fraud campaign, aimed at raising consumer awareness of how to protect themselves from fraud online and we are working on phase three. We have also worked with members to develop an industry approach to dealing with money mules.
- Sanctions have also been a key focus and we have engaged with EU and UK institutions to help our members understand how to deal with the latest US sanctions developments on Iran, which are in direct conflict with EU legislation.
- In Wholesale and Capital Markets, our input to the FCA ensured that it did not extend the MiFID II taping regime to capture all aspects of corporate finance business. We also influenced the final Basel III framework, which now includes reduced risk weights for residential mortgages and buy-to-let lending.
- As a result of UK Finance advocacy, the FCA made a significant change to its Client Money and Asset rules, extending the time for depositing client money in Unbreakable Term Deposits (UTD) from 30 days to 95 days, an important benefit for member treasuries.

We continued to engage closely with government and regulators on important topics to our members and their customers. This engagement activity included responding to 189 government and regulator-driven consultations, facilitated through numerous member committees, working groups and projects. The Company has focussed on leading the debate on the future of financial services. Specifically, in 2018 we published 13 thought leadership papers, including 'Sustainable Financial Services in the Digital Age'; 'Fighting Fraud: Helping to keep customers safe'; and 'Review into the complaints and alternative dispute resolution (ADR) landscape for the UK's SME market'. As part of our drive to provide thought leadership to the sector, we also published 105 blogs and 43 discussion papers as well as requests for information and written parliamentary submissions.

In 2018 we attracted 16 new members, bringing the total to 259, many of whom have taken advantage of the breadth of expertise within UK Finance and joined one or more of our focused product and service streams. We have a 97 per cent member retention rate. We also have 200 associate members, with 31 joining in 2018. Our associates are a highly-valued community within UK Finance, providing significant capacity and capability, as well providing financial support against our priority objectives and work programme.

Our members benefited from our extensive range of events and training, with more than 5,000 delegates attending 25 events during the year, while more than 13,000 attended training sessions in 2018.

Future developments

At UK Finance, we have a number of overarching external priorities which are driving forward and informing our engagement with members, government, regulators, consumer groups and other stakeholders in 2019.

Beginning with **Brexit**, this is a journey that will continue for years and UK Finance will continue to support our members and their customers throughout the developments. A key part of this support involves highlighting the risks – and opportunities – of Brexit. It also comes in managing the impact across all segments that we represent, including passive servicing issues for domestic providers and permission issues for foreign entities present in the UK, as thoughtfully and collaboratively as we can.

We also need to ensure a **competitive environment for businesses**. The business models of members of all sizes and types are under unprecedented change, from regulatory requirements and also from changes arising from Brexit, customer expectations and competition from new business models. In order to both retain and attract international banks to the UK post Brexit, we need to be innovative and internationally competitive and demonstrate clearly that the UK remains the best place from which to conduct financial services business.

Operational resilience is also high on the agenda. In the ten years since the global financial crisis there has been a huge volume of new regulation. Yet we have now moved from the immediate post-crisis focus on prudential regulation to regulatory initiatives underway in conduct, payments and technology – from financial resilience to operational resilience. We are working with our members and the regulatory authorities to shape this agenda across its multiple dimensions and specifically in the cyber arena in 2019.

Ensuring that the UK is the **safest and most transparent place in the world** to conduct financial services business is a core priority for UK Finance. We lead the fight against economic crime through a series of public private partnerships. These include leading the reform of money laundering requirements, developing voluntary reimbursement models for victims of fraud, tackling organised criminality through our Dedicated Cards and Payments Crime Unit in partnership with the City of London Police and the Metropolitan Police Service and also our support of the National Crime Agency, as well as running the Take 5 campaign and extending it to SMEs.

Market reforms - Whether addressing the challenges of moving interest rate benchmarking from LIBOR to SONIA or dealing with the prospect of an imposed basic savings rate, much of our work addresses the reform of markets in which our members operate, and which are not seen to be working well. We will always work to ensure we do not defend the indefensible when harm is clearly evident, but also to ensure that we address factual errors that may underpin regulatory approaches.

Adapting to **technological change**. All of our member segments face a challenge to understand, deploy and compete using new technologies, the consequences of which may not be fully understood. We have to ensure that we are familiar with the opportunities and risks across the industry and play a relevant role as choices are made and regulation developed. Looking ahead, we will continue to prioritise data, technology and cyber, and provide our members with multiple platforms on which they can engage with the company on this important topic. Our new Data, Technology and Cyber Product and Service Board (PSB) will be fully stood up for the benefit of all members and lead our work here.

Finally, **purpose** is a key area of focus for UK Finance and one that informs all that we do. In the current environment financial institutions need to demonstrate that they operate to serve all sectors of society and accept a broader social purpose, beyond profitability alone, for which they are ready to be held accountable. We help through our work on non-financial reporting, climate change, active promotion of the benefits of diversity, culture and ethics, and by demonstrating at all times customer-centricity in our work.

Results and performance

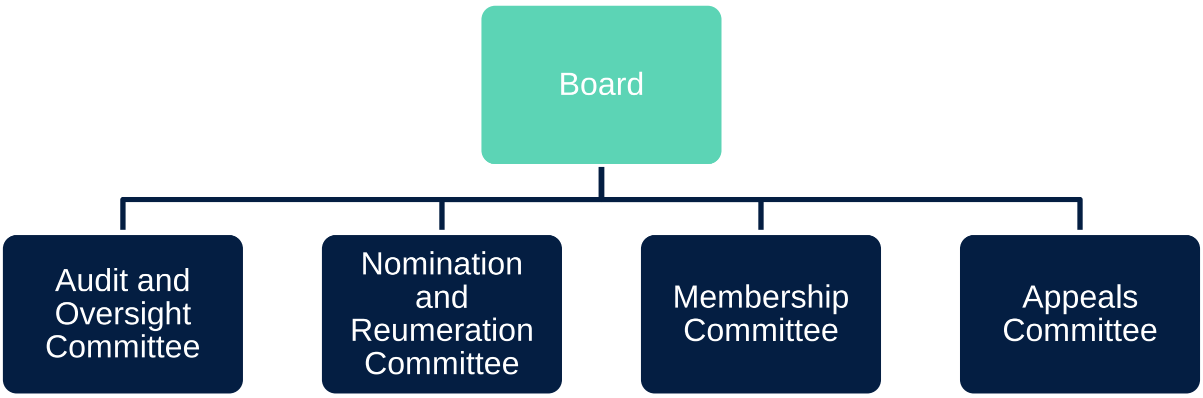
A key performance indicator by which UK Finance measures its performance is member engagement, which is monitored through an annual survey of our members. The survey is conducted to ensure that our governance structure is providing a fair representation and voice to our diverse membership, and to find out if we are focused on the issues and outcomes that are a priority to our membership. The 2018 survey results demonstrated our positive impact and provided a strong foundation for our future work:

- Satisfaction: 91% positive views – members record high levels of satisfaction in UK Finance
- Effectiveness: 89% positive views – UK Finance is generally seen as an effective organisation
- Influence: 84% positive views – UK Finance has become influential and respected among key stakeholders since its creation
- Expertise: 87% positive views – UK Finance is seen as having a strong grasp of the key issues facing the industry

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. We significantly reduced our operating losses compared to the prior period as we continue our trajectory towards eliminating the deficit in net assets. In 2018 prefunding institutions agreed to irrevocably waive the right to repayment of 50% of their prepaid future membership subscriptions. This has been credited directly to reserves as a capital contribution, such that the deficit has reduced by £6,775,496 in 2018 to stand at £8,305,567 at 31 December 2018.

Corporate governance

Our corporate governance has been developed to ensure effective management of the organisation and its priorities, within budget and ensuring member value, in line with the performance expectations through the defined key performance indicators.



Board
UK Finance's Board has been developed to ensure senior and fair representation across the industry. The Board leads key strategic, industry-wide issues at a senior level, with responsibility for the overall approach to promoting the industry's reputation and building customer trust. The Board focuses on the breadth of issues across the financial services sector including ethics, financial inclusion, financial fraud and economic crime, access to markets and diversity.UK Finance's Board ensures the consumer voice is represented via the inclusion of a strong, independent consumer champion.

The Board is the ultimate decision-making body of UK Finance, responsible for setting its strategy, culture, objectives, budget and brand. It has a responsibility to ensure that all members have their interests properly represented.

Committees of the Board

Nominations and Remuneration Committee
The Committee leads and advises the Board on matters relating to Board governance, appointments and remuneration of senior staff. It leads and advises the Board on the (re)appointment of the Chair, Chief Executive and Non-Executive Directors of UK Finance and overall process for appointments. It sets the remuneration policy for the Chair, CEO and all Senior Management (Managing Directors and Directors of UK Finance). It also reviews and advises on the Board's governance, composition and mechanisms to review the effectiveness of the Board in order to promote high standards of governance in line with established best practice where relevant.

Audit and Oversight Committee
The Audit and Oversight Committee has been established by the Board in line with good corporate governance to oversee aspects relating to the internal control, financial and risk management of the Company. The Audit and Oversight Committee is an advisory body, reporting to the Board. It is comprised of three Non-Executive Board Directors with voting rights and attended by the CEO and COO. The external audit function is provided by Deloitte and internal audit is undertaken by Protiviti.

Membership Committee
The Membership Committee has been established, in line with our Articles of Association, to fairly consider applications for membership that could not be approved by the Membership Officer. It is also the formal mechanism to carry out procedures for the expulsion of members where appropriate. The Membership Committee has not yet been required to undertake those duties and instead has provided a forum to consider the relevance of UK Finance's membership criteria and approach to ensuring member value and satisfaction.

Appeals Committee
The Appeals Committee has been established for dealing with appeals against rejections of applications for membership and expulsions of members. It has not yet been required.

Management Committee
The Management Committee (MCo) is the senior internal decision-making body. It leads and oversees the implementation of the vision, values, strategy and activities of UK Finance, including delivery of business plans and financial targets in line with the Board's strategic direction. It is responsible for managing the operations, performance, risk mitigation, resource allocation and financial position (including revenue generation) of the organisation within the strategic framework set by the Board, reporting to the Board as appropriate. Two Committees report to MCo. These are Policy Committee and Operations Committee.

The role of the Policy Committee is to provide challenge, guidance and approval of policy initiatives to ensure that they best support members' desired outcomes and are prioritised and risk assessed appropriately.

The role of the Operational Committee is to provide challenge, guidance and approval on operational initiatives and programmes to ensure that they best support the effective and efficient delivery of the UK Finance remit.

Risk management

Risk management framework

UK Finance actively manages risk, engaging with the Board and its Committees. The Board has overall responsibility for monitoring the effectiveness of UK Finance's internal control and receives regular reports from the Audit and Oversight Committee. The Board considers the strategic risk register, following its review by the Audit and Oversight Committee. The Board is also responsible for defining the organisation's risk appetite, which is formally reviewed at least once a year.

The Audit and Oversight Committee advises the Board on the adequacy of UK Finance's risk management policies and procedures, the extent to which they are applied, and the reliability and integrity of assurances. Assurances are provided by the work of external and internal audit, quarterly reviews by the Risk & Assurance Manager, annual assurance statements from Management Committee members, and regular reports provided to the Audit and Oversight Committee on significant risks. The Management Committee regularly review, challenge and assess the risks faced by UK Finance in achieving its objectives.

To ensure that our risk management framework is effective and aligned to the requirements of the organisation, a review of our risk management framework is undertaken periodically by management and as part of the internal audit plan. The recommendations that emerge from the reviews form part of an ongoing programme to improve our risk management framework.

UK Finance's risk management policy and procedures clearly define its approach to risk management, as well as identifying specific risk management roles, accountabilities and responsibilities across the organisation.

UK Finance's strategic risk register is reviewed quarterly by the Management Committee and the Audit and Oversight Committee, and regularly by the UK Finance Board. During the past year, the strategic risk register has continued to evolve, to enable the Management Committee to focus on the key risks that might undermine the delivery of the organisation's objectives, and their mitigating actions.

Departmental level risks are reviewed by the Managing Directors, their senior management teams and the Risk and Control Manager at least quarterly and escalated onto the strategic risk register where appropriate.

Senior managers are responsible for ensuring that colleagues have the appropriate skill levels to identify, assess and manage risk in line with UK Finance's policy to embed and support a culture of well-managed risk. In support of senior managers' role in championing the risk process, the Risk and Controls Manager works across all areas of the organisation to promote and integrate the risk management process and to support and inform colleagues.

UK FINANCE

Principal risks and uncertainties

The table below details the principal risks and uncertainties that UK Finance is currently facing.

Type	Principal risk description
Data and Cyber Security	That sensitive data is shared inappropriately, by error, or through data theft, or is found to be incomplete or inaccurate.
Deliver value to members	That there might be a loss of membership or commercial revenues if UK Finance were not to deliver the value to members and others that they expect, in part through not creating enough capacity to be flexible and agile in responding to changing circumstances (links to brexit and competition risks, below).
Brexit	That, were the UK to suffer a disruptive exit from the EU, or material constraints on future cross-border financial services, this might impact on UK Finance because of the damage it would cause to the UK financial services industry.
Competition	That we were found to have breached competition law, including the risk that the exclusion of potential Members, or the expulsion of existing members, might be successfully challenged in the courts.
People	That we were unable to attract and retain talent, and to develop colleagues and leaders in line with our core vision, values and competencies, or that we were under-capacity to deliver.

UK Finance actively manages mitigating actions to control these risks.

As the majority of income is paid in advance by members, the Company is not materially exposed to credit, liquidity or cash flow risks and the Company, therefore, does not use financial instruments to manage financial risk.

Approved by the Board and signed on its behalf by:

Stephen Jones
Director and Chief Executive Officer
02 May 2019

Directors' report

The directors present their report on the affairs of UK Finance Limited together with the financial statements and auditors' report, for the year ending on 31 December 2018.

Principal activity

UK Finance is a company limited by guarantee whose principal activity is to work for and on behalf of our members to promote a safe, transparent and innovative banking and finance industry.

Future developments

Details of future developments can be found in the Strategic report section on page 9.

Political donations and political expenditure

UK Finance made no political donations and incurred no political expenditure in the year ending 31 December 2018.

Employees

Our employee values are integral to the way we work. They inform everything that we do and are core to our operations. Our three core values are:

- Integrity – We act transparently and ethically for the good of our members as well as their customers and wider society. We seek to enhance trust in the banking and finance industry.
- Excellence – We lead from the front as a beacon of quality, inspiration and best practice.
- Leadership – We are proactive and innovative in helping to shape tomorrow's banking and finance landscape.

Colleague Engagement

UK Finance engages with staff through an annual colleague engagement survey and through pulse surveys.

Women in Finance

UK Finance is committed to the HM Treasury Women in Finance Charter (the 'Charter'). The Charter is a commitment by HM Treasury and signatory firms to work together to build a more balanced and fairer financial services industry. The Charter was a recommendation following a review by Dame Jayne-Anne Gadhia DBE into harnessing the talents of women in finance, with a focus on fairness, equality and inclusion.

A balanced and diverse workforce is good for business, helping create fairer and more inclusive working environments which boost creativity and productivity, ultimately better serving everyone from customers to shareholders. Recognising this, UK Finance, the body that represents around 300 of the leading firms providing finance, banking, markets and payments-related services in or from the UK, has signed up to the HM Treasury Women in Finance Charter.

We have set ourselves the target of achieving 40 per cent female representation within senior management over three years and aspire to achieve gender parity over the medium term.

Living Wage

As a London Living Wage employer, UK Finance is proud to be a supporter of the Living Wage Foundation, the independent movement of organisations, businesses and people campaigning for a real living wage based on the cost of living, not just the government determined minimum wage.

Change of legal name

UK Finance purchased the rights to the UK Finance Limited name and, following a special resolution approved by the members on 28 January 2019, UK Finance changed its legal name from NewTA Limited to UK Finance Limited.

Post balance sheet events

There have been no significant events since the balance sheet date.

Going concern

As at the balance sheet date UK Finance has accumulated losses of £8.2m (2017: £15.1m), the reduction being driven by the prefunding institutions agreeing to irrevocably waive the right to repayment of 50% of the prepaid future membership subscriptions amounting to £7.8m. In addition, 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 2019. 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.

After considering the above, 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.

Directors

Details of the directors can be found in the Officers and professional advisers section on page 4.

Statement of directors' responsibilities

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.

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.

Directors' confirmations

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.

Independent auditors

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.

Approved by the Board and signed on its behalf by:

Stephen Jones

Director and Chief Executive Officer
02 May 2019

Independent auditor’s report to the members of UK Finance Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of UK Finance Limited (formerly NewTA Limited) (the ‘company’):

- Give a true and fair view of the state of the company’s affairs as at 31 December 2018 and of its loss for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- The profit and loss account;
- The balance sheet;
- The statement of changes in equity;
- The cash flow statement; 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 Financial Reporting Council’s (the ‘FRC’s’) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

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

- The directors were not entitled to prepare the financial statements in accordance with the small companies regime.

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

We have nothing to report in respect of these matters.

Use of our report

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

Alastair Morley, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

2 May 2019

Profit and loss account

For the year ended 31 December 2018

	Note	31-Dec-18	01-Jul-17 to 31-Dec-17
		£	£
Revenue	3	37,528,022	17,263,901
Cost of sales		(1,169,088)	(528,112)
Gross profit		36,358,934	16,735,789
Administrative expenses	4	(20,045,722)	(10,789,947)
Staff costs	5	(17,238,279)	(7,772,359)
Operating loss		(925,067)	(1,826,517)
Restructuring costs	6	(258,386)	(7,611,038)
Finance costs	8	(191,051)	(104,243)
Taxation	10	-	-
Loss for the period		**(1,374,504)**	**(9,541,797)**

All results relate to continuing activities.

Other comprehensive income

There were no items of other comprehensive income in the period (6 months to 31-Dec-17: Nil).

Balance sheet

As at 31 December 2018

	Note	31-Dec-18	31-Dec-17
		£	£
Fixed Assets			
Intangible assets	11	7,313,303	8,216,813
Tangible assets	12	5,074,596	5,305,289
		12,387,899	13,522,102
Current Assets			
Debtors due within one year	13	20,654,220	25,741,901
Cash at bank		6,968,772	2,157,722
		27,622,992	27,899,623
Total assets		40,010,891	41,421,725
Liabilities			
Creditors: amounts due within one year	15	(30,088,784)	(35,451,519)
Total assets less current liabilities		9,922,107	5,970,206
Creditors: amounts due after more than one year	16	(17,051,264)	(19,738,479)
Provisions for liabilities	17	(1,176,410)	(1,312,790)
Net assets		**(8,305,567)**	**(15,081,063)**
Capital and reserves			
Accumulated fund	18	**(8,305,567)**	**(15,081,063)**

The financial statements of UK Finance Limited, registered number 10250295, were approved by the board of directors and authorised for issue on 02 May 2019. They were signed on its behalf by:

Stephen Jones

Director and Chief Executive Officer

UK FINANCE

Cash flow statement

For the year ended 31 December 2018

	31-Dec-18	01-Jul-17 to 31-Dec-17
	£	£
Cash flows from operating activities		
Operating loss	(1,374,504)	(9,541,798)
Depreciation and amortisation	2,106,589	904,720
Net finance costs	191,051	104,243
Decrease/(increase) in trade and other receivables	5,087,679	(24,497,379)
(Decrease)/increase in trade and other payables	(299,950)	29,760,971
(Decrease)/increase in provisions	(1,082,269)	1,312,790
Net cash inflow/(outflow) from operating activities	**4,628,596**	**(1,956,452)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(26,496)	(8,671,013)
Purchase of intangible assets	-	(3,196,273)
Interest paid	(191,051)	(104,243)
Net cash outflow from investing activities	**(217,547)**	**(11,971,529)**
Cash flows from financing activities		
Legacy trade association transfer	400,000	-
Term loan	-	7,306,436
Net cash inflow from financing activities	**400,000**	**7,306,436**
Increase/(decrease) in cash and cash equivalents	**4,811,050**	**(6,621,546)**
Cash and cash equivalents at beginning of the period	**2,157,722**	**8,779,268**
Increase/(decrease) in cash and cash equivalents	4,811,050	(6,621,546)
Cash and cash equivalents at end of the period	**6,968,772**	**2,157,722**

Statement of changes in equity

For the year ended 31 December 2018

	31-Dec-18	01-Jul-17 to 31-Dec-17
	£	£
At start of period	(15,081,063)	(5,539,266)
Loss for the period	(1,374,504)	(9,541,797)
	(16,455,567)	(15,081,063)
Legacy trade association transfer	400,000	-
Waiver of pre-funder amounts	7,750,000	-
At end of period	**(8,305,567)**	**(15,081,063)**

In 2018 prefunding institutions agreed to irrevocably waive the right to repayment of 50% of their prepaid future membership subscriptions. This has been credited directly to reserves as a capital contribution and improves the balance sheet position by £7,750,000. Legacy trade association transfer represents the surplus of assets of the Financial Fraud Action (FFA) UK legacy trade association which was transferred to UK Finance following its winding up.

Notes to the financial statements

For the year ended 31 December 2018

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

UK Finance Limited 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 6. Following a special resolution approved by the members on 28 January 2019, UK Finance changed its legal name from NewTA Limited to UK Finance Limited.

This accounting period runs from 1 January 2018 to 31 December 2018. Comparatives are for the six-month period ended 31 December 2017 due to a change in reporting period and therefore are not entirely comparable.

The principal activities of the Company and the nature of the Company's operations are set out in the Strategic report on pages 7 to 13.

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 £8.2m (Dec 2017: £15.1m), this improvement being driven by the prefunding institutions agreeing to irrevocably waive the right to repayment of 50% of the prepaid future membership subscriptions.

- 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 260 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 2019. 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.

After considering the above, 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.

Notes to the financial statements

For the year ended 31 December 2018

c. Intangible fixed assets

Commercial business activities

The commercial business activities acquired from the legacy trade associations 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

Acquired 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.

Fraud intelligence systems

Separately acquired fraud intelligence systems 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.

Notes to the financial statements

For the year ended 31 December 2018

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.

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.

UK FINANCE

Notes to the financial statements

For the year ended 31 December 2018

f. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet. For the purpose of the Cash Flow Statement, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

g. 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.

UK FINANCE

Notes to the financial statements

For the year ended 31 December 2018

h. 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.

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

UK FINANCE

Notes to the financial statements

For the year ended 31 December 2018

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.

(i) Revenue

Revenue 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. Revenue 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 revenue 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.

(j) 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.

(k) 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.

(l) 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, it’s carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Notes to the financial statements

For the year ended 31 December 2018

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.

UK FINANCE

Notes to the financial statements

For the year ended 31 December 2018

3. Revenue

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

	31-Dec-18	1-Jul-17 to 31-Dec-17
	£	£
Subscriptions invoiced to members	29,143,060	13,740,181
Commercial income	4,287,376	2,489,304
Other income	4,097,586	1,034,416
	37,528,022	**17,263,901**

Other income represents charges to members for activities that fall outside of the core membership offerings.

4. Administrative expenses

Administrative expenses comprise of the following:

	31-Dec-18	1-Jul-17 to 31-Dec-17
	£	£
Professional & consultancy	3,554,158	1,488,698
Occupancy	2,758,098	1,839,422
Data management and research cost	5,163,453	2,805,262
General & admin expenses	4,878,618	2,154,675
Information technology	2,086,312	1,101,522
Member & external relations cost	394,582	747,441
Publications and subscriptions to other trading bodies	898,725	398,881
Travel and expenses	311,776	254,046
	20,045,722	**10,789,948**

5. Staff costs and numbers

	31-Dec-18	1-Jul-17 to 1-Dec-17
	£	£
Salaries and benefits	14,400,241	6,432,036
Social security costs	1,588,582	616,761
Pension costs	1,249,456	723,563
	17,238,279	**7,772,359**

UK FINANCE

Notes to the financial statements

For the year ended 31 December 2018

The average monthly number of employees, including directors, during the year was as follows:

	31-Dec-18	31-Dec-17
Administrative staff	157	167

6. Restructuring costs

Restructuring costs comprise the following:

	31-Dec-18 £	1-Jul-17 to 31-Dec-17 £
Staff costs	258,386	3,682,598
Professional and consultancy	-	2,064,310
Premises costs	-	1,864,130
	258,386	**7,611,038**

Premises costs comprise costs of certain leases of legacy trade associations incurred as part of the agreements to transfer their business and assets to UK Finance.

7. Directors' remuneration

The Directors' remuneration for the year was as follows:

	31-Dec-18 £	01-Jul-17 to 31-Dec-17 £
Remuneration (including benefits in kind)	929,000	453,100

The remuneration of the highest paid director was £729,000 (for the 6 months ended 31-Dec-17: £353,100).

8. Finance costs

	31-Dec-18 £	1-Jul-17 to 31-Dec-17 £
Loan interest payable	191,050	104,243

UK FINANCE

Notes to the financial statements

For the year ended 31 December 2018

9. Loss before taxation

	31-Dec-18	1-Jul-17 to 31-Dec-17
	£	£
Operating lease rentals in respect of land and buildings	1,517,422	2,674,876
Depreciation of tangible assets	1,203,079	454,200
Amortisation of intangible assets	903,510	903,510
Bad and doubtful debt	173,968	45,865
Foreign exchange loss	3,931	-
Auditor's remuneration:		
- Statutory audit fees	35,000	82,500
- Tax services	30,350	17,300
- Other accounting services	-	19,500

10. Taxation

As at 31 December 3018 the Company had unutilised tax losses. The Directors have determined that no deferred tax asset should be recognised as it is not currently foreseeable when the Company will have sufficient future taxable profit to utilise the tax losses.

11. Intangible fixed assets

	Commercial business activities	Brands and trademarks	Websites	Fraud intelligence systems	Total
	£	£	£	£	£
Cost:					
At 31 December 2017	8,307,800	38,000	156,533	165,000	8,667,333
Additions	-	-	-	-	-
At 31 December 2018	8,307,800	38,000	156,533	165,000	8,667,333
Amortisation and impairment					
At 31 December 2017	415,390	3,800	14,830	16,500	450,520
Amortisation charge for the period	830,780	7,600	32,130	33,000	903,510
At 31 December 2018	1,246,170	11,400	46,960	49,500	1,354,030
Carrying amount					
At 31 December 2017	7,892,410	34,200	141,703	148,500	8,216,813
At 31 December 2018	7,061,630	26,600	109,573	115,500	7,313,303

Commercial business comprises the associate membership, events, training and other commercial revenue streams from the old trade associations.

UK FINANCE

Notes to the financial statements

For the year ended 31 December 2018

The intangible fixed assets were assessed for indicators of impairment at the balance sheet date and no write-down in their carrying amount was required.

12. Tangible fixed assets

	Leasehold improvements	Fixtures & Fittings	Computer equipment	Software	Total
	£	£	£	£	£
Cost					
At 31 December 2017	3,128,114	1,135,063	1,476,738	19,574	5,759,489
Additions	959,068	8,013	5,305	-	972,386
At 31 December 2018	4,087,182	1,143,076	1,482,043	19,574	6,731,875
Depreciation					
At 31 December 2017	108,552	105,586	238,089	1,973	454,200
Charge for the period	214,199	407,341	577,640	3,899	1,203,079
At 31 December 2018	322,751	512,927	815,729	5,872	1,657,279
Carrying amount					
At 31 December 2017	3,019,562	1,029,477	1,238,649	17,600	5,305,288
At 31 December 2018	3,764,431	630,149	666,314	13,702	5,074,596

Leasehold improvement additions include £945,889 relating to the dilapidations assessment and included as part of the cost of that asset in accordance with FRS 102.17.10. The corresponding liability is included within provisions for liabilities (Note 17).

The depreciation charge for the year includes an incremental £275,592 charge for assets with an original cost of less than £1,000 which, following an accounting change in 2018, are now expensed upon acquisition.

13. Debtors

	31-Dec-18	31-Dec-17
Amounts falling due within one year:	**£**	**£**
Trade debtors	19,211,038	22,791,885
Prepayments and accrued income	861,404	2,566,531
Other debtors	581,778	383,485
	20,654,220	**25,741,901**

Notes to the financial statements

For the year ended 31 December 2018

14. Financial instruments

	31-Dec-18	31-Dec-17
	£	£
Carrying amount of financial assets		
Measured at amortised cost	26,828,138	26,869,135
Carrying amount of financial liabilities		
Measured at amortised cost	13,190,312	7,632,129

Financial assets measured at amortised cost comprise cash at bank, trade debtors, other others and accrued income. Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and bank loans.

The fair value of these financial instruments is deemed to be equal to the carrying value and, other than cash (level 1), all items have been classified as level 3 in the fair value hierarchy.

15. Creditors: amounts due within one year

	31-Dec-18	31-Dec-17
	£	£
Trade creditors	855,717	2,055,730
Bank overdraft	-	3,514,350
Other taxation and social security	975,275	702,278
Accruals	6,055,354	4,145,220
Deferred income	21,301,840	23,602,762
Other creditors	900,598	1,431,179
	30,088,784	**35,451,519**

The overdraft was repaid on 20 March 2018.

Deferred income represents annual memberships invoiced in advance.

16. Creditors: amounts due after more than one year

	31-Dec-18	31-Dec-17
	£	£
Deferred income	7,750,000	11,625,000
Term loan	7,306,436	7,306,436
Other long term creditors	1,994,829	807,043
	17,051,264	**19,738,479**

Deferred income represents membership subscriptions received in advance.

UK FINANCE

Notes to the financial statements

For the year ended 31 December 2018

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% per annum and the loan is fully repayable on 30 September 2022.

Other long-term creditors comprise deferred rent on 1 Angel Court which is expected to be released in February 2020.

17. Provisions for liabilities

	Dilap-idations	Onerous contracts	Total
	£	£	£
At 31 December 2017	26,758	1,286,032	1,312,790
Provided in the period	1,038,243	-	1,038,243
Utilised in the period	-	(1,174,623)	(1,174,623)
At 31 December 2018	**1,065,001**	**111,409**	**1,176,410**

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 dilapidations obligation estimated by an external valuator is expected to be £1,065k and utilised in 2032 when the lease terminates. Therefore, an obligation exists from the outset and a full provision for the associated cost has been made. In accordance with FRS 102.17.10, where a provision is recognised that relates to a specific asset, it is treated as a decommissioning cost and also included as part of the cost of that asset.

Onerous leases – UK Finance agreed to assume liability for certain leases of the legacy trade associations as part of the agreements to transfer their business and assets to UK Finance. To the extent that the unavoidable cost of meeting the obligations under the contracts exceeds the economic benefit expected to be received thereunder, the contract value is recognised as a provision. The remainder of this provision is expected to be unwound in 2019.

18. Accumulated fund

As the Company is limited by guarantee, the accumulated fund represents cumulative losses and total recognised gains or losses made by the Company.

19. Operating lease commitments

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

	31-Dec-18	31-Dec-17
Operating leases which expire:	**£**	**£**
Within one year	-	-
Within two to five years	5,630,251	4,165,503
After five years	12,199,547	13,664,295
	17,829,798	**17,829,798**