

TDX Group Limited

Annual Report and Financial Statements

for the year ended 31 December 2021

Registered number: 05059906



TDX Group Limited

Registered No: 05059906

Company Information

Directors

P Remon
J Lewis
P McGilvray
H Windle

Auditors

Ernst & Young LLP
1 Bridgewater Place
Water Lane
Leeds
LS11 5QR

Bankers

HSBC plc
62-76 Park Street
London
SE1 9DZ

Registered office

1 Angel Court
London
EC2R 7HJ

TDX Group Limited

Registered No: 05059906

Strategic Report

The directors present their strategic report for the year ended 31 December 2021.

Review of the business

TDX Group Limited (“the company”) develops platforms, tools and services from proprietary data and technology used in the management and collection of distressed debt portfolios on behalf of financial institutions, telecommunications, energy and water utilities and financial investors in the United Kingdom. The company has developed a broad range of data and technology-based applications which aim to improve the effectiveness and management of debt collection efforts, for the purpose of supporting administrative processing to help ensure appropriate outcomes for consumers.

The company’s Recoveries Management business unit is a leading provider of debt collection products, tools and services, and debt recovery specialists based on its PLATO-branded debt placement and management platform. Its clients include major providers of energy and telecommunications services.

The company’s Insolvency Management business unit is a leading provider of management services for individual voluntary arrangements (or “IVAs”). Clients include major banking institutions and financial investors. Consulting services are provided to leading financial institutions and the company also acts as an intermediary in the sale and purchase of distressed consumer debt.

On 17 January 2022, the company announced it had been awarded the position as provider of Collection Managed Services and Advisory Services to the public sector on the government’s new Debt Resolution Services (DRS) framework. The DRS framework is designed to bring together a range of debt collection and data services into a single commercial agreement. It is aligned with the cross-government debt management strategy, which aims to provide a more consistent and integrated approach to public sector debt collection, improving capability and ensuring taxpayers’ money is spent in the most efficient and effective way.

On 28 September 2021, the company completed the acquisition of the remaining 25% shareholding of its subsidiary company Integrated Debt Services Limited. The company had previously held a 75% shareholding in Integrated Debt Services Limited with the remaining shares being held by a minority interest.

On 15 June 2021, the company underwent a reduction in capital whereby the share premium account was reduced by £25.0m, increasing distributable reserves by the same amount.

Key performance indicators

The key financial and other performance indicators during the year were as follows:

<i>Key performance indicators</i>	<i>2021</i>	<i>2020</i>	<i>Growth</i>
Revenue	£27.2m	£25.9m	5.0%
Operating profit	£0.1m	£1.8m	-94.4%
Capital expenditure (tangible and intangible)	£1.1m	£1.9m	42.1%
Average number of employees	235	241	-2.5%

The directors are pleased to report a year of growth with revenues increasing by 5% to £27.2m (2020: £25.9m). The company generated operating profit of \$0.1m (2020: £1.8m). This reduction in operating profit follows a year of investment as the company continues to transform its operations to improve systems and processes resulting in a more streamlined and effective operation.

The profit on ordinary activities before taxation was £6.1m (2020: £1.9m) of which £6.0m (2020: £nil) relates to dividend income from a related party, Integrated Debt Services Limited.

The company invested £1.1m in tangible and intangible assets in the year (2020: £1.9m).

At 31 December 2021, the company had a positive cash balance of £3.1m (2020: £11.0m). Shareholder’s funds decreased to £18.6m (2020: £27.5m) and net current assets reduced to £8.8m (2020: £18.4m). This was driven by a dividend payment of £15.0m to its parent company (2020: nil).

The total average number of employees decreased by -2.5% during the year as the company continued to manage its resources in the most efficient manner to help deliver profitable growth in the future.

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Strategic Report (continued)

Principal risks and uncertainties

The Directors consider that the principal risk factors that could materially and adversely affect the company's future operating profits or financial position are data protection, consumer outcomes and changes in the regulatory environment.

The company aims to minimise risks and uncertainties to the level of the market place in which it operates. Business forecasts identifying, in particular, liquidity requirements are produced frequently whilst internal controls ensure the safeguarding of company assets.

Management and the Board regularly review risks facing the company.

The company's principal risks are:

- Security breaches and other disruptions to our information technology infrastructure could compromise the company, consumer and customer information and interfere with our operations and potentially breach industry standards or regulations.
- We help our clients, customers and third parties make more informed decisions with higher levels of confidence by leveraging a broad array of data assets. If our access to relevant data from internal and external sources is constrained, compromised or we fail to maintain the integrity of the data, it could harm our ability to provide our products and services.
- Staff retention is of utmost importance, as is the recruitment of appropriately skilled and suitable employees. High staff turnover increases exposure to inexperienced staff and training costs. Since COVID-19, attracting and recruiting high calibre staff remains a challenge, increasing exposure to risks associated with training employees and upscaling teams to support business growth.
- If the business does not have the ability to prevent, adapt or respond to operational disruption adequately and sufficiently, the business is at risk of not delivering critical business services and adversely impacting consumers, clients and industry.
- Ineffective oversight or underinvestment in system infrastructures may give rise to increased operational failings, incidents or breaches, leading to poor client and consumer outcomes.
- Failure to realise the anticipated benefits of our technology transformation strategy, including our transition to cloud-based technologies, could adversely impact our strategic and optimal target operating model.
- We and our customers are subject to various laws and regulations. If we fail to maintain satisfactory compliance with relevant laws and regulations, we could be subject to civil or criminal penalties, whilst exposing our clients and consumers to unfair treatment.
- Failure to maintain effective controls over financial reporting and inability to produce timely and accurate financial statements could negatively impact our business.
- Failure of services delivered by key partners and outsourced providers within our supply chain may adversely affect our ability to deliver products to market. If we do not maintain adequate oversight of our key partners and outsourcing providers charged with delivering critical business services, our ability to operate effectively may be impaired.
- Poor management decisions or practices fail to mitigate the impact of the businesses environmental and social footprint, increasing the risk of exposure to Environmental, Social and Governance (ESG) incidents and reputational damage.
- Risks relating to the loss of confidential data, critical assets or sensitive information. Critical systems must be adequately protected from digital attacks and threats to prevent these risks from materialising.

The Board has strategies and an embedded risk management framework to continually identify and manage these risks. The Board also has significant controls in place to mitigate against these risks, which are regularly monitored for effectiveness. The Board remain confident of the continued success of the company.

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Strategic Report (continued)

Section 172(1) Statement

The following serves as our section 172 statement. Section 172 of the Companies Act 2006 recognises that whilst companies are run for the benefit of the shareholders, a business's long-term success and reputation are dependent upon maintaining relationships with stakeholders and an appreciation of the external impact of its activities.

The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006 and are keen to ensure proper reflection on stakeholder engagement and issues at Board level, and promote continuous reflection on opportunities for development.

The Board meets once a month and regularly reviews the company's relationships with principal stakeholders and how we engage with them. The sections below set out a more detailed summary of the Company's relationships with its key stakeholders and how the business engages with those stakeholders.

The Board is comprised of:

Patricio Remon – European President
 Phillip McGilvray – Managing Director
 Helen Windle - Chief Financial Officer
 Jeremy Lewis – Chief Technology Officer

During the year the following members also served time on the board:

Suzanne Brown (resigned 31 March 2022) – Chief Financial Officer
 Jayadeep Nair (resigned 26 April 2022) – Chief Product and Marketing Officer
 Paul Heywood (resigned 26 April 2022) -D&A Leader

The key stakeholders of the company during the year along with details of the forms of engagement undertaken are detailed below:

Customer (consumers and businesses): Our work carries great responsibility and how we work is as important as what we do. The Board recognise their responsibility in the debt management cycle to customers who are in financial difficulty.		
Why?	How we engage? What they tell us?	Our response / outcomes of engagement
<p>Consumers and businesses are at the heart of the company's operation. Being a beacon for consumer fairness is a key priority for the Board to ensure the company's operations are not adversely affecting vulnerable consumers and to ensure consumers receive a streamlined, simple and efficient end-to-end process to help them manage their debts and personal finances.</p> <p>Treating consumers fairly is a key principle of the Financial Conduct Authority (FCA) regulatory regime, which we strive to go above and beyond. Understanding the 'right outcome' for consumers</p>	<p>The Board receives regular updates on consumer fairness matters to ensure the right outcome for consumers is maintained. Our Debt Collection Agencies provide metrics gathered from customer feedback. The Board also actively engages and interacts with debt management charities and groups who represent consumers.</p> <p>The company has created a new Customer Experience team who have totally overhauled how we communicate to consumers in debt and established a new library of award-winning communications designed to adhere to our core principles for communications writing.</p>	<p>To support consumers, the company signposts to free debt advice and referrals to specialist support networks to help them in their debt management and future financial management requirements.</p> <p>The Board have in place an oversight model including the aforementioned Customer Experience team to ensure our Debt Collection Agencies meet high standards; their values must align with ours and the quantity of debt we pass to them depends on their success. During the year the Customer Experience team implemented real-time Customer</p>

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Strategic Report (continued)

<p>is a central component of how we work.</p>	<p>More information on the program can be found at: https://www.tdxgroup.com/news/award-winning-transformation-programme-from-tdx</p> <p>In our engagement, we have found that* consumers want to be supported in their debt management efforts with advice and clear manageable payment plans. Consumers want to be treated professionally and with an appropriate level of due care and understanding.</p>	<p>Experience Feedback scores to provide agent feedback and ensure our clients and their consumers are getting the best possible service. Phase 1 of our Customer Experience Feedback score ran with the private sector across three clients and 1,000 consumers with scores averaging 91%.</p> <p>Similarly, our vulnerability standard is definitive on what we expect from our panels of debt collections agencies in terms of notifying clients of vulnerability, knowing when to use specialists and other ways of managing vulnerable consumers.</p>
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<p>Suppliers: The Board acknowledge that to deliver on the company’s strategy, engagement and a strong mutually beneficial relationship with suppliers is required.</p>		
<p>Why?</p>	<p>How we engage? What they tell us?</p>	<p>Our response / outcomes of engagement</p>
<p>Debt Collection Agencies (DCAs) are our primary sub-contractors along with our data and infrastructure providers. The Board recognises that DCAs are an integral part of delivering on the company’s strategic goals and meeting our high standards set in relation to consumer fairness.</p> <p>The DCAs are authorised and regulated by the Financial Conduct Authority.</p>	<p>The Board and the company maintain a high level of open dialogue and communication with supply partners to ensure they continue to thrive and provide continuity of service.</p> <p>The outputs and discussions are noted by the Board with a quarterly detailed review of strategic matters.</p> <p>Our suppliers tell us that they want sustainability and prompt payment of supplier invoices.</p>	<p>During the year, the company made significant improvements in consumer communications. The company’s panel of DCAs are the consumer face of the company. The company worked closely with supply partners to achieve and implement those improvements.</p> <p>The Board monitors fair payment practices throughout all operating activities conducted by the company. The company has contractual requirements in place to ensure all suppliers are paid within the agreed payment terms to support their working capital requirements. The company ensures it adheres to government payment practice regulations and are signed up to the Prompt Payment Code. Management monitor the percentage of supplier invoices paid within term to ensure compliance.</p> <p>Sustainability of the supply chain is aligned to our growth strategy to ensure a constant flow of new debt is regularly placed with the supply chain.</p> <p>The Board are committed to preventing acts of modern slavery</p>

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Strategic Report (continued)

		and human trafficking from occurring within our business and supply partners, and impose the same high standards on our supply partners. We will not tolerate any failures in our supply partners to meet these standards; they are a prerequisite of doing business with us.
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Shareholders: We aim to provide long term shareholder value.		
Why?	How we engage? What they tell us?	Our response / outcomes of engagement
Our shareholders are our owners and thus have a significant interest in the company's operations to ensure their investment is safeguarded and we continue to generate sustainable long-term growth.	<p>The Board has members representing our shareholders. Their interest and concerns are directly communicated to the Board during regular Board meetings.</p> <p>The Board must balance shareholder priorities to ensure dividend and growth is maximised and value for money and social value is delivered to our clients. The Board sets the strategy for the business following input from our shareholders.</p>	<p>The shareholders are provided with assurances aligned to their respective priorities during monthly board meetings. These include regular reviews of the company's operating model and strategy to ensure consumer experience is maintained to high standards set by the Board.</p> <p>The Board through these engagements continue to meet the needs of its shareholders adding value to ensure a long sustainable relationship.</p> <p>During the year the company remitted £15.0m in dividends back to its shareholder.</p> <p>Shareholders were also engaged and kept informed of the acquisition of the remaining 25% non-controlling interest of Integrated Debt Services Limited.</p>

Colleagues: The Board want to ensure our colleagues have all the tools and opportunities to grow themselves and our business.		
Why?	How we engage? What they tell us?	Our response / outcomes of engagement
The Directors and the Board recognise that employees are a fundamental part of the business and are key to driving its success on delivering our cultural and strategic policies. The success of the company depends on attracting, retaining and empowering	The Board regularly engage in employee surveys to elicit employee feedback and ensure employees are given an anonymised mechanism to share their views and engage on issues that are important to them. The company HR Director shares with the Board the latest developments, challenges and	The Board aims to encourage equal opportunities in employment regardless of age, disability, gender, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (including colour, nationality and ethnic or national origins), religion, religious or philosophical belief, or sexual

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Strategic Report (continued)

<p>employees to drive the company's vision.</p>	<p>opportunities in respect of employee engagement for the Board to consider and act.</p> <p>During the year, the Board considered that colleague engagement was more important than ever following the challenging environment created by the COVID-19 pandemic. The Board followed government guidelines to engage with colleagues in person and continued regular engagements virtually through the "All Hands" platform which started in 2020. "All Hands" meetings took place weekly with members of the Board and senior executives presenting updates on business activities, news on latest policies and processes in place to safeguard employees and many more engagement topics.</p> <p>Employees have the opportunity to vote for their own representation on the "People Forum" and escalate matters of importance to them to their People Forum representatives. People Forum representatives cover all business sites, but can also be contacted anonymously via "Ask the People Forum" intranet page.</p> <p>The People Forum meets regularly to share the views and issues that have been brought to their attention. The forum work collectively with senior executives and board members to address concerns and work towards implementing solutions.</p>	<p>orientation. This is backed by the company Equality and Diversity Policy. The company also launched a Diversity and Inclusion forum with the focus on diversity in executive leadership roles. The Board and company also remain committed to the Women in Finance Charter.</p> <p>Employee wellbeing is a major board priority. Colleagues have access to the company "Bravo" program of recognition and a host of other wellbeing and mindfulness benefits and assistance program (e.g. LifeWorks Employee assistance program and a host of other physical and financial well-being programmes), in place to support them in their work and outside of work.</p> <p>During the year, the Board regularly discussed the ever-changing landscape in respect of a return to the office. The focus and priority of the Board was to follow the UK government guidance, ensuring the protection and wellbeing of colleagues and work/life balance remained a key priority. The company undertook a staged return to office program as well as the implementation of flexible working practises as a result of colleague engagement.</p> <p>The Board are pleased to receive positive feedback on health and wellbeing from colleagues.</p>
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Clients: Our clients depend on us to help them manage and collect debt responsibly, ethically and fairly.

Why?	How we engage? What they tell us?	Our response / outcomes of engagement
<p>Our clients rely on us to support their debt collection activity. With our support, clients recover vital funds that can be made available for re-investment, whilst collecting money in the fairest way possible, supporting the vulnerable individuals and businesses, rather than adding to their problems.</p>	<p>Members of the Board and executive committees are in frequent communication with our clients through client visits, client surveys, client audits and participation in other client meetings, which supports their continued operating model.</p>	<p>To manage and balance these priorities, board members and senior management present to clients during client meetings using metrics that provide assurance that consumers are being treated fairly and in line with FCA standards.</p> <p>The Board ensures suppliers are using cutting-edge debt collection</p>

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Strategic Report (continued)

	<p>The Directors drive for continuous improvement by engaging clients in annual surveys to offer anonymous feedback on the company's services. The annual survey results generate a detailed action plan for continuous improvement in response to their feedback.</p> <p>Our clients' priorities are receiving value for money, maintaining high collection standards and maximising collection of outstanding debt.</p>	<p>practices, involving sophisticated data and analytics to segment debtors. Collection activity is targeted to ensure vulnerable consumers are protected. The Board observes close supplier management to ensure client requirements are monitored and communicated throughout the operating cycle.</p> <p>The company continues to implement new segmentation strategies to support pausing and restarting of collections activity. As part of our 2021 consumer survey, our clients said that new segmentation strategies accommodate more effective pausing and restarting collections was our best service innovation improvement of 2021.</p>
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Industry Regulators: The company is authorised and regulated by the Financial Conduct Authority.		
Why?	How we engage? What they tell us?	Our response / outcomes of engagement
<p>We are regulated by the Information Commissioner's Office (ICO) and the Financial Conduct Authority (FCA).</p> <p>The ICO regulates us to ensure the way we manage personal data complies with the Data Protection Act and associated laws.</p> <p>The FCA regulates the financial services firms and markets in the UK.</p>	<p>The Board and senior executive members regularly engage with the regulators and are open and transparent in their dialogue with all its regulators.</p> <p>Regulatory updates are presented at Board meetings and discussed by the Directors.</p> <p>The Board are regularly presented with a risk committee report which highlights key issues in the broader regulatory environment for consideration.</p> <p>The Board regularly discuss any information requests received by a regulator. The company responds to requests for information from the regulators in a timely manner.</p>	<p>The themes and outcomes of meetings between senior management and our regulators are discussed at length by the Board.</p> <p>The Board have placed considerable resource behind the SMCR (Senior Managers and Certification Regime) project, which was a result of engagement with the FCA. The Directors have ensured that the SMCR programme becomes an ongoing exercise that forms part of business-as-usual activity.</p> <p>During the year, members of the Board contributed to regular engagement with regulators. The Board shared plans to manage the company's resilience in the face of challenges presented by COVID and resulting economic pressures, providing greater assurance to regulators that the Board continued to manage risks appropriately.</p> <p>The Board ensured that during the year there was active engagement with the regulators with respect to</p>

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Strategic Report (continued)

		any matters that would be of interest to them.
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Community and Environment: We believe that any action we take should be for the benefit of all and this belief runs through everything we do:		
Why?	How we engage? What they tell us?	Our response / outcomes of engagement
<p>We recognise the importance of contributing to our communities through volunteering, community investment and long-term partnerships</p> <p>Our environment is vitally important to our well-being, whether it is the environment in which we work, or live.</p>	<p>The Board is committed to supporting the company’s charity committee and specifically allocates a budget to allow the charity committee to run engaging fundraising events that maximise donations for our charitable partners. The company has a scheme in place to match employee fundraising efforts.</p> <p>The Board is committed to creating a healthy work environment for our colleagues and to do so in a way that is also beneficial for the environment we operate in. The company implemented an effective environmental management system, certified against the ISO 14001:2015 standard. The certification held shows our ongoing commitment to reduce our impact to the environment and promote sustainability within the organisation.</p> <p>To provide the right level on focus and engagement a sub board “The Environmental Management Board” was set up. The Board meet regularly to develop recommendations, track progress, support the collection and analysis of data, and create communication materials. The Board also facilitates collaboration among team members across the global organization to promote environmental initiatives.</p>	<p>The Board understand that we all play an important role in the communities where we operate and work in and understands that environmental management is critical to the health of those communities and the world as a whole.</p> <p>During the year, the Board along with Equifax Inc. (the Group) announced it is expanding its commitment to Environmental, Social and Governance (ESG) issues and that the company will make new quantitative ESG disclosures available annually on Equifax.com. These disclosures are being made in accordance with the Sustainability Accounting Standards Board (SASB) framework. The Group also announced a commitment to net-zero greenhouse gas emissions by 2040, a market leading sustainability commitment enabled by the company’s Equifax Cloud™ transformation. Further information on the Group and the company’s Environmental, Social and Governance Priorities can be found at https://www.equifax.com/about-equifax/environmental-social-governance.</p> <p>The Children’s Bereavement Centre have been our partner charity since 2015 and in total we have raised over £300,000 for them.</p> <p>At the beginning of November 2021, BSI (our external accredited auditing body) carried out their annual external audit of our ISO 14001 certification. The Company is very</p>

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Strategic Report (continued)

		glad to announce that as a result of the audit, it has been recommended for re-certification to ISO 14001:2015 by BSI.
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Decision making and principal decisions

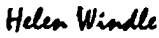
The Board has made numerous decisions through the fiscal year, either directly through Board meetings or via delegations to senior management or committees. The Board has remained mindful and considerate of the potential impacts on key stakeholders and factored their respective needs and concerns into all discussions and decision making in accordance with s172 of the Companies Act 2006. Not every decision made by the Board impacts all stakeholders and decisions will have differing levels of impact on respective shareholders. Major decisions and considerations made by the Board during the fiscal year include:

- Approval of the 2020 Annual Accounts and Financial Statements;
- COVID-19 Management (employee wellbeing and business continuity). Highly cautious approach to employee safety with an office revamp to meet stringent social distancing standards. Return to office plan with flexible working arrangements;
- Approval of organisational re-design;
- Approval of the company's Debt Resolution Services (DRS) tender;
- Share restructure approval;
- Dividend policy and distribution; and
- Approval of purchase price for non-controlling interest in Integrated Debt Services Limited.

Future developments

The Directors are confident of the long-term prospects of the company, which is well-established with a diversified portfolio of products and clients. This was recently enhanced as the company secured a place on the government's new DRS framework. This provider status will see the company build on its existing relationship delivering the original Debt Market Integrator (DMI) framework and cementing its standing as a trusted data and managed services provider to the UK Government. Its investment in Integrated Debt Services Limited and other entities outside the UK gives the company a broad base to deliver future success.

By order of the Board

DocuSigned by:

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H Windle
 Director

28 September 2022

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Directors' Report

The directors present their report for the year ended 31 December 2021.

Directors of the company

The current directors are shown on page 1.

P Remon
P McGilvray
H Windle
J Lewis
S Brown (resigned 31 March 2022)
P Heywood (resigned 26 April 2022)
J Nair (resigned 26 April 2022)

Dividends

During the year the company declared a dividend of £15,000,000 to its parent company (2020: £nil).

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 11. At 31 December 2021, the company had £3.1m (2020: £11.1m) of cash at bank and in hand. The company had no external long-term or short-term borrowings in 2021 or 2020.

During the year the company generated a profit after tax of £6.0m (2020: £1.9m). At the year end the company's balance sheet had net assets of £18.6m (2020 £27.5m) and net current assets of £8.8m (2020 £18.4m). The reduction in net assets was driven by a £15.0m dividend payment to its parent company.

The company's operating model has a high percentage of variable costs, which means the business is able to respond to a substantial decline in revenue minimising the impact on profit and cash. The vast majority of variable costs are DCA fees and data costs, which have a direct correlation to revenue. This low degree of operating leverage reduces the financial risk of the company and enables the company to be flexible to a certain amount in scaling down working capital requirements in the event of unforeseen circumstances.

The Directors have prepared cash flow forecasts for a period to 30 September 2023 supporting their conclusions. These forecasts reflect and consider:

- Profit forecasted to be generated by the company applying forecasts endorsed and approved at Board and Group level;
- The company's working capital requirements over the period including assumptions over seasonal increases in working capital requirements and flexibility around variable costs; and
- The economic impact on the company using economic data, including challenges driven by increasing inflation, GDP decline and other economic headwinds; and other economics factors, impacting product, market and sector mix.

As part of the assessment, the Directors have modelled a possible downside scenario to a base case forecast. The scenario involved performing a reverse stress test for the company. The stress testing scenario illustrated that the company will be in a position to withstand the financial impact of a decline in revenue in the case of unforeseen reduction in economic activity and also inflationary scenarios on costs.

Nevertheless, given the current economic uncertainty in the market which may adversely impact the level of debt placed and the cost base, the company has also obtained a letter of parental support from Equifax Inc. The letter confirms that Equifax Inc. will provide financial support for a period from the approval of the financial statements to at least 30 September 2023. The Directors have considered the ability of the Equifax Inc. to provide support and are satisfied that Equifax Inc. is able to provide that support given that Equifax Inc. generates cash from its operations, has significant cash reserves and an available credit facility maturing in August 2026.

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Directors' Report (continued)

Going concern (continued)

Accordingly, the Directors have concluded that despite the uncertain economic conditions and outlook the company has adequate resources to continue to meet its liabilities as they fall due for a period to 30 September 2023. Therefore, the Directors are satisfied they have a reasonable basis upon which to conclude that it remains appropriate to prepare the financial statements on a going concern basis.

Credit risk

The company's principal financial assets are bank balances, trade and other receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience is evidence of a reduction in the recoverability of the cash flows.

The company has some concentration of credit risk, as cash resources are managed with one banking institution. In respect of trade and other receivables however, any credit exposure is spread over a large number of customers.

Liquidity risk

At 31 December 2021, the company had a cash balance of £3.1m (2020: £11.1m). The company has no long-term or short-term debt from non-group sources. The company continues to have positive cash flows and the directors are confident that it has the resources to meet its obligations for the period to 30 September 2023.

Research and development

Development costs incurred during the year were all capitalised according to the company policy. The company incurred no research costs during the year ended 31 December 2021 (2020: £nil).

Political contributions

During the year the company made no political donations (2020: £nil).

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged.

Employee consultation

The company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on various factors affecting the performance of the company.

Statement as to the disclosure of information to the auditors

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

- so far as the Directors are aware there is no relevant audit information of which the company's auditors are unaware; and
- the Directors have taken all steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the entity's auditors are aware of this information.

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

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Directors' Report (continued)

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be proposed to members at the Annual General Meeting.

Equifax Limited and TDX Group Limited SECR Annual Report

Introduction

The below SECR disclosure has been prepared on an Equifax Limited and TDX Group Limited combined basis. Equifax Limited and TDX Group Limited (the company) are related parties and part of the combined Equifax Group with the same ultimate parental controlling party. The two companies operate with shared facilities, IT resources and people resources. It is therefore not practical to disclose on an individual entity basis.

Purpose of this report

In accordance with the UK Government's Streamlined Energy and Carbon Reporting (SECR) policy implemented on 1 April 2019, the Directors are including the required information as part of the Directors' Report, in the Financial Statements.

Report Date Range: **January 2021 - December 2021**

UK energy use for the current financial year

The annual energy usage statistics for Equifax Limited and the company include, as a minimum, energy use from purchased electricity, gas and transport across four UK based offices in London, Leeds and Nottingham.

These are as follows:

Data Point	2021 Totals	2020 Totals
Electricity (kWh)	556,639	576,557
Gas (kWh)	71,497	78,730
Company Car Mileage (km)	55,334	164,965
Grey Fleet Mileage (km)	60,035	113,444
Short Haul Flights (km)	101,600	94,462
Long Haul Flights (km)	91,132	269,704
Train Mileage (km)	84,921	73,318

Equifax Limited and TDX Group Limited SECR Annual Report (continued)

Associated GHG (Greenhouse Gas) emissions for the current financial year

We have calculated the annual equivalent quantity of emissions of greenhouse gasses in tons of carbon dioxide based on the figures gained by carrying out the energy usage tracking in our UK offices. We have used the conversion factors provided by the Carbon Trust to work out our equivalent carbon footprint.

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Directors' Report (continued)

Data Point	Totals	Conversion (Carbon Trust)	2021 GHG (CO2) Kilograms	2020 GHG (CO2) Kilograms
Electricity (kWh)	556,639	0.41205	229,363	237,570
Gas (kWh)	71,497	0.18400	13,155	14,486
Company Car Mileage (km)	55,334	0.29461	16,302	48,600
Grey Fleet Mileage (km)	60,035	0.30875	18,536	35,026
Short Haul Flights (km)	101,600	0.01791	1,820	1,692
Long Haul Flights (km)	91,132	0.02838	2,586	7,654
Train Mileage (km)	84,921	0.04885	4,148	3,582

Emissions data Intensity ratio

To allow us to express our emissions data using an appropriate metric or financial indicator for the business (so as to 'normalise' the collected data in a quantifiable way), we have chosen to use the calculations gained from the above GHG conversions against the square footage of our various offices to reach this figure (kilograms of CO₂e per total square metres).

Data Point	Totals	Conversion (Carbon Trust)	GHG (CO2) Kilograms	Intensity Ratio (Sq. Ft)	2021 GHG (CO2) Kilograms per SQ. Ft. of UK office space	2020 GHG (CO2) Kilograms per SQ. Ft. of UK office space
Electricity (kWh)	556,639	0.41205	229,363	72,172	3.17801	3.29172
Gas (kWh)	71,497	0.18400	13,155	72,172	0.18228	0.20072
Company Car Mileage (km)	55,334	0.29461	16,302	72,172	0.22588	0.67340
Grey Fleet Mileage (km)	60,035	0.30875	18,536	72,172	0.25683	0.48531
Short Haul Flights (km)	101,600	0.01791	1,820	72,172	0.02521	0.02344
Long Haul Flights (km)	91,132	0.02838	2,586	72,172	0.03584	0.10605
Train Mileage (km)	84,921	0.04885	4,148	72,172	0.05748	0.04963

Energy efficiency actions taken during the financial year

In order to try and improve the energy efficiency of our offices, we have in place, or have implemented the following measures:

Company Cars: During 2021, we reviewed and changed the methodology for how we allow eligible employees to select company cars so as to encourage them to use electric cars. Since this change was implemented, every company car we have ordered and/or replaced has been either a full electric car or a hybrid electric car.

TDX Group Limited

Registered No: 05059906

Directors' Report (continued)

Equifax Limited and TDX Group Limited SECR Annual Report (continued)

Environmental Management: Equifax Limited and the company are still certified to ISO 14001-2015. During the course of 2021, both of these certifications have been through full external audit by an accredited auditing body and have passed without any major non-conformities.

Flexible Working: Introduced a more flexible hybrid working model to allow eligible employees to frequently work from home. This contributes to less travel and reduced energy usage at our offices.

Information about the methodologies used to calculate disclosures

The following is the methodology that we have used to calculate the above records and information.

UK energy use for the current financial year: The figures for the energy usage and travel included in the above tables are a combined total of all usage across our UK sites; London, Leeds and Nottingham.

Associated GHG (Greenhouse Gas) emissions for the current financial year: The figures quoted for Associated GHG emissions are calculated from our raw data as outlined above using the conversion rate provided by The Carbon Trust. Details of the conversion factors are available at the following website:

<https://www.carbontrust.com/resources/guides/carbon-footprinting-and-reporting/conversion-factors/>

Emissions Data Intensity Ratio: We have chosen to use the square footage of our offices as our data intensity ratio. These figures are taken from our lease documents for each site and are a combined figure for all UK sites; London, Leeds, and Nottingham.

ISO 14001:2015 Management System: Both Equifax Limited (London and Leeds), and the company (Nottingham) are certified to ISO 14001:2015. The respective certificate numbers are as follows:

Equifax Limited - EMS 718851

TDX Group Limited - EMS 632836

By order of the Board

DocuSigned by:
Helen Windle
3845E26530FC42C...

H Windle
Director

28 September 2022

TDX Group Limited

Registered No: 05059906

Statement of Directors' Responsibilities

The Directors are responsible for preparing the strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 to the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards including FRS102 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 proper 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.

Independent Auditor's Report

to the members of TDX Group Limited

Opinion

We have audited the financial statements of TDX Group Limited for the year ended 31 December 2021 which comprise Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ▶ give a true and fair view of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period to 30 September 2023.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Independent Auditor's Report to the members of TDX Group Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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 Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

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

- adequate accounting records have not been kept 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 17, 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.

Independent Auditor's Report **to the members of TDX Group Limited (continued)**

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant tax laws and regulations in the UK. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being those laws and regulations relating to health and safety, employee matters, General Data Protection Regulations, Information Commissioner's Office and Financial Conduct Authority.
- We understood how TDX Group Limited is complying with those frameworks by making enquiries of those charged with governance and management, including those responsible for legal and compliance procedures, to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through our review of board minutes and papers provided to the Board, and made inquiries of management to identify if there are matters where there is a risk of breach of such frameworks that could have a material adverse impact on the Company, as well as consideration of the results of our audit procedures across the Company.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered there was a susceptibility to fraud. We considered the programmes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements are free from fraud and error. Specifically, we identified a fraud risk in relation to revenue recognition and performed detailed audit procedures over the revenue accounts utilising our analytics tools and paying particular attention to manual journals in order to address the risk of management override.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. In addition to those set out above, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Financial Statements with the requirements of the relevant accounting standards and UK legislation.

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

Independent Auditor's Report to the members of TDX Group Limited (continued)

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.

Ernst & Young LLP

Tim Helm (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds

Date: 29 September 2022

TDX Group Limited

Registered No: 05059906

Statement of Comprehensive Income for the year ended 31 December 2021

	Notes	2021 £000	2020 £000
Turnover	3	27,222	25,910
Cost of sales		(18,982)	(17,423)
Gross profit		8,240	8,487
Administrative expenses		(8,181)	(6,648)
Operating Profit	4	59	1,839
Investment income	9	6,000	-
Interest receivable and similar income		-	75
Interest payable and similar charges		(3)	-
Profit on ordinary activities before taxation		6,056	1,914
Tax on profit on ordinary activities	6	(10)	(12)
Comprehensive income for the financial year		6,046	1,902

All the results arose from continuing operations.

The company has no other comprehensive income or losses for the years ended 31 December 2021 and 31 December 2020.

Total Comprehensive Income is entirely attributable to the owners of the parent company.

Statement of Changes in Equity for the year ended 31 December 2021

	Share capital	Share premium	Other reserves	Profit and loss account	Total shareholder's funds
	£000	£000	£000	£000	£000
At 1 January 2020	-	33,466	-	(7,857)	25,609
Profit for the year	-	-	-	1,902	1,902
Share-based payment charge	-	-	13	-	13
Share based payments reimbursed to Equifax Inc	-	-	(13)	-	(13)
At 31 December 2020	-	33,466	-	(5,955)	27,511
Profit for the year	-	-	-	6,046	6,046
Share-based payment charge	-	-	(32)	-	(32)
Share based payments reimbursed to Equifax Inc	-	-	32	-	32
Transfers between reserves	-	(25,000)	-	25,000	-
Dividends Paid (Note 18)	-	-	-	(15,000)	(15,000)
At 31 December 2021	-	8,466	-	10,091	18,557

TDX Group Limited


Registered No: 05059906

Statement of Financial Position

as at 31 December 2021

	<i>Notes</i>	<i>2021</i> £000	<i>2020</i> £000
Fixed assets			
Intangible assets	7	2,866	2,817
Tangible assets	8	567	637
Investments	9	11,474	5,946
		<u>14,907</u>	<u>9,400</u>
Current assets			
Cash at bank and in hand		3,079	10,991
Debtors: amounts falling due within one year	10	12,084	13,770
		<u>15,163</u>	<u>24,761</u>
Creditors: amounts falling due within one year	11	<u>(6,404)</u>	<u>(6,373)</u>
Net current assets		<u>8,759</u>	<u>18,388</u>
Total assets less current liabilities		<u>23,666</u>	<u>27,788</u>
Creditors: amounts falling due after more than one year	11	(4,500)	-
Provision for liabilities			
Other provisions	15	(609)	(277)
Net assets		<u>18,557</u>	<u>27,511</u>
Capital and reserves			
Called-up share capital	12	-	-
Share premium		8,466	33,466
Profit and loss account		10,091	(5,955)
Shareholder's funds		<u>18,557</u>	<u>27,511</u>

The financial statements were approved for issue by the Board of Directors on 28 September 2022 and were signed on its behalf by:

DocuSigned by:

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H Windle
 Director

TDX Group Limited

Registered No: 05059906

Notes to the financial statements

at 31 December 2021

1. Accounting policies

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

a. General information and basis of accounting

TDX Group Limited is a company incorporated in England and Wales under the Companies Act and is a privately-owned company limited by shares. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic Report on pages 2 to 10.

The financial statements are prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) with reduced disclosures as it applies to the financial statements of the company for the year ended 31 December 2021.

The functional currency of TDX Group Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. The financial statements are rounded to the nearest £'000.

The company meets the definition of a qualifying entity under FRS102 and has taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to:

- Exemption from FRS102 17(d) of Section 7 from disclosure to prepare a cash flow statement.
- Exemption from FRS102 33.7 from disclosure of transactions with key personnel.
- Exemption from FRS102 33 (1A) from disclosure of transactions entered into between two or more members of a group provided that any subsidiary which is part to the transaction is wholly owned by such a member.
- Exemption from the requirements of Section 26 Share-based payments paragraphs 26.18(b), 26.19 to 26.21 and 26.23.

b. Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 11. At 31 December 2021, the company had £3.1m (2020: £11.1m) of cash at bank and in hand. The company had no external long-term or short-term borrowings in 2021 or 2020.

During the year the company generated a profit after tax of £6.0m (2020: £1.9m). At the year end the company's balance sheet had net assets of £18.9m (2020 £27.5m) and net current assets of £8.8m (2020 £18.4m). The reduction in net assets was driven by a £15.0m dividend payment to its parent company.

The company's operating model has a high percentage of variable costs, which means the business is able to respond to a substantial decline in revenue minimising the impact on profit and cash. The vast majority of variable costs are DCA fees and data costs, which have direct correlation to revenue. This low degree of operating leverage reduces the financial risk of the company and enables the company to be flexible to a certain amount in scaling down working capital requirements in the event of unforeseen circumstances.

The Directors have prepared cash flow forecasts for a period to 30 September 2023 supporting their conclusions. These forecasts reflect and consider:

- Profit forecasted to be generated by the company applying forecasts endorsed and approved at Board and Group level;
- The company's working capital requirements over the period including assumptions over seasonal increases in working capital requirements and flexibility around variable costs; and
- The economic impact on the company using economic data, including challenges driven by increasing inflation, GDP decline and other economic headwinds; and other economic factors, impacting product, market and sector mix.

TDX Group Limited

Registered No: 05059906

Notes to the financial statements (continued) at 31 December 2021

1. Accounting policies (continued)

b. Going concern (continued)

As part of the assessment, the Directors have modelled a possible downside scenario to a base case forecast. The scenario involved performing a reverse stress test for the company. The stress testing scenario illustrated that the company will be in a position to withstand the financial impact of a decline in revenue in the case of unforeseen reduction in economic activity and also inflationary scenarios on costs.

Nevertheless, given the current economic uncertainty in the market which may adversely impact the level of debt placed and the cost base, the company has also obtained a letter of parental support from Equifax Inc. The letter confirms that Equifax Inc. will provide financial support for a period from the approval of the financial statements to at least 30 September 2023. The Directors have considered the ability of the Equifax Inc. to provide support and are satisfied that Equifax Inc. is able to provide that support given that Equifax Inc. generates cash from its operations, has significant cash reserves and an available credit facility maturing in August 2026.

Accordingly, the Directors have concluded that despite the uncertain economic conditions and outlook the company has adequate resources to continue to meet its liabilities as they fall due for a period to 30 September 2023. Therefore, the Directors are satisfied they have a reasonable basis upon which to conclude that it remains appropriate to prepare the financial statements on a going concern basis.

c. Intangible assets – research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. Development costs include programming costs that are separately identifiable and deferred as and when they are incurred in the development of commercially exploitable systems and amortised over the period during which the company is expected to benefit. This period is between 3 and 10 years. Provision is made for any impairment losses.

d. Intangible assets – licenses & purchased databases

Separately acquired licenses and customer databases are included at cost less accumulated amortisation and any accumulated impairment losses. Software licenses are amortised in equal instalments over a period of 3 to 7 years which is their estimated useful economic life. Purchased databases are amortised over a period of 8 to 15 years. Provision is made for any impairment losses.

e. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	period of lease
Equipment and software	3 to 10 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.

f. Interest in joint venture

The interest in joint venture in the form of a jointly controlled entity is measured at cost less any accumulated impairment loss recognised in accordance with the company's policy on impairment of assets.

The ultimate controlling party is Equifax Inc. and consolidated financial statements are prepared at the ultimate parent level only.

TDX Group Limited

Registered No: 05059906

Notes to the financial statements (continued) at 31 December 2021

1. Accounting policies (continued)

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 the profit or loss.

Where indicators exist for a decrease in impairment loss, 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.

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.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current tax rates and law.

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

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax liabilities and assets are not discounted.

i. Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of services provided in the normal course of business. Sales are recognised as services are provided. 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.

j. Employee benefits

The company provides a defined contribution pension scheme. The amounts charged to the profit and loss account are the contributions payable in the year. The pension charge for the year was £491,000 (2020: £532,000). The amount of employer contributions payable at the year-end was £nil (2020: £84,000).

Termination benefits are recognised as an expense in the profit and loss account immediately when the company is demonstrably committed to terminate an employee or group of employees before the normal retirement date or to provide benefits as a result of an offer made in order to encourage voluntary redundancy. The company is demonstrably committed to a termination only when it has a detailed formal plan for termination and is without realistic possibility of withdrawal from the plan.

k. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the related forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or at any related forward contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange rate gain or loss in the profit and loss account.

TDX Group Limited

Registered No: 05059906

Notes to the financial statements (continued) at 31 December 2021

1. Accounting policies (continued)

l. Leases

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

m. Borrowing costs

Interest is expensed as incurred.

n. Share-based payments

Equifax Inc. (the Group) grants share options to certain employees. The cost of equity-settled transactions is measured at fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using the binomial pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions. No expense is recognised for shares that do not ultimately vest. The company reimburses the Group for the provision of share options to certain employees equal to the fair value of the share options.

o. Basis of consolidation

The company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

p. Investment income and dividend accounting policy

All dividend income is included in the income statement as investment income. Dividends are recognised when declared.

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, 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.

No judgements have a significant effect on the amounts reported in the financial statements.

3. Turnover

The whole of the company's turnover relates to its principal activity and derives from continuing operations. The origins and destination of turnover is predominantly within the UK. Sales outside of the UK are not material. Sales are recognised as services are provided and are stated net of value added tax.

	2021	2020
	£000	£000
Provision of services	<u>27,222</u>	<u>25,910</u>

TDX Group Limited

Registered No: 05059906

Notes to the financial statements (continued)

at 31 December 2021

4. Operating profit

Operating profit is stated after charging:

	2021 £000	2020 £000
Depreciation of tangible fixed assets	311	496
Amortisation of intangible fixed assets	775	633
Operating lease rentals - property	350	373
Auditor's remuneration	78	71
	<u>78</u>	<u>71</u>

The audit fees of related companies are borne by the company.

There were no research and development expenses during the year.

5. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2021 Number	2020 Number
Operations	187	192
Administration	48	49
	<u>235</u>	<u>241</u>

Their aggregate remuneration comprised:

	2021 £000	2020 £000
Wages and salaries	10,260	9,710
Social security costs	1,023	1,038
Other pension costs (note 1(j))	491	532
Redundancy costs	-	27
	<u>11,774</u>	<u>11,307</u>

Included in wages and salaries is a credit of £32,000 (2020: £13,000 credit) in respect of share-based payments, which arises from transactions accounted for as equity-settled share-based payment transactions.

Directors' remuneration

No director received emoluments from the company during the year. The Directors do not believe that it is practicable to apportion their total remuneration borne by Equifax Ltd, between their services as directors of the company and their services to fellow subsidiary companies.

The number of directors for whom retirement benefits are accruing under defined contribution schemes borne by Equifax Ltd amounted to 4 (2020: 4).

The number of directors who exercised share options during the period amounted to 1 (2020: 1).

The number of directors who received shares under the group's long-term incentive scheme amounted to 2 (2020: 2).

TDX Group Limited

Registered No: 05059906

Notes to the financial statements (continued) at 31 December 2021

6. Taxation on profit on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2021 £000	2020 £000
<i>Current tax:</i>		
Overseas tax	10	12
Total current tax	<u>10</u>	<u>12</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	-	-
Effect of rate changes	-	-
Total deferred tax (note 6(c))	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>10</u>	<u>12</u>

(b) Factors affecting current tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19%.

The differences are reconciled below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	<u>6,056</u>	<u>1,913</u>
Profit on ordinary activities multiplied by the rate of tax at 19% (2020: 19%)	1,151	363
<i>Effects of:</i>		
Non-taxable income	(1,140)	-
Expenses not deductible for tax purposes	90	21
Group relief surrendered/(obtained) for no consideration	33	(537)
Movement in deferred tax not recognised	(134)	153
Overseas tax	<u>10</u>	<u>12</u>
Total tax expense (note 6 (a))	<u>10</u>	<u>12</u>

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Notes to the financial statements (continued) at 31 December 2021

6. Taxation on profit on ordinary activities (continued)

(c) Deferred tax

The company has losses carried forward of £14.7m (2020: £14.6m), accelerated capital allowance of £3.5m (2020: £4.0m) and other timing differences of £0.6m (2020: £0.3m) for which a deferred tax asset has not been recognised in the financial statements on the basis that there is uncertainty as to the timing and extent of the use of these losses and allowances. Although the company has made a profit in the year this is not considered to be sufficient evidence of the recoverability of any deferred tax asset at this stage given the prior year losses.

(d) Factors affecting future tax charges

The 2020 Finance Act reverted the tax rate back to 19%. As such 19% had been applied when calculating deferred tax assets and liabilities as at 31 December 2020. The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% effective from April 2023. At the balance sheet date, deferred tax assets and liabilities have been calculated using the appropriate rate at which the asset or liability is expected to be realised.

7. Intangible fixed assets

	<i>Software licenses £000</i>	<i>Deferred programming costs £000</i>	<i>Total £000</i>
Cost:			
At 1 January 2021	451	5,179	5,630
Additions	-	824	824
At 31 December 2021	<u>451</u>	<u>6,003</u>	<u>6,454</u>
Amortisation:			
At 1 January 2021	443	2,370	2,813
Charge for the year	7	768	775
At 31 December 2021	<u>450</u>	<u>3,138</u>	<u>3,588</u>
Net book value:			
At 31 December 2021	<u>1</u>	<u>2,865</u>	<u>2,866</u>
At 31 December 2020	<u>8</u>	<u>2,809</u>	<u>2,817</u>

Amortisation on intangible fixed assets is charged to administrative expenses in the Statement of Comprehensive Income.

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Notes to the financial statements (continued) at 31 December 2021

8. Tangible fixed assets

	<i>Leasehold improvements £000</i>	<i>Office equipment, fixtures and fittings £000</i>	<i>Computers £000</i>	<i>Total £000</i>
Cost:				
At 1 January 2021	765	3,037	1,267	5,069
Additions	-	231	10	241
At 31 December 2021	<u>765</u>	<u>3,268</u>	<u>1,277</u>	<u>5,310</u>
Depreciation:				
At 1 January 2021	758	2,827	847	4,432
Charge for the year	3	78	230	311
At 31 December 2021	<u>761</u>	<u>2,905</u>	<u>1,077</u>	<u>4,743</u>
Net book value:				
At 31 December 2021	<u>4</u>	<u>363</u>	<u>200</u>	<u>567</u>
At 31 December 2020	<u>7</u>	<u>210</u>	<u>420</u>	<u>637</u>

Depreciation on tangible fixed assets is charged to administrative expenses in the Statement of Comprehensive Income.

9. Fixed asset investments

	<i>Subsidiary undertakings £000</i>
Cost:	
At 31 December 2020	5,946
Addition	5,528
At 31 December 2021	<u>11,474</u>

The above addition relates to the acquisition of the remaining 25% shareholding of Integrated Debt Services Limited. The company had previously held a 75% shareholding in Integrated Debt Services Limited with the remaining shares being held by a minority interest. The acquisition was completed on 28 September 2021. A put option was in place, however this was not exercised and a commercial settlement was reached instead.

During the year the company received £6.0m in dividends from Integrated Debt Services Limited. This is treated as investment income in the Statement of Comprehensive Income.

The company has investments in the following subsidiary undertakings:

<i>Name</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Holding</i>	<i>%</i>
TDX Indigo Iberia SL (a)	Spain	Debt liquidation services	Ordinary shares	100
Integrated Debt Services Limited (b)	England & Wales	Debt liquidation services	Ordinary shares	100

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Notes to the financial statements (continued) at 31 December 2021

9. Fixed asset investments (continued)

Registered address:

(a) C/Velázquez, 50 – 5ª Planta
28001 Madrid
España

(b) 8 Fletcher Gate
Nottingham
NG1 2FS

10. Debtors

	2021 £000	2020 £000
Amounts falling due within one year:		
Trade debtors	5,678	3,637
Amounts owed by group undertakings	4,490	7,225
Prepayments and accrued income	1,906	1,876
Other debtors	10	1,032
	<u>12,084</u>	<u>13,770</u>

In 2020, the amounts owed by group undertakings included an un-secured interest-bearing loan of £3.5m with interest due annually and a redemption date of 1 May 2021. This intercompany loan was repaid during the year.

11. Creditors

	2021 £000	2020 £000
Amount falling due within one year:		
Trade creditors	792	734
Amounts owed to group undertakings	757	1,361
Other taxation and social security	936	1,504
Other creditors	1	1
Accruals and deferred income	3,918	2,773
	<u>6,404</u>	<u>6,373</u>
Amounts falling due after more than one year:		
Amounts owed to group undertakings	<u>4,500</u>	<u>-</u>

Amounts owed to group undertaking falling due after more than one year includes an un-secured interest-bearing loan with interest due monthly and a redemption date of 15 September 2026.

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Notes to the financial statements (continued) at 31 December 2021

12. Called-up share capital and reserves

	No.	Allotted, called up and fully paid	
		2021 £000	2020 £000
Ordinary shares of £0.0000125 each	16,666,868	-	16,666,868
B ordinary shares of £0.0000125 each	419,440	-	419,440
		<u>-</u>	<u>16,666,868</u>

The ordinary shares and B ordinary shares carry no right to fixed income.

The company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

On 15 June 2021, the company underwent a reduction in capital whereby the share premium account was reduced by £25m, increasing distributable reserves by the same amount.

13. Financial commitments

(a) Lease commitments

At 31 December 2021 the company has future minimum rentals payable under non-cancellable operating leases as set out below:

	2021		2020	
	Property £000	Other £000	Property £000	Other £000
Within one year	273	2	373	2
Within 2 to 5 years	-	-	342	2
	<u>273</u>	<u>2</u>	<u>715</u>	<u>4</u>

(b) Financial commitments

The company entered into a cancellable contract with a data supplier which has a contractual obligation payment of £100,000 upon termination. The minimum annual amount payable under this agreement is £100,000 (2020: £100,000).

The company has entered into a cancellable contract with an information technology infrastructure supplier which has a contractual obligation payment of £135,000 upon termination. The minimum annual amount payable under this agreement is £135,000 (2020: £863,700).

The company has entered into a cancellable contract with an information technology infrastructure supplier which has a contractual obligation payment of £1,450,000 upon termination. The minimum annual amount payable under this agreement is £1,450,000 (2020: £1,347,380).

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Notes to the financial statements (continued) at 31 December 2021

14. Share-based payments

(a) Equity-settled share option scheme

The ultimate parent company Equifax Inc. issues share options to certain employees of the company. Options are exercisable at a price equal to the average quoted market price of Equifax Inc.'s shares at the date of grant. The shares vest in three equal instalments commencing 12 months after the grant date. Options expire 10 years after award. Options are forfeited if the employee leaves the company. The options are settled with equity.

(b) Non-vested Stock

The ultimate parent company Equifax Inc. issues non-vested shares of Equifax Inc.'s own common stock to certain employees of the company. Non-vested stock awards are generally subject to cliff vesting over a period between three to five years based on service.

The fair value of non-vested stock is based on the fair market value of Equifax Inc.'s own common stock on the date of grant. However, since the non-vested stock does not pay dividends during the vesting period, the fair value on the date of grant is reduced by the present value of the expected dividends over the requisite service period. The options are settled with equity.

15. Provision for liabilities

	<i>Dilapidations provision</i>
	<i>£000</i>
At 1 January 2021	277
Additions	332
At 31 December 2021	<u>609</u>

The dilapidations provision at the year-end represents the directors' best estimate of the anticipated costs to repair and maintain the company's premises in accordance with the terms of the lease. The amounts are expected to be payable at the point the company exits the leased premises.

TDX Group Limited

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Notes to the financial statements (continued) at 31 December 2021

16. Related party transactions

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Under the exemption detailed in Note 1 the entity is not required to disclose the transactions with other wholly owned group entities.

	<i>Amounts owed by related party £000</i>	<i>Amounts owed to related party £000</i>
Entities with control over the company		
2021	-	44
2020	63	747
Other group entities		
2021	4,490	5,213
2020	7,162	614

Sales to Integrated Debt Services Limited during the year amounted to £24.7m (2020: £21.5m).

Terms and conditions of transactions with related parties

Sales and purchases between related parties are made at normal market prices. Outstanding trade balances are unsecured, interest free and cash settlement is expected within 30 days of invoice.

Outstanding loan balances with entities are unsecured, interest bearing and cash settlement is expected upon maturity.

The company has not provided or benefited from any guarantees for any related party receivables or payables. There were no other related party transactions in the year.

17. Ultimate parent undertaking

The immediate parent undertaking and controlling party is Pioneer Holdings Limited, a company incorporated in Guernsey.

The company is a wholly owned subsidiary undertaking of Equifax Inc., a company incorporated in the United States of America. The only group in which the results of the group are consolidated is that headed by the ultimate parent company, Equifax Inc. The ultimate controlling party is Equifax Inc. The consolidated financial statements of Equifax Inc. are available to the public and can be obtained from 1550 Peachtree Street N.W., Atlanta, Georgia, 30309, United States of America.

18. Dividends

During the year the company declared a dividend of £15.0m to its parent company (2020: £nil).

19. Post balance sheet events

Since the balance sheet date, on 14 September 2022, the company received a €2.0m dividend payment from its subsidiary company TDX Indigo Iberia SL.