

Red Apple Group Limited
Strategic Report, Report of the Directors and
Audited Financial Statements for the Year Ended 31 December 2017

Radnor House
Greenwood Close
Cardiff Gate Business Park
Cardiff CF23 8AA

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COMPANIES HOUSE

Registered to carry on audit work
and regulated for a range of
investment business activities by
the Institute of Chartered
Accountants in England and Wales.

bpu Chartered Accountants is a
trading name of BPU Ltd
Company Number 3723948
Registered in Wales

A list of directors is available from the

Red Apple Group Limited

**Company Information
for the Year Ended 31 December 2017**

DIRECTORS:

A A Masters
M R Cairns
K R Paterson
M R Khetia
T A Frowen

REGISTERED OFFICE:

Drake House
Plymouth Road
Penarth
CF64 3TP

REGISTERED NUMBER:

02864963 (England and Wales)

AUDITORS:

BPU Limited
Chartered Accountants
Statutory Auditor
Radnor House
Greenwood Close
Cardiff Gate Business Park
Cardiff
CF23 8AA

BANKERS:

Barclays
3rd Floor
Windsor Court
3 Windsor Place
Cardiff
CF10 3BX

**Strategic Report
for the Year Ended 31 December 2017**

REVIEW OF BUSINESS

The results for Red Apple Group Limited "the company" show a pre tax profit of £803,060 (2016: £1,408,735) for the year and turnover of £10,709,957 (2016: £10,057,275). At year end the company had net assets of £2,513,302 (2016: £1,868,367).

Delivering world class service to its customers is at the core of the business and is demonstrated each and every day by the company's employees.

Source Insurance underwent a significant period of change in 2017, the first saw our move away from our long-term premium funding partner, PCL Ltd, and migrate our entire loan book across to Source Finance. We built our own loan ledger platform and integrated solution coupled to a facility established with Barclays bank. New business was switched on 1 December 2016 and renewals with effect from 1 April 2017. On completion Source will manage the entire premium funding book adding significant margin to our bottom line as a result. The second major undertaking was to split the business into three divisions, the core business remaining Source Insurance, our intermediary channel and the creation of two additional divisions, CoverBuilder, our direct to consumer business and Source Finance, recognising the move away from PCL and bringing the premium funding facility under the control of the group. Finally, to reflect our new structure we changed the name of the company to Red Apple Group Limited on 20 September 2017.

PRINCIPAL RISKS AND UNCERTAINTIES

The board and senior management team have a detailed strategy for the identification, mitigation, management and removal of risk. The company maintains a comprehensive risk register which is reviewed monthly, and all appropriate action is taken. Risk management is discussed weekly at senior management meetings, and all necessary actions are taken to ensure the company actively manages each and every risk to the business.

Financial Risk

The company's earnings are underpinned by insurance commissions from renewal of policies, as well as the addition of new business. The company concentrates on the provision of a wide choice of insurance covers to enable policyholders to transact insurance business and remain loyal customers. There are however risks of changes to the competitive and economic environment. This risk is mitigated by weekly reviews of the cash position as well as the use of detailed forecasting models.

Operational Risk

As the company is primarily internet based there is a risk that the company will encounter internal or external system failures. The company has upgraded its recovery capability and disaster recovery protocols in order to ensure greater stability and service delivery. In 2017 the company invested in its cloud infrastructure and found further ways to improve business continuity measures (in line with technological advancements).

**Strategic Report
for the Year Ended 31 December 2017**

Regulatory and Compliance Risk

There is a risk that if the company is non-compliant in any area of the business it could suffer financial losses, reputational damage and could lose its FCA authorisation. The company mitigates this risk by having regular insurer audits, its compliance team attends regular FCA held seminars/meetings, and it provides comprehensive training and call quality monitoring of each employee.

Insurance Premium Changes

The UK insurance industry is cyclical and volatile in nature due to competition and general market conditions, and as the company's income is driven by insurance premiums, any change can have a big effect. To mitigate the risk of varying premium amounts the company has a large number of insurers and products to choose from. The company has a dedicated team who monitor management information on a daily basis and take action where required.

KEY PERFORMANCE INDICATORS

The company have a number of KPIs to which everything is measured. The main financial KPIs are detailed below.

KPIs for the year ended 31 December 2017:

Turnover - £10,700,000

Gross Profit - £5,350,000

KPIs for the year ended 31 December 2016:

Turnover - £10,000,000

Gross Profit - £5,200,000

Other important non-financial KPIs are the companies World Class Service KPIs. These are based on the following;

- Call quality
- First call resolution
- Prompt and accurate resolution of complaints

THIS REPORT WAS APPROVED BY THE BOARD:


.....
A A Masters - Director

Date: 29/6/2018.....

Red Apple Group Limited (Registered number: 02864963)

**Report of the Directors
for the Year Ended 31 December 2017**

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a general insurance intermediary.

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2017 was £nil (2016 - £391,563).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

A A Masters
M R Cairns
K R Paterson

Other changes in directors holding office are as follows:

G L Davidson - resigned 31 December 2017
M R Khetia - appointed 3 July 2017
T A Frowen - appointed 3 July 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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;
- 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.

Red Apple Group Limited (Registered number: 02864963)

**Report of the Directors
for the Year Ended 31 December 2017**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

THIS REPORT WAS APPROVED BY THE BOARD:


.....
A A Masters - Director

Date: 29/6/2018

Report of the Independent Auditors to the Members of Red Apple Group Limited



Opinion

We have audited the financial statements of Red Apple Group Limited (the 'company') for the year ended 31 December 2017 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 a Report of the Auditors 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

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Report of the Independent Auditors to the Members of Red Apple Group Limited



Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 the Report of the Directors.

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities set out on pages four and five, 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 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.

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**Report of the Independent Auditors to the Members of
Red Apple Group Limited**



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

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

A handwritten signature in black ink, appearing to read 'John Huw Palin'.

John Huw Palin ACA (Senior Statutory Auditor)
for and on behalf of BPU Limited
Chartered Accountants
Statutory Auditor

Date: 29 June 2018

Radnor House
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Red Apple Group Limited (Registered number: 02864963)

**Profit and Loss Account
for the Year Ended 31 December 2017**

	Notes	2017 £	2016 £
TURNOVER		10,709,957	10,057,275
Cost of sales		(5,357,310)	(4,832,724)
GROSS PROFIT		5,352,647	5,224,551
Administrative expenses		(4,571,064)	(3,828,230)
OPERATING PROFIT	3	781,583	1,396,321
Interest receivable & similar income		21,477	13,365
		803,060	1,409,686
Interest payable and similar expenses	4	-	(951)
PROFIT BEFORE TAXATION		803,060	1,408,735
Tax on profit	5	(158,125)	(291,076)
PROFIT FOR THE FINANCIAL YEAR		644,935	1,117,659
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		644,935	1,117,659

The notes form part of these financial statements

Red Apple Group Limited (Registered number: 02864963)

**Balance Sheet
31 December 2017**

		2017		2016	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	7		-		-
Tangible assets	8		46,534		77,992
			46,534		77,992
CURRENT ASSETS					
Debtors	9	11,955,567		2,353,217	
Cash at bank		2,996,240		3,049,562	
		14,951,807		5,402,779	
CREDITORS					
Amounts falling due within one year	10	12,485,039		3,612,404	
NET CURRENT ASSETS			2,466,768		1,790,375
TOTAL ASSETS LESS CURRENT LIABILITIES			2,513,302		1,868,367
CAPITAL AND RESERVES					
Called up share capital	13		2,000		2,000
Retained earnings	14		2,511,302		1,866,367
SHAREHOLDERS' FUNDS			2,513,302		1,868,367

The financial statements were approved by the Board of Directors on 29 June 2018 and were signed on its behalf by:


T A Frowen - Director

The notes form part of these financial statements

Red Apple Group Limited (Registered number: 02864963)

**Statement of Changes in Equity
for the Year Ended 31 December 2017**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2016	2,000	1,140,271	1,142,271
Changes in equity			
Dividends	-	(391,563)	(391,563)
Total comprehensive income	-	1,117,659	1,117,659
Balance at 31 December 2016	<u>2,000</u>	<u>1,866,367</u>	<u>1,868,367</u>
Changes in equity			
Total comprehensive income	-	644,935	644,935
Balance at 31 December 2017	<u><u>2,000</u></u>	<u><u>2,511,302</u></u>	<u><u>2,513,302</u></u>

The notes form part of these financial statements

Red Apple Group Limited (Registered number: 02864963)

**Cash Flow Statement
for the Year Ended 31 December 2017**

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	232,721	1,259,568
Interest element of hire purchase or finance lease rental payments paid		-	(951)
Tax paid		(293,946)	(180,648)
Net cash from operating activities		(61,225)	1,077,969
Cash flows from investing activities			
Purchase of tangible fixed assets		(20,074)	(24,625)
Sale of tangible fixed assets		6,500	-
Interest received		21,477	13,365
Net cash from investing activities		7,903	(11,260)
Cash flows from financing activities			
Capital repayments in year		-	(13,399)
Equity dividends paid		-	(391,563)
Net cash from financing activities		-	(404,962)
(Decrease)/increase in cash and cash equivalents		(53,322)	661,747
Cash and cash equivalents at beginning of year	2	3,049,562	2,387,815
Cash and cash equivalents at end of year	2	2,996,240	3,049,562

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2017**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2017 £	2016 £
Profit before taxation	803,060	1,408,735
Depreciation charges	46,945	94,191
Profit on disposal of fixed assets	(1,913)	-
Finance costs	-	951
Finance income	(21,477)	(13,365)
	<u>826,615</u>	<u>1,490,512</u>
Increase in trade and other debtors	(9,602,350)	(512,101)
Increase in trade and other creditors	9,008,456	281,157
Cash generated from operations	<u><u>232,721</u></u>	<u><u>1,259,568</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2017

	31/12/17 £	1/1/17 £
Cash and cash equivalents	<u><u>2,996,240</u></u>	<u><u>3,049,562</u></u>

Year ended 31 December 2016

	31/12/16 £	1/1/16 £
Cash and cash equivalents	<u><u>3,049,562</u></u>	<u><u>2,387,815</u></u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 December 2017**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents brokerage income from the sale of insurance policies, and interest income received from the provision of finance to fund the purchase of insurance policies. Brokerage income is recognised upon inception of the corresponding insurance policy. Interest income is recognised over the repayment period of the finance provided, and represents a constant proportion of the balance of repayments outstanding.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Other intangible assets are being amortised evenly over their estimated useful life of nil years.

Intangible fixed assets

Intangible fixed assets are being amortised over their useful lives, estimated by the directors to be 3 years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 20% straight line
Fixtures and fittings	- 20% straight line
Motor vehicles	- 40% straight line
Computer equipment	- 25% - 33% straight line

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017**

1. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Insurance balances

The company acts as an insurance intermediary and is not liable for premiums due to underwriters or for claims payable to clients. Notwithstanding this legal relationship with clients and underwriters, the company follows generally accepted accounting practice by showing debtors, cash and creditors relating to insurance business as assets and liabilities of the company itself. The company receives premiums and premium refunds under risk transfer agreements with underwriters.

Hire purchase and leasing commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

2. EMPLOYEES AND DIRECTORS

	2017 £	2016 £
Wages and salaries	2,774,130	2,235,369
Social security costs	292,606	267,314
Other pension costs	48,642	41,192
	<u>3,115,378</u>	<u>2,543,875</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

2. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	2017	2016
Employees	<u>84</u>	<u>74</u>

	2017 £	2016 £
Directors' remuneration	<u>792,036</u>	<u>736,222</u>

Information regarding the highest paid director is as follows:

	2017 £	2016 £
Emoluments etc	<u>312,722</u>	<u>330,897</u>

3. OPERATING PROFIT

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

	2017 £	2016 £
Depreciation - owned assets	46,944	58,781
Profit on disposal of fixed assets	(1,913)	-
Other intangible assets amortisation	-	35,412
Audit fees	8,620	11,370
Auditors' remuneration for non audit work	<u>1,548</u>	<u>1,434</u>

4. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017 £	2016 £
Hire purchase	<u>-</u>	<u>951</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017**

5. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2017 £	2016 £
Current tax:		
UK corporation tax	158,125	295,076
Deferred tax	-	(4,000)
Tax on profit	<u>158,125</u>	<u>291,076</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2017 £	2016 £
Profit before tax	<u>803,060</u>	<u>1,408,735</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.250% (2016 - 20%)	154,589	281,747
Effects of:		
Expenses not deductible for tax purposes	-	5,283
Depreciation in excess of capital allowances	1,888	5,192
Adjustments to tax charge in respect of previous periods for period prior to change in	1,648	2,854
Deferred tax charge	-	(4,000)
Total tax charge	<u>158,125</u>	<u>291,076</u>

The UK Corporation Tax rate changed from 20% to 19% with effect from 1 April 2017. As such the standard rate of corporation tax for the year was 19.25%.

6. DIVIDENDS

	2017 £	2016 £
Ordinary shares of £1 each		
Paid	<u>-</u>	<u>391,563</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

7. INTANGIBLE FIXED ASSETS

	Other intangible assets £
COST	
At 1 January 2017 and 31 December 2017	<u>67,167</u>
AMORTISATION	
At 1 January 2017 and 31 December 2017	<u>67,167</u>
NET BOOK VALUE	
At 31 December 2017	<u>-</u>
At 31 December 2016	<u>-</u>

8. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 January 2017	22,574	28,206	10,585	512,649	574,014
Additions	309	5,092	-	14,673	20,074
Disposals	(20,974)	(15,162)	(10,585)	(361,276)	(407,997)
At 31 December 2017	<u>1,909</u>	<u>18,136</u>	<u>-</u>	<u>166,046</u>	<u>186,091</u>
DEPRECIATION					
At 1 January 2017	21,770	26,614	2,823	444,815	496,022
Charge for year	305	1,818	3,174	41,647	46,944
Eliminated on disposal	(20,974)	(15,162)	(5,997)	(361,276)	(403,409)
At 31 December 2017	<u>1,101</u>	<u>13,270</u>	<u>-</u>	<u>125,186</u>	<u>139,557</u>
NET BOOK VALUE					
At 31 December 2017	<u>808</u>	<u>4,866</u>	<u>-</u>	<u>40,860</u>	<u>46,534</u>
At 31 December 2016	<u>804</u>	<u>1,592</u>	<u>7,762</u>	<u>67,834</u>	<u>77,992</u>

Red Apple Group Limited (Registered number: 02864963)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017**

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	11,061,852	1,395,984
Other debtors	731,771	841,458
Prepayments & accrued income	161,944	115,775
	<u>11,955,567</u>	<u>2,353,217</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade creditors	4,413,136	2,997,812
Corporation tax	156,401	292,222
Social security and other taxes	172,936	38,562
Other creditors & accruals	7,742,566	283,808
	<u>12,485,039</u>	<u>3,612,404</u>

11. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2017 £	2016 £
Within one year	<u>5,414</u>	<u>9,418</u>

12. SECURED DEBTS

The following secured debts are included within creditors:

	2017 £	2016 £
Receivables Finance Facility	<u>6,378,559</u>	<u>-</u>

The receivables finance facility is secured by a fixed and floating charge over the assets of the company.

Red Apple Group Limited (Registered number: 02864963)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017**

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number: Class:

2,000 Ordinary

Nominal
value:

£1

**2017
£**

2,000

2016
£

2,000

14. RESERVES

**Retained
earnings
£**

At 1 January 2017

1,866,367

Profit for the year

644,935

At 31 December 2017

2,511,302

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

15. RELATED PARTY DISCLOSURES

a) Related parties

(i) Common directorship/ownership:-

Red Apple Risk Solutions Limited
Mela Rossa Limited
AAM Enterprises Limited
Red Apple Finance Limited

(ii) Other/director:-

A A Masters
G L Davidson

b) Loans between related parties

	Received in year £	Paid in year £	Written off in year £	Debtor/ (creditor) at year end £
2017				
Red Apple Risk Solutions Limited	(44,333)	21,657	-	1,002
Mela Rossa Limited	(338,415)	337,498	-	(26,836)
2016				
Red Apple Risk Solutions Limited	(33,505)	18,684	-	23,678
Mela Rossa Limited	(359,294)	355,083	-	(25,919)

c) Consultancy services from related parties

	Net value of supply in year £	Balance owed at year end £
2017		
Common directorship/ownership	60,750	-
2016		
Common directorship/ownership	66,000	-

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**Notes to the Financial Statements - continued
for the Year Ended 31 December 2017**

d) Rent paid to related parties

	Net value of supply in year £	Balance owed at year end £
2017		
Other/director	<u>60,000</u>	<u>-</u>
2016		
Other/director	<u>60,000</u>	<u>-</u>

e) Dividends paid to directors during the year

	2017 £	2016 £
G L Davidson	-	27,409
A A Masters	-	139,984
	<u>-</u>	<u>139,984</u>

16. ULTIMATE CONTROLLING PARTY

The controlling party is A A Masters.