

Company Registration No. 05984382 (England and Wales)

TDKP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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TDKP LIMITED

COMPANY INFORMATION

Directors	Mr EJB Reeves Mr MA Williams Mr M Finlay Mrs JK Swash	(Appointed 6 November 2018) (Appointed 6 November 2018) (Appointed 6 November 2018)
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Company number	05984382
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Registered office	Western Gateway Wrexham LL13 7ZB
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Auditor	RSM UK Audit LLP One City Place Chester CH1 3BQ
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Business address	Western Gateway Wrexham LL13 7ZB
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TDKP LIMITED

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TDKP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

Strategic review and future developments

The directors are very pleased with the performance of the Business, with 2018 representing a transformational year for the Group. The Company made its first acquisition in January 2018 in the form of Made Simple Group Limited, via its holding company Simphold Limited, and delivered record levels of revenue and profit growth. Made Simple supplies a range of products dedicated to providing online solutions to start-up and small business communities, such as company formation, virtual offices, website creation and a co-working space in central London.

The business delivered revenue growth of 42%, which was driven by a combination of continued strong organic growth in the core UK business, 37% revenue growth in the US business and the addition of Made Simple Group limited.

The group reports an EBITDA (pre-Exceptional Items and shared based payments) of £7.2 million in the current financial year, which represents a 68% increase on the prior year. This increase was a result of the aforementioned revenue growth, improvements in net contribution percentage and realisation of operating leverage in the overhead base due to investment in prior years. After taking into accounts amortisation, depreciation, interest and exceptional items, including a share based payment charge, this resulted in a loss of £5.7m.

The continued success of the business is underpinned by the focus on company culture and delivering exceptional levels of customer service for our clients through retaining experienced staff and investment in staff training. This was recognised again in 2018 as we were ranked as the 11th best Company to work for in the UK in the Sunday Times Best Companies list.

The business is in a robust financial position and well placed to deliver on the strategy to transition increasingly to a technology led business, supported by great people. Digital solutions account for an increasing amount of turnover and we expect this trend to continue in future years. The business is investing in the people, processes and technology to leverage our data assets to drive AI algorithms and automated communication solutions for our clients.

In November 2018 the business took on a minority investment from its Private Equity partner, ECI, which means the group has significant loans that has lead to net current liabilities. We see this as significantly enhancing our ability to grow and develop the business for the long term benefit of our staff and customers. As a result of this investment a new group structure was introduced and these accounts will be consolidated in TDKP Top Co Limited for the 2019 Financial Year.

The directors and senior management are confident of the skills and knowledge throughout the group and in its capability of offering the required product mix to meet market requirements.

TDKP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Principal risks and uncertainties

The directors and senior management are confident of the skills and knowledge throughout the group and in its capability of offering the required product mix to meet market requirements.

All companies are exposed to certain risks and uncertainties, the directors do not under estimate these threats, however, it is the responsibility of the officers of the group to assess, control and minimise any exposure.

The directors consider the two principal risks of the group to be:

Credit risk

The group's financial assets are bank balances and cash and trade and other receivables.

The group's credit risk is primarily attributable to trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made when there is an identified loss event, which, based on previous experience, is evidence of a reduction in the recoverability of cash flows. The group continues to operate a strict credit management policy in an aim to minimise this risk.

The credit risk on liquid funds is limited because the counterparts are banks with high credit-ratings assigned by international credit-rating agencies.

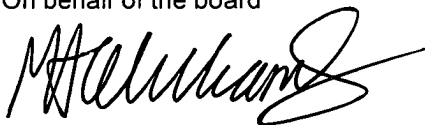
Economic risk

Whilst the group is subject to the same external uncertainties faced by all companies in the current macro environment, the directors believe that the group is well placed to respond to challenges that may arise in the foreseeable future due to having a diversified customer base spread across a number of industry sectors.

Going concern

After making enquiries and based on the assumptions outlined in the accounting policies to the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements

On behalf of the board



Mr MA Williams

Director

24 September 2019

TDKP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Principal activities

TDKP Limited is the holding company of Callitech Limited and Callitech US Inc whose principal activities during the year was providing communication products and services to our clients that consists of telephone answering, outsourced switchboard, live chat, natural language digital switchboard and digital telephone answering products.

On 2 January 2018 the company acquired Made Simple Group Limited, via their holding company SimpHold Limited, and they specialise in providing online solutions to start-up and small business communities, such as company formation, virtual offices, website creation and a co-working space in central London.

Directors

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

Mrs R.M.E Clacher	(Resigned 6 November 2018)
Mr EJB Reeves	
Mr MA Williams	(Appointed 6 November 2018)
Mr M Finlay	(Appointed 6 November 2018)
Mrs JK Swash	(Appointed 6 November 2018)

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £478,223. The directors do not recommend payment of a further dividend.

Supplier payment policy

The group's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The group's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the group's contractual and other legal obligations.

Trade creditors of the group at the year end were equivalent to 19 day's purchases, based on the average daily amount invoiced by suppliers during the year.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

TDKP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Employee involvement

The group's policy is to consult and discuss with employees, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Auditor

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

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of principal risks and uncertainties.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



Mr MA Williams

Director

24 September 2019

TDKP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

TDKP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TDKP LIMITED

Opinion

We have audited the financial statements of TDKP Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2018 and of the group's loss 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

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

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

Other information

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

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

We have nothing to report in this regard.

TDKP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF TDKP LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

TDKP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF TDKP LIMITED

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.

RSM UK Audit LLP

Jonathan Lowe (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP

26 September 2019

Chartered Accountants
Statutory Auditor

One City Place
Chester
CH1 3BQ

TDKP LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	31,739,669	22,317,820
Cost of sales		(10,801,993)	(8,756,012)
Gross profit		20,937,676	13,561,808
Administrative expenses		(13,771,400)	(9,279,986)
Depreciation and other amounts written off tangible and intangible fixed assets	5	(2,797,984)	(513,912)
Exceptional items	4	(10,092,403)	(43,445)
Operating (loss)/profit	5	(5,724,111)	3,724,465
Interest receivable and similar income	9	27,166	792
Interest payable and similar expenses	10	(700,104)	(173,024)
(Loss)/profit before taxation		(6,397,049)	3,552,233
Tax on (loss)/profit	11	346,348	(592,423)
(Loss)/profit for the financial year	28	(6,050,701)	2,959,810

(Loss)/profit for the financial year is all attributable to the owners of the parent company.

TDKP LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Goodwill	13	6,702,618		3,719	
Other intangible assets	13	331,058		310,899	
Total intangible assets		7,033,676		314,618	
Tangible assets	14	13,342,331		12,485,650	
		20,376,007		12,800,268	
Current assets					
Debtors	17	3,998,762		3,689,800	
Cash at bank and in hand		7,820,537		1,956,096	
		11,819,299		5,645,896	
Creditors: amounts falling due within one year	18	(18,917,239)		(4,226,052)	
Net current (liabilities)/assets		(7,097,940)		1,419,844	
Total assets less current liabilities		13,278,067		14,220,112	
Creditors: amounts falling due after more than one year	19	(2,979,789)		(7,427,781)	
Provisions for liabilities	21	(511,878)		(963,900)	
Net assets		9,786,400		5,828,431	
Capital and reserves					
Called up share capital	25	10,826		10,000	
Share premium account	26	314,092		161,533	
Capital redemption reserve	27	10,312,754		864	
Profit and loss reserves	28	(851,272)		5,656,034	
Total equity		9,786,400		5,828,431	

The financial statements were approved by the board of directors and authorised for issue on 24 September 2019 and are signed on its behalf by:



Mr MA Williams
Director

TDKP LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	14	12,159,080		11,553,307	
Investments	15	9,678,854		16,134	
		<u>21,837,934</u>		<u>11,569,441</u>	
Current assets					
Debtors	17	7,733,330		932,500	
Cash at bank and in hand		3,323,208		55,180	
		<u>11,056,538</u>		<u>987,680</u>	
Creditors: amounts falling due within one year	18	(16,701,803)		(1,818,049)	
Net current liabilities		<u>(5,645,265)</u>		<u>(830,369)</u>	
Total assets less current liabilities		16,192,669		10,739,072	
Creditors: amounts falling due after more than one year	19	(2,979,789)		(7,427,781)	
Provisions for liabilities	22	(219,621)		(177,764)	
Net assets		<u>12,993,259</u>		<u>3,133,527</u>	
Capital and reserves					
Called up share capital	25	10,826		10,000	
Share premium account	26	314,092		161,533	
Capital redemption reserve	27	10,312,754		864	
Profit and loss reserves	28	2,355,587		2,961,130	
Total equity		<u>12,993,259</u>		<u>3,133,527</u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £127,320 (2017 - £3,835,249 profit).

The financial statements were approved by the board of directors and authorised for issue on 24 September 2019 and are signed on its behalf by:



Mr MA Williams
Director

Company Registration No. 05984382

TDKP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2017		10,000	161,533	864	3,657,420	3,829,817
Year ended 31 December 2017:						
Profit for the year		-	-	-	2,959,810	2,959,810
Other comprehensive income:						
Currency translation differences		-	-	-	(49,924)	(49,924)
Total comprehensive income for the year		-	-	-	2,909,886	2,909,886
Dividends	12	-	-	-	(911,272)	(911,272)
Balance at 31 December 2017		10,000	161,533	864	5,656,034	5,828,431
Year ended 31 December 2018:						
Loss for the year		-	-	-	(6,050,701)	(6,050,701)
Other comprehensive income:						
Currency translation differences on overseas subsidiaries		-	-	-	21,618	21,618
Total comprehensive income for the year		-	-	-	(6,029,083)	(6,029,083)
Issue of share capital	25	826	152,559	-	-	153,385
Dividends	12	-	-	-	(478,223)	(478,223)
Share-options settled	25	-	-	10,311,890	-	10,311,890
Balance at 31 December 2018		10,826	314,092	10,312,754	(851,272)	9,786,400

TDKP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2017		10,000	161,533	864	37,153	209,550
Year ended 31 December 2017:						
Profit and total comprehensive income for the year		-	-	-	3,835,249	3,835,249
Dividends	12	-	-	-	(911,272)	(911,272)
Balance at 31 December 2017		10,000	161,533	864	2,961,130	3,133,527
Year ended 31 December 2018:						
Loss and total comprehensive income for the year		-	-	-	(127,320)	(127,320)
Issue of share capital	25	826	152,559	-	-	153,385
Dividends	12	-	-	-	(478,223)	(478,223)
Share-options settled	25	-	-	10,311,890	-	10,311,890
Balance at 31 December 2018		10,826	314,092	10,312,754	2,355,587	12,993,259

TDKP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	36	(2,993,081)		3,235,910	
Interest paid		(290,621)		(173,024)	
Income taxes paid		(604,048)		(155,599)	
Net cash (outflow)/inflow from operating activities		(3,887,750)		2,907,287	
Investing activities					
Purchase of business		(2,826,161)		-	
Purchase of intangible assets		(135,172)		(30,298)	
Proceeds on disposal of intangibles		-		1,233	
Purchase of tangible fixed assets		(1,958,202)		(588,400)	
Proceeds on disposal of tangible fixed assets		4,924		-	
Interest received		11,476		792	
Net cash used in investing activities		(4,903,135)		(616,673)	
Financing activities					
Proceeds from issue of shares		153,386		-	
Redemption of shares		10,311,890		-	
Loans to shareholders		637,534		(637,534)	
Proceeds from group undertakings		12,348,004		-	
Proceeds of new bank loans		3,650,000		473,013	
Repayment of bank loans		(11,982,705)		(507,184)	
Dividends paid to equity shareholders		(478,223)		(911,272)	
Net cash generated from/(used in) financing activities		14,639,886		(1,582,977)	
Net increase in cash and cash equivalents		5,849,001		707,637	
Cash and cash equivalents at beginning of year		1,956,096		1,283,419	
Effect of foreign exchange rates		15,440		(34,960)	
Cash and cash equivalents at end of year		7,820,537		1,956,096	

TDKP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

TDKP Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Western Gateway, Wrexham, LL13 7ZB.

The group consists of TDKP Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

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. In such cases, the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit. Provision is made for any impairment.

TDKP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of TDKP Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The group has net current liabilities at the year-end due to amounts owed to group undertakings. The financial statements have been prepared on a going concern basis on the grounds that the company will continue to be supported financially by companies within the group.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

All turnover relates to the group's principal activity and arose within the United Kingdom and United States. Sales are recognised at the point at which the company has fulfilled its contractual obligations to the customer.

Commissions received is recognised in the period in which the right to the consideration has been established.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

TDKP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 or 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	10% straight line
Patents	20% straight line

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	4% straight line
Leasehold improvements	
Short leasehold property	Over the period of the lease
Fixtures and fittings	20% reducing balance
Computer equipment	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

Any assets in the course of construction within land and buildings will not be depreciated until fully completed.

1.7 Fixed asset investments

The financial statements have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

TDKP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

TDKP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

TDKP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

TDKP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For cash-settled share-based payments, a liability is recognised for the goods and services acquired, measured initially at the fair value of the liability. At the balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

TDKP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The Directors do not believe any accounting estimates to be critical.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Intangible assets

The group initially measures intangible assets acquired in a business combination at their fair value at the date of acquisition. Management judgement is required in deriving a number of assumptions which are used in assessing the fair value of each acquisition and also in assessing the useful economic lives of these assets for the purposes of amortisation.

3 Turnover and other revenue

	2018 £	2017 £
Turnover analysed by class of business		
Turnover	30,873,163	22,317,820
Commission received	866,506	-
	<u>31,739,669</u>	<u>22,317,820</u>
	2018 £	2017 £
Other significant revenue		
Interest income	<u>27,166</u>	<u>792</u>

TDKP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

3 Turnover and other revenue	(Continued)	
	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	29,431,047	20,636,063
United States	2,308,623	1,681,757
	<u>31,739,669</u>	<u>22,317,820</u>
4 Exceptional costs	2018 £	2017 £
Business acquisition costs	107,675	-
Onerous lease contracts	(327,162)	43,445
Share-based payments	10,311,890	-
	<u>10,092,403</u>	<u>43,445</u>
5 Operating (loss)/profit	2018 £	2017 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	2,864	(1,573)
Depreciation of owned tangible fixed assets	1,006,979	411,899
Loss on disposal of tangible fixed assets	2,596	-
Amortisation of intangible assets	1,788,409	103,246
Profit on disposal of intangible assets	-	(1,233)
Share-based payments	10,311,890	-
Operating lease charges	402,445	168,611

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £2,864 (2017 - £1,573).

TDKP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

6 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	1,000	1,000
Audit of the financial statements of the company's subsidiaries	34,150	21,500
	<u>35,150</u>	<u>22,500</u>
For other services		
Taxation compliance services	24,050	55,025
Other taxation services	22,466	-
All other non-audit services	6,500	-
	<u>53,016</u>	<u>55,025</u>

7 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Total Employees	<u>665</u>	<u>550</u>	<u>4</u>	<u>4</u>

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	15,138,907	12,181,832	165,904	182,484
Social security costs	1,268,001	1,082,472	33,818	32,968
Pension costs	278,854	154,185	40,000	44,000
	<u>16,685,762</u>	<u>13,418,489</u>	<u>239,722</u>	<u>259,452</u>

8 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	242,302	234,456
Company pension contributions to defined contribution schemes	26,336	20,000
	<u>268,638</u>	<u>254,456</u>

TDKP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

8 Directors' remuneration

(Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2017 - 0).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2018 £	2017 £
Remuneration for qualifying services	157,593	198,464
Company pension contributions to defined contribution schemes	10,000	-
	<u>167,593</u>	<u>198,464</u>

9 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	7,408	780
Other interest income	19,758	12
	<u>27,166</u>	<u>792</u>
Total income	<u>27,166</u>	<u>792</u>

10 Interest payable and similar expenses

	2018 £	2017 £
Interest on bank overdrafts and loans	291,396	173,024
Interest payable to group undertakings	169,444	-
Other interest on financial liabilities	239,264	-
	<u>700,104</u>	<u>173,024</u>
Total finance costs	<u>700,104</u>	<u>173,024</u>

11 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	781	753,344
Adjustments in respect of prior periods	(372,992)	(175,368)
	<u>(372,211)</u>	<u>577,976</u>
Total UK current tax	<u>(372,211)</u>	<u>577,976</u>
Foreign current tax on profits for the current period	-	10,080
	<u>-</u>	<u>10,080</u>
Total current tax	<u>(372,211)</u>	<u>588,056</u>

TDKP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

11 Taxation

(Continued)

Deferred tax

Origination and reversal of timing differences	17,938	-
Changes in tax rates	-	4,367
Adjustment in respect of prior periods	7,925	-
	<u>25,863</u>	<u>4,367</u>
Total deferred tax		
	<u>25,863</u>	<u>4,367</u>
Total tax (credit)/charge for the year	(346,348)	592,423
	<u>(346,348)</u>	<u>592,423</u>

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
(Loss)/profit before taxation	(6,397,049)	3,552,233
	<u>(6,397,049)</u>	<u>3,552,233</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	(1,215,439)	683,805
Expenses not deductible for tax purposes	98,105	1,496
Tax effect of utilisation of tax losses not previously recognised	323,783	-
Adjustments in respect of prior years	(1,088)	(175,368)
Effect of change in corporation tax rate	(2,166)	-
Depreciation on assets not qualifying for tax allowances	2,807	-
Amortisation on assets not qualifying for tax allowances	318,208	87
Other permanent differences	-	(71,629)
Share based payment charge	301,566	-
Under/(over) provided in prior years	(371,904)	-
Deferred tax adjustments in respect of prior years	7,452	-
Exempt dividend income	-	31
Deferred tax not recognised	120,779	87,578
Foreign tax due	-	10,080
Fixed asset differences	71,549	47,601
Adjustments to deferred tax	-	8,742
	<u>(346,348)</u>	<u>592,423</u>
Taxation (credit)/charge for the year		
	<u>(346,348)</u>	<u>592,423</u>

TDKP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Dividends

Recognised as distributions to equity holders:

	2018 Per share £	2017 Per share £	2018 Total £	2017 Total £
Ordinary Shares				
Interim paid	478.22	911.30	478,223	911,272
Total dividends				
Interim paid			478,223	911,272

13 Intangible fixed assets

Group	Goodwill £	Software £	Patents £	Total £
Cost				
At 1 January 2018	37,573	920,021	18,874	976,468
Additions - separately acquired	-	135,172	-	135,172
Additions - business combinations	8,371,607	-	-	8,371,607
Disposals	-	(135,278)	-	(135,278)
Exchange adjustments	-	1,563	-	1,563
At 31 December 2018	8,409,180	921,478	18,874	9,349,532
Amortisation and impairment				
At 1 January 2018	30,705	616,980	14,167	661,852
Amortisation charged for the year	1,675,857	111,880	672	1,788,409
Disposals	-	(135,278)	-	(135,278)
Exchange adjustments	-	873	-	873
At 31 December 2018	1,706,562	594,455	14,839	2,315,856
Carrying amount				
At 31 December 2018	6,702,618	327,023	4,035	7,033,676
At 31 December 2017	6,868	303,042	4,708	314,618

The company had no intangible fixed assets at 31 December 2018 or 31 December 2017.

TDKP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

14 Tangible fixed assets

Group	Freehold land and buildings £	Leasehold improvements £	Assets under construction £	Fixtures and fittings £	Computer equipment £	Total £
Cost						
At 1 January 2018	8,833,662	-	424,789	4,029,073	633,193	13,920,717
Additions	-	122,344	1,391,888	159,347	114,405	1,787,984
Business combinations	-	-	-	67,026	103,192	170,218
Disposals	-	-	-	(30,374)	-	(30,374)
Transfers	758,443	51,632	(1,735,612)	925,537	-	-
Exchange adjustments	-	-	2,828	6,017	4,542	13,387
At 31 December 2018	9,592,105	173,976	83,893	5,156,626	855,332	15,861,932
Depreciation and impairment						
At 1 January 2018	5,966	-	-	1,168,046	353,146	1,527,158
Depreciation charged in the year	797,402	26,338	-	45,550	137,689	1,006,979
Eliminated in respect of disposals	-	-	-	(22,854)	-	(22,854)
Exchange adjustments	-	576	-	4,668	3,074	8,318
At 31 December 2018	803,368	26,914	-	1,195,410	493,909	2,519,601
Carrying amount						
At 31 December 2018	8,788,737	147,062	83,893	3,961,216	361,423	13,342,331
At 31 December 2017	8,827,697	-	424,789	2,899,280	333,884	12,485,650

TDKP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Company	Freehold land and buildings £	Assets under construction £	Fixtures and fittings £	Total £
Cost				
At 1 January 2018	8,833,662	375,985	3,280,774	12,490,421
Additions	-	1,307,995	-	1,307,995
Transfers	758,443	(1,683,980)	925,537	-
At 31 December 2018	9,592,105	-	4,206,311	13,798,416
Depreciation and impairment				
At 1 January 2018	5,966	-	931,149	937,115
Depreciation charged in the year	797,402	-	(95,181)	702,221
At 31 December 2018	803,368	-	835,968	1,639,336
Carrying amount				
At 31 December 2018	8,788,737	-	3,370,343	12,159,080
At 31 December 2017	8,827,697	375,985	2,349,625	11,553,307

The carrying value of land and buildings comprises:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Freehold land	1,000,000	1,000,000	1,000,000	1,000,000

15 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	16	-	-	9,678,854	16,134

TDKP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

15 Fixed asset investments (Continued)

Movements in fixed asset investments Company

Shares in
group
undertakings
£

Cost or valuation

At 1 January 2018

16,134

Additions

9,662,720

At 31 December 2018

9,678,854

Carrying amount

At 31 December 2018

9,678,854

At 31 December 2017

16,134

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Callitech Limited	Western Gateway, Wrexham, LL13 7ZB	Telephone answering service	Ordinary	100.00	
Callitech US Inc	4055 Faber Place Drive Suite 301, North Charleston, South Carolina, SC29405	Telephone answering service	Ordinary	100.00	
SimpHold Limited	20-22 Wenlock Road, London, N1 7GU	Online business startup solutions	Ordinary	100.00	
Made Simple Group Limited	20-22 Wenlock Road, London, N1 7GU	Online business startup solutions	Ordinary		100.00

17 Debtors

	Group 2018 £	2017 £	Company 2018 £	2017 £
Amounts falling due within one year:				
Trade debtors	2,044,753	1,769,804	3	5,000
Unpaid share capital	-	1	-	1
Corporation tax recoverable	866,549	-	-	-
Amounts owed by group undertakings	-	-	7,526,207	1,820
Other debtors	472,569	1,464,952	207,120	925,679
Prepayments and accrued income	614,891	455,043	-	-
	<u>3,998,762</u>	<u>3,689,800</u>	<u>7,733,330</u>	<u>932,500</u>

TDKP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

18 Creditors: amounts falling due within one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	20	-	904,924	-	904,924
Trade creditors		647,028	475,341	-	-
Amounts due to group undertakings		12,348,003	-	13,874,936	-
Corporation tax payable		781	121,918	-	283,766
Other taxation and social security		1,403,415	908,448	4,173	9,062
Other creditors		2,408,162	115,586	2,264,291	35,967
Accruals and deferred income		2,109,850	1,699,835	558,403	584,330
		<u>18,917,239</u>	<u>4,226,052</u>	<u>16,701,803</u>	<u>1,818,049</u>

For the purposes of preparing the cash flow statement, the amounts due to group undertakings have been classified as a financing activity as the funds were used to repay existing bank loans.

19 Creditors: amounts falling due after more than one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	20	-	7,427,781	-	7,427,781
Other creditors		2,979,789	-	2,979,789	-
		<u>2,979,789</u>	<u>7,427,781</u>	<u>2,979,789</u>	<u>7,427,781</u>

20 Loans and overdrafts

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans	<u>-</u>	<u>8,332,705</u>	<u>-</u>	<u>8,332,705</u>
Payable within one year	-	904,924	-	904,924
Payable after one year	<u>-</u>	<u>7,427,781</u>	<u>-</u>	<u>7,427,781</u>

Of these creditors, £nil (2017: £585,859) was due after 5 years. The long-term loans are secured by fixed charges over the Company's assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Notes	£	£	£	£
Onerous Lease		290,273	779,585	-	-
Deferred tax liabilities	22	221,605	184,315	219,621	177,764
		<u>511,878</u>	<u>963,900</u>	<u>219,621</u>	<u>177,764</u>

Group	£
At 1 January 2018	779,585
Additional provisions in the year	(342,852)
Utilisation of provision	(146,460)
At 31 December 2018	<u>290,273</u>

	Liabilities	Liabilities
	2018	2017
Group	£	£
Accelerated capital allowances	194,114	186,099
Tax losses	(958)	-
Short term timing differences	28,449	(1,784)
	<u>221,605</u>	<u>184,315</u>

	Liabilities 2018	Liabilities 2017
Company	£	£
Accelerated capital allowances	177,764	177,764
Short term timing differences	41,857	-
	<u>219,621</u>	<u>177,764</u>

TDKP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

22 Deferred taxation

(Continued)

	Group 2018 £	Company 2018 £
Movements in the year:		
Liability at 1 January 2018	184,315	177,764
Charge to profit or loss	18,411	42,050
Other	7,451	(193)
Liability at 31 December 2018	<u>210,177</u>	<u>219,621</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

23 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>278,854</u>	<u>154,185</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

TDKP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

24 Share-based payment transactions

Group	Number of share options		Weighted average exercise price	
	2018 Number	2017 Number	2018 £	2017 £
Outstanding at 1 January 2018	987	987	187.96	187.96
Exercised	(816)	-	187.96	-
Expired	(171)	-	187.96	-
	<u>-</u>	<u>987</u>	<u>-</u>	<u>187.96</u>
Outstanding at 31 December 2018	-	987	-	187.96
	<u>-</u>	<u>987</u>	<u>-</u>	<u>187.96</u>
Exercisable at 31 December 2018	-	987	-	187.96
	<u>-</u>	<u>987</u>	<u>-</u>	<u>187.96</u>

During the year, the company recognised total expenses of £10,311,890 (2017 - £-) which related to cash settled share based payment transactions.

The options only vest on the occurrence of an exit event. No share based payment expense was recognised during previous Financial Years as it was considered improbable that any options would vest.

25 Share capital

	Group and company	
	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
10,816 Ordinary Shares of £1 each	10,816	10,000
10 Ordinary B Shares of £1 each	10	-
	<u>10,826</u>	<u>10,000</u>

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

The company's ordinary B shares carry no right to an income or any voting rights at the general meetings of the company.

The Company issued 1,000 Ordinary B Shares of 1p each on 18 April 2018. A resolution was passed on 6 November 2018 to convert the 1,000 Ordinary 1p share into 10 £1 Ordinary B Shares.

The company issued 816 Ordinary A Shares of £1 each on 6 November 2018.

TDKP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

26 Share premium account

Consideration received for shares issued above their nominal value.

27 Capital redemption reserve

The nominal value of shares repurchased. Options of 816 shares were exercised during the year and the charge has been recognised in the capital redemption reserve.

28 Profit and loss reserves

	Group 2018 £	2017 £	Company 2018 £	2017 £
At the beginning of the year	5,656,034	3,657,420	2,961,130	37,153
Profit/(loss) for the year	(6,050,701)	2,959,810	(127,320)	3,835,249
Dividends	(478,223)	(911,272)	(478,223)	(911,272)
Currency translation differences	21,618	(49,924)	-	-
At the end of the year	(851,272)	5,656,034	2,355,587	2,961,130

29 Acquisitions

On 2 January 2018 the group acquired 100% percent of the issued capital of SimpHold Limited, the holding company of Made Simple Group Limited.

	Book Value £	Adjustments £	Fair Value £
Tangible Assets	77,709	-	77,709
Debtors	192,453	-	192,453
Creditors: amounts falling due within one year	(799,365)	-	(799,365)
Provisions for liabilities	(11,428)	-	(11,428)
Cash and cash equivalents	1,831,744	-	1,831,744
Total identifiable net assets	1,291,113	-	1,291,113
Goodwill			8,371,607
Total consideration			9,662,720

TDKP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

29 Acquisitions (Continued)

The consideration was satisfied by: £

Cash	4,530,000
Stamp Duty	25,000
Deferred Consideration	5,004,815
Professional fees	102,905
	<u>9,662,720</u>

Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition: £

Turnover	5,891,168
Profit after tax	<u>1,470,782</u>

30 Financial commitments, guarantees and contingent liabilities

The bank loans in the wider group are secured by way of fixed and floating charges over the assets of the group.

31 Operating lease commitments

Lessee

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

	Group 2018 £	2017 £	Company 2018 £	2017 £
Within one year	383,486	202,218	-	-
Between two and five years	1,435,999	491,944	-	-
In over five years	1,081,468	-	-	-
	<u>2,900,953</u>	<u>694,162</u>	<u>-</u>	<u>-</u>

TDKP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

32 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Acquisition of tangible fixed assets	86,045	1,400,000	-	1,400,000

In December 2018, a contract to refurbish the ground floor of the leasehold premises of a subsidiary was signed which commits the company to the stated expenditure. Since the year end, this work has been completed.

In December 2017, a contract to fit out the top floor of our head quarters was signed which commits the Group to £1.4m expenditure over a period of 6 months. This work was fully completed during the Financial Year.

33 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	576,670	273,978

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2018 £	2017 £	2018 £	2017 £
Group				
Charitable events	854	399	-	-
Charitable donations	2,765	-	60,337	55,063

A charitable foundation in which a director of the company is also a trustee of the charity

TDKP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

34 Directors' transactions

Dividends totalling £227,156 (2017 - £222,427) were paid in the year in respect of shares held by the company's directors.

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Mr EJB Reeves	-	95,581	337,064	(432,645)	-
Mrs RME Clacher	-	260,570	50,041	(310,611)	-
		<u>356,151</u>	<u>387,105</u>	<u>(743,256)</u>	<u>-</u>

35 Controlling party

The company is a wholly owned subsidiary of TDKP BidCo Limited, a company incorporated in England and Wales. The ultimate parent is TDKP TopCo Limited, a company incorporated in England and Wales.

TDKP TopCo Limited is owned by a number of private shareholders and companies with no one person with significant control. Accordingly, there is no ultimate controlling party.

The parent of the smallest and largest group in which these financial statements are consolidated is TDKP Limited. These financial statements may be obtained from the Registrar of Companies, Companies Registration Office, Crown Way, Cardiff, CF4 3UZ.

36 Cash generated from group operations

	2018 £	2017 £
(Loss)/profit for the year after tax	(6,050,701)	2,959,810
Adjustments for:		
Taxation (credited)/charged	(346,348)	592,423
Finance costs	700,104	173,024
Investment income	(27,166)	(792)
Loss on disposal of tangible fixed assets	2,596	-
Gain on disposal of intangible assets	-	(1,233)
Amortisation and impairment of intangible assets	1,788,409	103,246
Depreciation and impairment of tangible fixed assets	1,006,979	411,899
(Decrease)/increase in provisions	(485,050)	4,492
Movements in working capital:		
Decrease/(increase) in debtors	112,508	(850,720)
Increase/(decrease) in creditors	305,588	(156,239)
Cash (absorbed by)/generated from operations	<u>(2,993,081)</u>	<u>3,235,910</u>