

**Marketing VF Limited**

**Annual report and financial  
statements**

**Registered number 06951544**

**31 March 2016**



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## Strategic Report

The directors present the Strategic report, Directors' report, and financial statements for the year ended 31 March 2016.

### Principal activity

The Company's principal business is customer generation.

The Company's vision is to transform how companies win new customers, making it easier for companies to grow and thereby create opportunities for their employees and other stakeholders. To achieve this vision the Company is building a global Customer Generation Platform.

This Platform generates prospective customers who are actively looking to make purchases in dozens of product and service categories ("verticals") across both Business to Business ("B2B") and Business to Consumer ("B2C") sectors.

Customers are generated by the Company through a wide range of digital marketing channels and through the Company's own industry-leading marketplaces. The Platform generates customers in over 100 countries with just under half of the Company's current year turnover from customers generated outside the UK. The Platform is continuously expanding to generate customers in new verticals and from new marketing channels.

The Platform is developed and maintained by the Company's expert software, content, and data science teams who also use the data insights generated from the Platform to refine customer generation activities.

### Business review and Key Performance Indicators

During the year the Company expanded significantly, with turnover increasing by 40% to £39,009,000 (2015: £27,865,000) exclusively through organic growth. Revenue grew strongly in both B2B and B2C sectors, with the highest rate of revenue growth in B2B (up 77%). The highest growth rate in the Company's geographical markets was in North America, which grew by 88%, while revenues in the UK, the Company's largest single market, grew by 43%.

Gross profit improved sharply, by 49% to £20,704,000 (2015: £13,925,000) with average gross profit margins strengthening to 53% (2015: 50%), as more verticals reached scale and maturity.

Profit before tax grew from £4,830,000 in 2015 to £7,888,000 in 2016, with underlying recurring EBITDA (excluding depreciation and amortisation, interest, foreign exchange differences, tax, and exceptional/non-recurring costs of £281,000) up 55% from £5,464,000 to £8,455,000 reflecting the growing operational efficiency from further development of the Company's Customer Generation Platform. Both B2B and B2C sectors generated strong net profits.

Average headcount over the year was 268 (2015:193) as the Company continued to invest in building its team of international digital marketing and publishing experts to support current and future growth.

In line with the Company's strategy, and the initiatives described above, the directors expect continued strong growth in the year ahead in both existing and new business areas, as well as in geographical scope.

### People and recruitment

The Company aims to employ the smartest people we can find with a wide range of interests and passions outside of work from all around the world, making for a richly diverse working environment. Particular emphasis is placed on shared employee values such as 'Inspires Positivity' and 'Drives to be World Class'.

The Company provides structured professional development and career paths and each member of staff receives a generous training budget. The rapid growth of the Company has provided numerous opportunities for staff to develop and be promoted, and the directors expect this to continue.

During the year the Company fitted out and moved into a new London office, a converted Victorian piano factory in Kentish Town. This exciting new space provide significant room for future expansion.

The Company achieved 4<sup>th</sup> place in the *Sunday Times Best Companies to Work for* (2015: 10<sup>th</sup> place in *Best Small Companies to Work for*).

## Strategic report *(continued)*

### Social responsibility

The Company has a Corporate Social Responsibility ("CSR") Committee, the objectives of which are to foster the Company's relationship with the local community, to fundraise for external charities, and help to improve the Company internally, for example improving the Company's green policy.

During the year the Company and CSR Committee made charitable donations of £46,000 (2015 Company donations: £1,300) principally to local charities serving the communities in which the Company operates.

The Company has an Environmental, Social and Governance ('ESG') policy which includes monitoring key performance indicators designed to provide the directors with greater visibility of relevant ESG matters.

### Principal risks and uncertainties

The Company's activities expose it to a certain financial risks including credit risk, liquidity risk, and foreign exchange risk.

- Credit risk. The Company's credit risk is attributable primarily to its trade receivables which in the balance sheet are presented net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in recoverability. The Company maintains a credit policy and procedures and has no significant concentration of credit risk, with exposure spread over a large number of customers.
- Liquidity risk. In order to ensure that sufficient funds are available for operations and investment, the Company actively monitors and manages its cash balances. The Company's policy is to pay suppliers in accordance with agreed credit terms. Cash at year end was £10,513,000 (2015: £4,078,000). The Company was not overdrawn at any time during the year. The Company can draw upon a Group Revolving Credit Facility of £1,350,000 held with the Group's bankers, HSBC.
- Foreign exchange risk. The Company operates internationally and is exposed to foreign exchange risk relating primarily to US dollar and Euro receivables and payables. The Company actively monitors and manages its foreign currency exposures.

By order of the board



**Michael Teixeira**  
Director

23 August 2016

## Directors' report

### Research and development

The Company's technology platform is a key source of competitive advantage and scalability for the Company and is essential for delivering continued profit growth. This technology platform automates and optimises processes related to marketing and the efficient capture, qualification, and distribution of sales leads to clients. It also provides in-house analysts with rich data collected from marketing platforms and user activity from hundreds of thousands of new sales leads generated monthly.

The technology platform is proprietary to the Company and has been designed and developed entirely by the Company's directors and staff, who continue to advance it to meet business opportunities and the changing digital marketing landscape.

### Dividends

During the year to 31 March 2016 the Company paid interim dividends totalling £nil per share (2015: £809.60). The directors do not recommend that a final dividend is paid.

### Directors

The directors who held office during the year were as follows:

J Hopkinson  
T Morgan  
T Sharpe  
M Teixeira

### Political contributions

The Company made no political donations or incurred any political expenditure during the year.

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 1 and 2.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Michael Teixeira  
Director

Imperial Works  
Perren Street  
London  
NW5 3ED

23 August 2016

## **Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



## KPMG LLP

15 Canada Square  
London  
E14 5GL  
United Kingdom

### **Independent Auditor's report to the members of Marketing VF Limited**

We have audited the financial statements of Marketing VF Limited for the year ended 31 March 2016 set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion 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.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

## **Independent Auditor's report to the members of Marketing VF Limited** *(continued)*

### **Matters on which we are required to report by exception**

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.

**Mark Prince (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL

**23** August 2016



**Statement of Income and Retained Earnings**  
*for the year ended 31 March 2016*

	<i>Note</i>	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>39,009</b>	<b>27,865</b>
Cost of sales		<b>(18,305)</b>	<b>(13,940)</b>
<b>Gross profit</b>		<b>20,704</b>	<b>13,925</b>
Administrative expenses		<b>(12,828)</b>	<b>(9,113)</b>
<b>Operating profit</b>	<b>3</b>	<b>7,876</b>	<b>4,812</b>
Other interest receivable and similar income	<b>6</b>	<b>18</b>	<b>18</b>
<b>Profit on ordinary activities before taxation</b>	<b>3</b>	<b>7,894</b>	<b>4,830</b>
Tax on profit on ordinary activities	<b>7</b>	<b>(903)</b>	<b>1,190</b>
<b>Profit for the financial year</b>		<b>6,991</b>	<b>6,020</b>
Retained earnings brought forward		<b>5,572</b>	<b>3,600</b>
Dividends paid		<b>-</b>	<b>(4,048)</b>
Retained earnings carried forward		<b>12,563</b>	<b>5,572</b>

There are no recognised gains or losses other than those stated above, therefore no separate statement of other comprehensive income has been presented.

All results derive from continuing operations.

The notes on pages 9 to 22 form part of these financial statements.

**Balance Sheet**  
**at 31 March 2016**

	<i>Note</i>	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>	<b>£000</b>
<b>Fixed assets</b>				
Intangible assets	8	92		314
Tangible assets	9	1,582		211
		<u>1,674</u>		<u>525</u>
<b>Current assets</b>				
Debtors	11	6,738	6,247	
Cash at bank and in hand		10,513	4,078	
		<u>17,251</u>	<u>10,325</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(5,977)</u>	<u>(5,189)</u>	
<b>Net current assets</b>			<u>11,274</u>	<u>5,136</u>
<b>Total assets less current liabilities</b>			<u>12,948</u>	<u>5,661</u>
<b>Provisions for liabilities</b>				
Deferred tax liability	13	(70)	-	
Other provisions	14	(226)	-	
		<u>(296)</u>		
<b>Net assets</b>			<u>12,652</u>	<u>5,661</u>
<b>Capital and reserves</b>				
Called up share capital	16	6		6
Share premium	17	83		83
Profit and loss account	17	12,563		5,572
<b>Shareholders' funds</b>	17	<u>12,652</u>		<u>5,661</u>

The notes on pages 9 to 22 form part of these financial statements.

These financial statements were approved by the board of directors on 23 August 2016 and were signed on its behalf by:



**Michael Teixeira**  
*Director*

Company registered number: 06951544

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Marketing VF Limited (the “Company”) is a Company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company has taken advantage of the exemption under FRS102.33.1A and will not disclose transactions between wholly owned subsidiaries and their parents.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

The Company’s ultimate parent undertaking, Lock Topco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Lock Topco Limited are available to the public and may be obtained from Imperial Works, Perren Street, London, NW5 3ED. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Lock Topco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and,
- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review which forms part of the strategic report.

The Company meets its day to day working capital requirements through the active monitoring and management of the cash balance. Cash at year end was £10,513,000 (2015: £4,078,000).

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate without an overdraft facility.

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.

## **Notes** *(continued)*

### **1**      **Accounting policies** *(continued)*

#### **1.3**      **Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account

#### **1.4**      **Basic financial instruments**

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### *Investments in subsidiaries*

These are separate financial statements of the Company. Investments in subsidiaries are carried at cost less impairment.

#### **1.5**      **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.11 below.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.6 Tangible fixed assets (continued)

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Leasehold improvements 3 years
- Computer equipment 3 years
- Office equipment 3 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

#### 1.7 Intangible assets, goodwill and negative goodwill

##### *Goodwill*

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

##### *Research and development*

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

##### *Other intangible assets*

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible asset acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

##### *Amortisation*

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

- domains and websites 3 years
- Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 3 years.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

## **Notes** *(continued)*

### **1 Accounting policies** *(continued)*

#### **1.7 Intangible assets, goodwill and negative goodwill** *(continued)*

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

#### **1.8 Employee benefits**

##### *Defined contribution plans and other long term employee benefits*

During the year the Company implemented a Personal Pension scheme which is a contract-based defined contribution scheme arranged by the Company and made up of a group of individual contracts between the employees and the pension provider. The assets of the scheme are therefore held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### **1.9 Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

#### **1.10 Turnover**

Turnover comprises revenue recognised by the Company in respect of services supplied during the year, exclusive of Value Added Tax and trade discounts. Turnover is recognised at the point when qualified sales prospects are delivered to clients.

#### **1.11 Expenses**

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### **1.12 Taxation**

Tax on the profit or loss 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 directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.12 Taxation (continued)

The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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.

### 2 Turnover

All of the Company's turnover was derived from the principal activity of customer generation.

	2016 £000	2015 £000
<b>By geographical market</b>		
Asia Pacific	3,309	2,478
Europe	7,087	5,960
Latin America	493	998
Middle East	241	240
North America	7,799	4,159
United Kingdom	20,080	14,030
	<hr/>	<hr/>
	39,009	27,865
	<hr/>	<hr/>

## Notes (continued)

### 3 Expenses and auditor's remuneration

*Included in profit are the following:*

	2016 £000	2015 £000
Depreciation and other amounts written off tangible fixed assets:		
Owned	224	100
Amortisation of intangible assets	228	283
Hire of other assets - operating leases	476	233
Research and development expensed as incurred	577	416
Net gain on foreign currency translation	(163)	(18)

#### *Auditor's remuneration:*

	2016 £000	2015 £000
Audit of these financial statements	11	11

Research and development expenditure relates to the continuing development of the Company's proprietary technology platform and consists almost entirely of direct staff costs.

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Lock Topco Limited.

### 4 Directors' remuneration

	2016 £000	2015 £000
Directors' remuneration	280	110
Social security costs	31	8
Company contributions to defined contribution pension schemes	2	1
	313	119

From 16 February 2015, the directors' remuneration was no longer paid by the Company, but paid by the Company's parent entity. The remuneration of the highest paid director was £100,000 (2015: £52,000), and company pension contributions of £800 (2015: £520) were made to a defined contribution scheme. No directors exercised share options or received further shares during the year.



## Notes (continued)

### 4 Directors' remuneration (continued)

	Number of directors 2016	2015
Retirement benefits are accruing to the following number of directors under:		
Defined contribution schemes	4	4
The number of directors who exercised share options was	-	1

### 5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year was as follows:

	Number of employees 2016	2015
Employees	268	193

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	7,993	5,989
Social security costs	886	682
Other pension costs	78	51
	8,957	6,722

### 6 Other interest receivable and similar income

	2016 £000	2015 £000
Other interest receivable	18	18

## Notes (continued)

### 7 Taxation

#### Total tax expense recognised in the profit and loss account

	2016 £000	2015 £000
<i>Current tax</i>		
Current tax on income for the year	18	-
Adjustments in respect of prior periods	-	(360)
Foreign taxation	5	-
Double taxation relief	(5)	-
Total current tax	18	(360)
<i>Deferred tax (see note 13)</i>		
Origination/reversal of timing differences	844	(829)
Effect of tax rate change on opening balance	41	(1)
Total deferred tax	885	(830)
Tax charge on profit on ordinary activities	903	(1,190)

#### Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2015: lower) than the standard rate of corporation tax in the UK (20%, 2015: 21%). The differences are explained below.

	2016 £000	2015 £000
<b>Reconciliation of effective tax rate</b>		
Profit on ordinary activities before tax	7,894	4,830
Current tax at 20% (2015: 21%)	1,579	1,014
<i>Effects of:</i>		
Expenses not deductible for tax purposes	8	10
Fixed asset differences	29	-
Other permanent differences	-	(2,110)
Losses carried back	-	324
Research and development relief	(150)	(109)
Group relief claimed	(558)	-
Adjustments to tax charge in respect of previous periods	-	(360)
Adjustments to tax charge in respect of previous periods – deferred tax	-	41
Other short term timing differences	(5)	-
Total current tax charge (see above)	903	(1,190)

#### Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the Company's future current tax charge accordingly.

## Notes (continued)

### 8 Intangible assets and goodwill

	Domain names and websites £000	Goodwill £000	Total £000
<b>Cost</b>			
At beginning of year	336	540	876
Additions	6	-	6
	<hr/>	<hr/>	<hr/>
At end of year	342	540	882
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
At beginning of year	281	281	562
Charged in year	50	178	228
	<hr/>	<hr/>	<hr/>
At end of year	331	459	790
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 March 2016	11	81	92
	<hr/>	<hr/>	<hr/>
At 31 March 2015	55	259	314
	<hr/>	<hr/>	<hr/>

In August 2013, the Company acquired the trade and assets of a business operating in similar markets, for £540,000. This has been recognised as an intangible asset and is being amortised over a three year useful economic life.

#### Amortisation and impairment charge

The amortisation, impairment charge and impairment reversals are recognised in the following line items in the profit and loss account:

	2016 £000	2015 £000
Cost of sales	-	-
Administrative expenses	228	562
	<hr/>	<hr/>
	228	562
	<hr/>	<hr/>

## Notes (continued)

### 9 Tangible fixed assets

	Leasehold improvements £000	Computer equipment £000	Office equipment £000	Total £000
<b>Cost</b>				
At beginning of year	73	249	119	441
Additions	1,381	146	77	1,604
Disposals	(33)	(13)	-	(46)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	1,421	382	196	1,999
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At beginning of year	39	125	66	230
Charge for year	112	78	34	224
Disposals	(28)	(9)	-	(37)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	123	194	100	417
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 March 2016	1,298	188	96	1,582
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2015	34	124	53	211
	<hr/>	<hr/>	<hr/>	<hr/>

Leasehold additions include £226,000 capitalised future reinstatement costs for the Company's leased premises.

### 10 Investments

The Company has two investments in subsidiaries as follows:

- The Company owns 100% of the ordinary share capital of Think Ahead Advice Limited ("Think Ahead"), a Company incorporated in the United Kingdom at a cost of £2. Think Ahead previously traded as a broker of protection (insurance) products, acting as an Appointed Representative of a large protection network provider. Think Ahead Advice Limited is now inactive.
- The Company is the sole member (100% owner) of MVF US LLC ("MVF US"), a Limited Liability Company incorporated in the United States at a cost of nil. MVF US's principal activity is to act as a sales office for Marketing VF Limited.

The Company does not have a shareholding in any other companies.

### 11 Debtors

	2016 £000	2015 £000
Trade debtors	5,916	4,422
Amounts owed by Group Companies	680	23
Other debtors	18	19
Prepayments and accrued income	87	423
Corporation tax receivable	37	545
Deferred tax asset (refer to note 13)	-	815
	<hr/>	<hr/>
	6,738	6,247
	<hr/>	<hr/>

Amounts owed by group companies are repayable on demand and no interest is charged on these amounts.

## Notes (continued)

### 12 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	3,105	2,178
Amounts owed to Group Companies	427	598
Taxation and social security	1,104	985
Pension liability (refer to note 15)	13	10
Accruals and deferred income	1,328	1,418
	<u>5,977</u>	<u>5,189</u>

Amounts owed to group companies are repayable on demand and no interest is charged on these amounts.

### 13 Provisions for deferred tax liabilities

	2016 £000	2015 £000
Asset/(liability) at beginning of year	815	(15)
Deferred tax charge/(credit) in the profit and loss account for the year	(885)	830
	<u>(70)</u>	<u>815</u>

The elements of deferred taxation are as follows:

	2016 £000	2015 £000
Accelerated capital allowances	(73)	(30)
Short term timing differences	3	2
Tax losses carried forward and other deductions	-	843
	<u>(70)</u>	<u>815</u>

### 14 Other provisions

	Dilapidation provision £000	Total £000
Balance at 1 April 2015	-	-
Provisions made during the year	226	226
<b>Balance at 31 March 2016</b>	<b>226</b>	<b>226</b>

During the year estimated dilapidation costs for the Imperial Works building of £226,000 were recognised as a provision.

## Notes (continued)

### 15 Employee benefits

#### Defined contribution pension scheme

During the year the Company implemented a Personal Pension scheme which is a contract-based defined contribution scheme arranged by the Company and made up of a group of individual contracts between the employees and the pension provider.

The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £78,148 (2015: £50,869).

Contributions amounting to £13,356 (2015: £10,436) were payable to the scheme and are included in creditors.

#### Share based payments

In 2011 to 2013 the Company issued options over ordinary shares to certain employees under an Enterprise Management Incentive Scheme.

The Company has not applied the requirements of FRS102.26 Share-based Payment as the amounts are not material.

### 16 Capital and reserves

#### Share capital

In thousands of shares	Ordinary shares	
	2016	2015
On issue at 1 April 2015	6	-
Issued for cash	-	-
	<hr/>	<hr/>
On issue at 31 March 2016 – fully paid	6	-
	<hr/>	<hr/>
	2016	2015
	£000	£000
<i>Allotted, called up and fully paid</i>		
5,874 (2015: 5,874) Ordinary shares of £1 each	6	6
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

## Notes (continued)

### 17 Reconciliation of movement in shareholders' funds

	Share Capital £000	Share Premium £000	Profit and loss account £000	Total £000
At beginning of year	6	83	5,572	5,661
Profit for the year	-	-	6,991	6,991
<b>At end of year</b>	<b>6</b>	<b>83</b>	<b>12,563</b>	<b>12,652</b>

### 18 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016 Land and buildings £000	2015 Land and buildings £000
Operating leases which expire:		
Less than one year	625	224
Between one and five years	3,000	-
More than five years	3,625	-
	<b>7,250</b>	<b>224</b>

During the year £476,000 was recognised as an expense in the profit and loss account in respect of operating leases (2015: £233,000).

### 19 Commitments

At 31 March 2016, the Company had not contracted for any future capital expenditure (2015: £nil).

Bank loans of companies in the group headed by Lock Bidco Limited totalling £11,790,000 at 31 March 2016 (2015: £12,000,000) are secured by a fixed and floating charge over the assets of the Company.

### 20 Related parties

The Company has taken advantage of the exemption in Financial Reporting Standard FRS102.8.33.1A and not disclosed transactions or balances with entities which form part of the same Group.

## **Notes** *(continued)*

### **21 Ultimate parent Company and parent undertaking**

The Company is a subsidiary undertaking of Lock Bidco Limited. The ultimate controlling party is Lock Topco Limited, registered in the United Kingdom.

The largest group in which the results of the Company are consolidated is that headed by Lock Topco Limited, incorporated in United Kingdom. The smallest group in which they are consolidated is that headed by Lock Bidco Limited, incorporated in United Kingdom. The consolidated financial statements of these groups are available to the public and may be obtained from Imperial Works, Perren Street, London NW5 3ED.

### **22 Transition to FRS102**

Transition from reporting under old UK GAAP to reporting under FRS 102 has not affected the Company's reported financial position and financial performance.