MVF

Annual Report & Financial Statements

MVF (Marketing VF Limited)
Registered number 06951544

WWW.MVFGLOBAL.COM

31 MARCH 2017

Smarter

Generation.

Our platform helps ambitious businesses grow
by delivering high volumes of new customers.

MVF UK
Imperial Works
Block C, Perren Street
London NW5 3ED,
United Kingdom

MVF US
LLC, 16th Floor
600 Congress Avenue
Austin TX 78701
United States

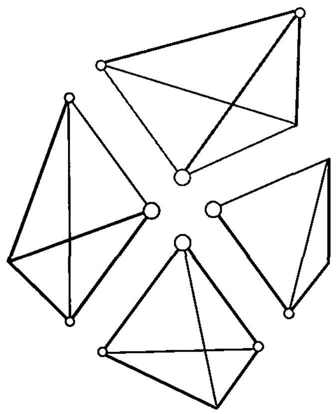
Strategic Report

Strategic Report
About Us

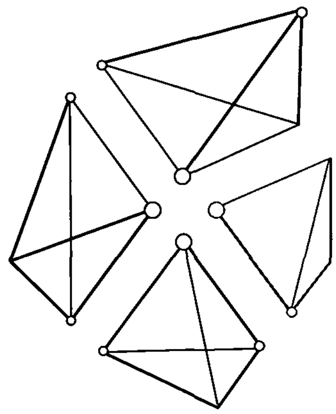
Our Business Model

MVF helps ambitious businesses grow by delivering high volumes of new customers. We provide a scalable source of new customers to businesses all over the world.

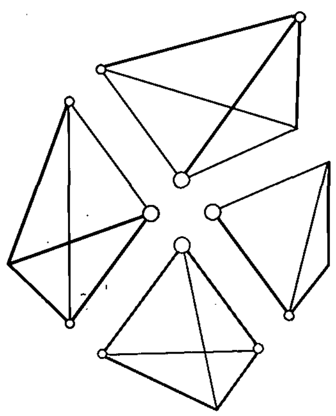
Our technology and world class cross-channel marketing teams help connect active customers with businesses looking to scale, providing quality sales ready leads and marketing leads directly to our clients on a pay-per-lead basis.



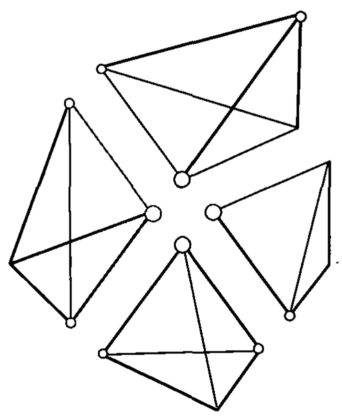
1
MVF creates, optimises and distributes content and adverts under one of our industry leading brands, and across a wide range of digital channels



2
Customers search online, read our articles or see one of our ads and complete one of our enquiry forms



3
Details are checked and additional questions are asked before we match the lead with a suitable client



4
Our clients contact prospects to discuss their needs and complete the sale

Our world class publishing, tech and marketing divisions have created a number of leading brands in their space including:

Expert Market

movehub

approvedindex
Smarter Business Purchasing

ClinicCompare

startups

Strategic Report

CEO Foreword

I'm pleased to present the annual report for Marketing VF Limited ("MVF") for the year ended 31 March 2017.

MVF has delivered another year of stellar results, with organic growth of 39% driving revenue to over £54 million and gross profit to £28 million. Growth was spread across all regions and diversified across existing and newly-launched product / service 'verticals' and existing and new clients.

Over the year we invested significantly in building out our UK teams but absorbed this within a profile of improving efficiency. We also invested in developing our US operations as North America remains a key focus where we see high growth potential. As a result our reported EBITDA grew 32% from £8.8 million to £11.5million.

Strategic Report

LEADERSHIP TEAM

This year we strengthened our leadership team, and also realigned some positions to suit our growing and evolving business.

In order to grow our North American revenues we appointed a Chief Executive Officer (CEO) for our USA operation - longstanding MVF director Bjorn Zellweger, and promoted Michael Johnson into the role of Chief Technology Officer. We also established a Chief People Officer role and appointed a highly qualified candidate in Andrea Pattico.

We appointed a number of directors to strengthen our growing marketing divisions and most notably, Co-Founder Titus Sharpe has moved from CEO to President of MVF, and I have transitioned from Chief Financial Officer to CEO.

WINNING AWARDS

We have continued our winning streak with awards, including winning B2B Business of the Year at the Amazon Growing Business Awards, being named in the top 10 businesses to work for in the Sunday Times Best Companies list for the third year running, and winning a Queen's Award for Enterprise for the second time.

ACQUISITIONS

Perhaps the most exciting change over the last year is the acquisition of top business publisher Startups.co.uk.

Startups is the UK's largest resource for small businesses and entrepreneurs, with a readership of 4.8 million last year. Startups also hosts a number of successful events for entrepreneurs including the Startups Awards, Startups 100 and Young Guns, through its Growing Business brand.

Not only is this a fantastic brand to have in the MVF family, but we have also welcomed all eleven staff from their team into our offices. The brand is a great fit for our B2B portfolio and I am very excited about the growth we can achieve in the next year.

CURRENT TRADING AND OUTLOOK

In spite of wider economic uncertainty, including the potential impact of Brexit, marketing spend in the US and UK is forecast to grow strongly in 2017 with an ever-increasing share of spend being allocated to digital advertising, which will grow at double-digit rates in both regions.

We see increasing complexity in the digital marketing landscape due to the emergence of new marketing channels along with regulatory changes such as the General Data Protection Regulation (GDPR). This is making it extremely challenging for many businesses to run effective digital marketing campaigns which generate high volumes of new customers while also demonstrating a tangible return on investment from marketing spend. MVF's business model solves these challenges on behalf of our clients, and so we are well placed to grow against this backdrop of change and complexity.

For the year ahead we believe our strategy and key initiatives mean that we are well placed to achieve further double-digit growth as we continue to broaden our business into new product streams and deepen our relationships with existing and future clients.

Michael Teixeira
Director

Date: 20th October 2017

Strategic Report
Our Strategy

Customer Success

We continue to see strong support from our customers who value the volume of sales we provide and the return on investment (ROI) earned from the sales leads we provide. The success of our customers is at the heart of what we do and this is demonstrated by over 96% of our clients (by revenue) staying with us year after year.

We work systematically with our clients to ensure we continuously optimise our marketing campaigns to source the best prospects, helping our clients to generate sales from our leads and improving ROI on their marketing spend

Marketing Innovation

Key to MVF's success is our marketing expertise across all marketing channels. Over the year this has accelerated with the creation of separate teams to test new channels and develop emerging marketing channels. Across all teams we focus on developing World Class best practices. As a result of this we see continued diversification of our supply channels.

New Verticals

We see our addressable universe as being massive as it comprises the entire global performance marketing market. We are constantly on the lookout for new verticals which meet our success criteria.

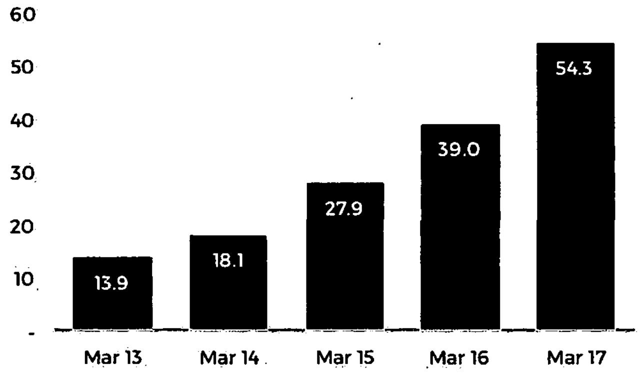
Acquisitions

Following our successful acquisition of startups.co.uk, which took just 12 weeks from heads of terms to close, we expect to accelerate our M&A activity in the coming year.

Specifically we intend to seek out strong online brands with high domain authority (in B2B or B2C) with high growth potential.

Strategic Report
Key Performance Indicators

Revenue (£ million)



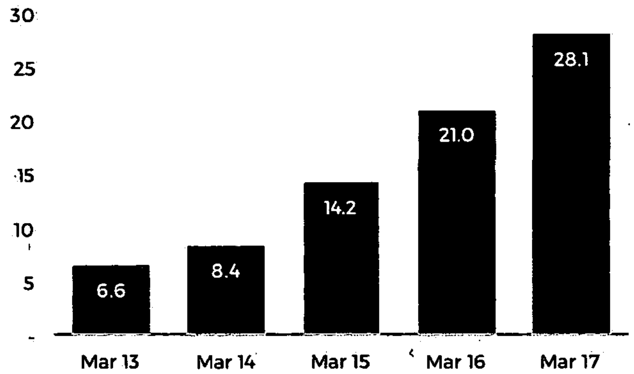
Growth 39%

Revenues grew strongly by 39% with nearly all growth being organic..

Both B2B and B2C sectors grew strongly, with the highest growth in B2B (46%).

The fastest growing regions were Europe (excluding UK) (62%) and North America (50%).

Gross Profit (£ million)

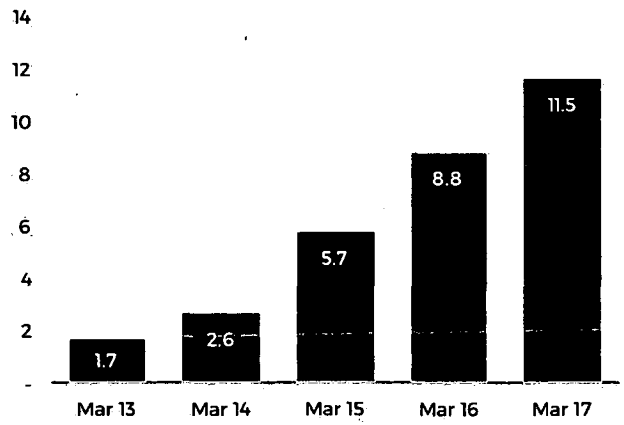


Growth 34%

Gross Profit increased to £28.1 million.

Growth of 34% was slightly slower than revenue growth as we incurred some additional costs to develop revenues in new verticals and territories.

EBITDA (£ million)

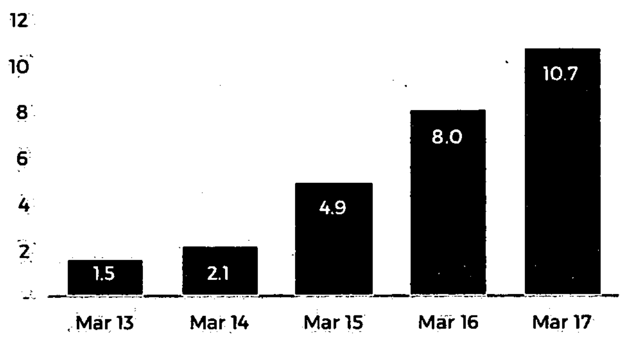


Growth 32%

EBITDA also grew strongly by 32% through excellent revenue and gross profit growth alongside cost efficiency in core operations while also investing in our North American operations to drive future growth.

Strategic Report
Key Performance Indicators

Operating Profit (£ million)



Growth 34%

Consistent with EBITDA, operating profit grew strongly by 34% from high revenue growth alongside cost control.

Operating profit increased at a higher rate than EBITDA primarily due to the impact of high foreign exchange gains in 2017 of £435,000 (166% higher than the previous year).

"EBITDA" is defined as "Earnings Before Interest, Tax, Depreciation & Amortisation and is intended to represent MVF's underlying operational performance. EBITDA is calculated as Gross Profit less Operating expenses. To reflect underlying operating activity, Operating expenses exclude Depreciation, Amortisation and certain non-operational items including costs associated with the wider MVF group's capital funding structure alongside gains/losses arising on foreign exchange transactions. Operating expenses are calculated as Administrative expenses £17,433,000 (2016: £12,729,000) excluding foreign currency exchange gains of £435,000 (2016: £163,000), and deducting non-operational costs of £445,000 (2016: £293,000) and depreciation/amortisation of £848,000 (2016: £651,000). The 2016 comparative figures also include a reclassification of £324,000 from Cost of sales to Operating Expenses relating to non-variable costs previously included within Cost of Sales.

Strategic Report
M&A Strategy

The acquisition of leading business publisher Startups.co.uk earlier this year proved the value of setting up a dedicated team to handle mergers and acquisitions. The process of not only completing the deal but also onboarding the entire existing editorial and sales team was completed in record time and has been a huge success.

With several more acquisitions planned for the coming year, we have developed a robust strategy for M&A which will allow us to pursue a number of additional acquisitions throughout the coming year.

Our latest acquisition took just 12 weeks from heads of terms to close

What we are looking for:

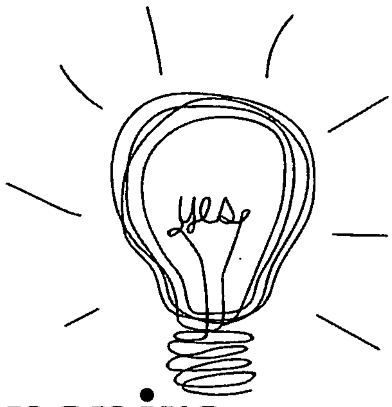
- Lead Generation companies or websites with strong brands and high domain authority
- In high growth sectors which could be B2B or B2C
- Generating $1m+ per annum revenue
- Sectors we are interested in include: Technology, Software and Online Services, Healthcare, Senior Market, Business Services, Financial Services, Payments, Home Services

"MVF made the whole process of selling my business really smooth. Their dedicated M&A team were friendly, pragmatic and upfront from the beginning and they had experts to help with every part of the process from negotiations, to contracts to the final domain transfer. I've sold businesses in the past, and this was by far the easiest sale I've been involved in."

David Lester, Founder of Startups.co.uk which MVF acquired in February 2017

Strategic Report
Our Values

MVF is a values led company. Our seven core values underpin all of our activities within the business and influence who we hire, how we measure success in our teams and the direction of the business.



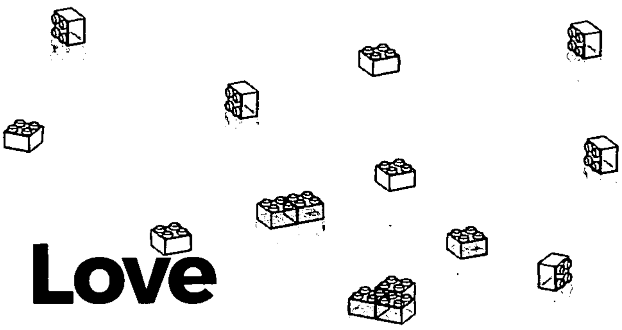
Show The Way

Earn Trust

Inspire Positivity

Drive to be World Class

Focus & Deliver Fast



Love Innovation

Work Smart

Strategic Report
People

Our People and Culture

Our people are integral to all that we do and we have continued to invest throughout the year in building our team of international digital marketing and publishing experts to support current and future growth. Average headcount over the year was 319 (2016: 268).

For the third year in a row, MVF has been recognised as one of the top 10 companies to work for in the UK, this year coming in at number six, and we saw increases in employee satisfaction across a variety of sectors. According to the Sunday Times polling, MVF employees are pleased with their work-life balance with over 90% rarely finding the need to bring their work home and also ranked the company highly for wellbeing.

A real triumph this year has been the addition of our academies. These bespoke training programmes have transformed the development of our teams and meant that every person joining our business has real opportunities to grow and learn. Start Smart has improved our onboarding, our Management Development Academy is helping us to create world class future leaders and specific academies for each team has helped new starters get to grips with the skills needed for their new role much faster.

START SMART

Start Smart is a week-long induction which every new member of MVF will go through as part of their 3 month onboarding programme. Created using feedback from our new starters, there are modules each day run by experts within the business teaching everything from how we make money to the best way to get ahead in MVF.

ACADEMIES

Following the success of the Sales Academy, a bespoke training programme launched by Commercial Director Dan Tobin, many other departments have created their own tailored training course for new starters including SEO Search Academy, Biddable Academy, Contact Centre Academy and CRM Academy.

319

HEADCOUNT

MVF has welcomed a host of new colleagues to the business too! With rapid growth in our marketing divisions and increased demand for tech resource, we have hired many employees taking our average headcount numbers to 319.

MANAGEMENT DEVELOPMENT ACADEMY

We have developed a new training programme that all managers in the business will go through - a six month, modular programme co-designed with two qualified external training consultancies. The Academy concludes with a formal assessment and successful participants will have a graduation ceremony. This programme is being endorsed by an official body so that everyone who completes it will have an official management qualification.

Strategic Report
Health, Wellbeing and Events

This year, we have introduced a number of new initiatives focused on improving wellbeing and personal development for our teams.

We've introduced a fortnightly speaking event where inspirational people are invited to share their expert knowledge with the company. We have even had some of our own MVF colleagues share their experiences with us. At MVF we are always appreciative of fresh perspectives which can help inform our business strategy and help us grow personally. These monthly talks provide us with the chance to listen to and start conversations with thought leaders from a huge range of different industries.

Health and wellbeing continues to be a focus for MVF. Using the inspiration from an MVF Event speaker, our teams participated in '#MadMarch', a new initiative to replace unhealthy breakfast and snack options previously on offer with much healthier alternatives.

An opinion poll after March showed that 90% of the business said they would continue to seek out a more nourishing breakfast as a result.

The scheme proved so successful it has been rolled out permanently with sourdough, eggs, vegan porridge and other wholesome foods available all year round.

The benefits extend beyond the plate too, as 65% of respondents said the new breakfast regime had improved energy levels and and 65% also said they were able to connect with other departments while they cooked.

In addition, we have expanded our clubs to include more variety, such as Sunrise Yoga for the early risers, Book Club and Movie Club as well as increasing the number of sessions for many of our long standing sports clubs.

Strategic Report
Awards

THE SUNDAY TIMES 100 BEST COMPANIES TO WORK FOR 2017

MVF has been in the top 10 places to work in the UK for the past three years and this year came in at **number 6.**

GROWING BUSINESS awards | amazon

MVF won B2B Business of the Year at the Amazon Growing Business Awards

Inc.5000 EUROPE

Listed in the Inc500 list of the fastest growing companies in Europe

THE QUEEN'S AWARD FOR ENTERPRISE

Awarded the Queen's Award for Enterprise - International Trade

THE SUNDAY TIMES INTERNATIONAL TRACK 200 2017 HSBC

Featured in the HSBC International Track 200 listing Britain's mid-market private companies with the fastest-growing international sales

THE DRUM SEARCH AWARDS AWARD WINNER 2017

MVF's Publishing team won a Drum Search Award - Best SEO B2B Campaign

THE SUNDAY TIMES PROFIT TRACK 100 2017

The Sunday Times Profit Track listed MVF in the 50 UK businesses with the fastest growing profits

British Media Awards 3 May 2017 London Hilton, Park Lane

New acquisition Startups won a Bronze award at the British Media Awards

Strategic Report
Corporate Social Responsibility

MVF makes a positive difference by being an active contributor to the communities that we work in. We've developed a comprehensive CSR strategy which extends beyond simply donating money, and focuses on skill sharing and using our business resources to help our local community. We have set up several strategies to support existing charities with fundraising and volunteering and play an active role in our local communities.

We offer every member of our staff one extra day off a year to do charity work and this gives staff the chance to donate their time without eating into their holiday, though many of our employees also volunteer after work or at the weekends.

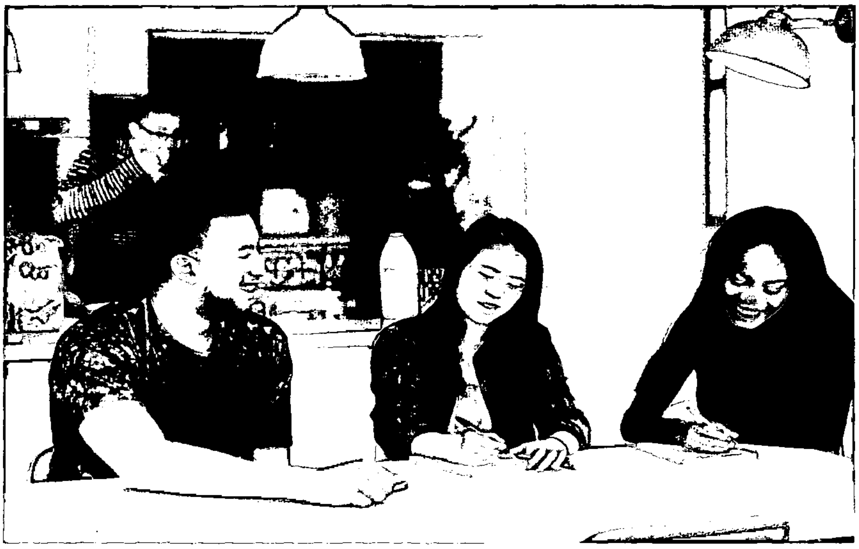
In the London office, MVF has an official partnership with the Castlehaven Community Association, a charity committed to improving Camden's local facilities for the community. We chose this charity because it was so rooted in the Camden community and offered a chance for MVF staff to use our skills and donate our time, in addition to money, to really help those we share Camden with.

This year we generated £8,482 in employee cash donations for the Castlehaven Community Centre and produced an additional £3,527 in matched employee donations from MVF too. We expect more MVF matched donations in the year to come as MVF has extended matching to include all money raised through our fundraising activities.

To generate donations we hosted a selection of fun and engaging fundraising events throughout the year. As a result we've accumulated some impressive (and mouthwatering) statistics. In the past year, we have:

- **Served 3,180 drinks on Fridays**
- **Played 768 minute of FIFA tournament matches**
- **Cooked over 100 bacon sandwiches**
- **Baked, sold and consumed 143 cakes**
- **Served over 100 portions of nachos**
- **Fed hundreds of people at multiple BBQs**
- **Blended over 100 smoothies in 6 different flavours**
- **Flipped 50 pancakes**
- **Served 25 portions of tacos**

In addition to this, we've hosted charity quiz nights and an unforgettable bingo experience and we've proudly given hours of our time to make these fundraisers possible. As a result, we've supported Castlehaven's brand *new community garden project* and helped provide laptops and tablet computers to teach kids to code.



Castlehaven Community Association Operations Manager Tricia Richards comments:

"Since November 2014 MVF has made a huge impact on the Castlehaven Community Association in a number of areas. Not only have their staff members carried out important SEO work on our websites, they've given up their lunch hours to do gardening in and around our community gardens. Done Tea & Tech sessions with older people – giving them advice on how to use new technology. Also a group of MVF staff created a positive and emotional promotional video to raise our Ageactivity 60+ project profile - that was highly regarded locally and nationally."

Strategic Report
Principal Risks & Uncertainties

The board has identified the principal risks that can affect our ability to deliver against our strategic priorities.

These risks are actively managed and, oftentimes, can present opportunities to strengthen our business.

Commercial

Evolving digital marketing landscape. We see increasing complexity in existing marketing channels and continual emergence of new channels.

A key aspect of our strategy is diversifying our channel mix and we have continued to invest in our "New Channels" team which is dedicated to the identification and testing of new marketing channels.

We have also developed strategies to ensure we maintain our advantage in existing channels, including the use of automation, relentless testing of new advertising formats, and building strong relationships with our partners.

In fact, through these strategies, we seek to solve these challenges on behalf of our clients.

Competition. While we continue to see strong support from our clients, there remains the potential that our clients may find alternative sources of customers.

We are focused on ensuring the success of our clients and, amongst other areas, are increasing the systematic collaboration with our clients to ensure we deliver the highest quality leads at a proven and tangible ROI.

Regulatory

Data. We manage huge volumes of data, including personal data of the prospective customers we generate for our clients. As a result, we must comply with stringent data protection regulations.

Data is at the heart of what we do and we have developed a platform & processes to ensure that we comply with data protection, privacy and other applicable laws. Our robust systems and controls are why our clients can rely on us to manage data compliance from customer generation activities.

New products & territories. We generate sales leads in hundreds of product / service 'verticals' and territories and are always seeking to expand this portfolio. Certain verticals or territories may have different or changing regulatory requirements which we must remain compliant with.

We have an established process for launching new products or geographies, including review and approval by our legal team (or external advice) prior to launch.

Operational

Key staff. Our people are integral to all that we do and our ability to meet our strategic priorities rests on our ability to attract and retain the very best.

We have built a world class in-house recruitment team who are constantly finding the very best people with values that match our own, and we've established our own onboarding and training programs to support their development.

We also maintain an employee benefit trust so that key staff have the opportunity to own shares in MVF and share in its long-term success.

Financial

Credit risk. We provide services to thousands of clients from around the globe and generally provide credit terms which give our clients a period of time to pay. As a result, we are exposed to the risk that not all of our clients will be able to honour their payment obligations.

Our credit risk relates to our trade receivables which are presented in the financial statements net of allowances for any doubtful amounts. An allowance is made where there is an identified potential loss which, based on previous experience, is evidence of a reduction in recoverability.

We maintain a credit policy and procedures which mean we only provide credit to credit worthy clients. We also have no significant concentration of credit risk, with credit spread over a large number of clients.

Liquidity risk. As with all businesses, we need to make sure that we have sufficient funds available for paying our staff and suppliers for the continued operation of the business.

We actively monitor and manage our cash balances and our policy is to pay suppliers in accordance with agreed credit terms. Cash at year end was £14,920,000 (2016: £10,513,000) and we can draw upon a Group Revolving Credit Facility of £1,350,000 held with the Group's bankers if required.

Foreign exchange risk. As we operate internationally and often provide services to our clients in their local currencies, we are naturally exposed to foreign exchange risk relating primarily to US dollar and Euro receivables and payables.

We actively monitor and manage our foreign currency exposures. During 2017 we organically built our US dollar cash reserves for use on M&A activity (see note 23) and as a result we reported foreign exchange gains as the US dollar strengthened in value.

By order of the board

Michael Teixeira
Director

Date: 20th October 2017

Directors' Report

Directors' Report

Research & Development

The company's technology is a key source of competitive advantage and scalability for the company and is essential for delivering continued profit growth. The 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 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.

As explained further in note 24, the Company has made a voluntary change to its accounting policies in relation to the treatment of its development activities. Expenditure on software development is now capitalised as an intangible asset, whereas previously it was expensed as incurred. The directors believe this change provides more relevant information to users of the financial statements as it reflects the software assets which have been developed to enhance the Company's digital marketing platform & operational systems.

Dividends

During the year to 31 March 2017 the Company paid interim dividends totalling £nil per share (2016 £nil). 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.

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.

Michael Teixeira
Director

Date: 20th October 2017

Imperial Works
Perren Street
London NW5 3ED

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

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 2017 set out on pages 24 to 43. 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 21, 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.

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 2017 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.

KPMG LLP
15 Canada Square
London
E14 5GL
United Kingdom

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

Date: 27 October 2017

Statement of Income and Retained Earnings

for the year ended 31 March 2017

	Note	2017 £000	2016 £000
Turnover	*2*	**54,257**	39,009
Cost of sales		**(26,143)**	(18,305)
Gross profit		**28,114**	20,704
Administrative expenses		**(17,433)**	(12,729)
Operating profit	*3*	**10,681**	7,975
Other interest receivable and similar income	*6*	**12**	18
Profit on ordinary activities before taxation	*3*	**10,693**	7,993
Tax on profit on ordinary activities	*7*	**(1,415)**	(903)
Profit for the financial year		**9,278**	7,090
Retained earnings brought forward		12,949	5,859
Retained earnings carried forward		22,227	12,949

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 26 to 43 form part of these financial statements.

Balance Sheet
at 31 March 2017

	Note	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets					
Intangible assets	*8*		1,417		478
Tangible assets	*9*		1,437		1,582
Investment in subsidiaries	*10*		28		-
			2,882		2,060
Current assets					
Debtors	*11*	11,492		6,738	
Cash at bank and in hand		14,920		10,513	
		26,412		17,251	
Creditors: amounts falling due within one year	*12*	(6,694)		(5,977)	
Net current assets			19,718		11,274
Total assets less current liabilities			22,600		13,334
Provisions for liabilities					
Deferred tax liability	*13*	(35)		(70)	
Other provisions	*14*	(249)		(226)	
			(284)		(296)
Net assets			22,316		13,038
Capital and reserves					
Called up share capital	*16*		6		6
Share premium	*17*		83		83
Profit and loss account	*17*		22,227		12,949
Shareholders' funds	*17*		22,316		13,038

The notes on pages 26 to 43 form part of these financial statements.

These financial statements were approved by the board of directors on 20th October 2017 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.

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.

These financial statements for the Group include a change of accounting policy as disclosed further in note 24. Aside from this change, 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 £14,920,000 (2016 £10,513,000).

1.2 Going concern (continued)

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.

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.

1 **Accounting policies** (continued)

1.5 Tangible fixed assets (continued)

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.

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 is 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. Other development expenditure is recognised in the profit and loss account as an expense as incurred.

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.

1 **Accounting policies** (continued)

1.7 Intangible assets, goodwill and negative goodwill (continued)

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
- Software 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.

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.

1 **Accounting policies** (continued)

1.11 Expenses (continued)

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.

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 is it 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.

	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
By geographical market		
Asia Pacific	4,710	3,309
Europe	11,513	7,087
Latin America	406	493
Middle East	226	241
North America	11,685	7,799
United Kingdom	25,717	20,080
	54,257	39,009

3 Expenses and auditor's remuneration

Included in profit are the following:

	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
Depreciation and other amounts written off tangible fixed assets:		
Owned	468	224
Amortisation of intangible assets	380	427
Hire of other assets - operating leases	730	476
Research and development expensed as incurred	433	577
Net gain on foreign currency translation	(435)	(163)

Auditor's remuneration:

	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
Audit of these financial statements	18	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

	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
Directors' remuneration	267	280
Social security costs	34	31
Company contributions to defined contribution pension schemes	2	2
	303	313

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 (2016: £100,000), and company pension contributions of £2,189 (2016: £2,087) were made to a defined contribution scheme. No directors exercised share options or received further shares during the year.

	Number of directors	
	Year ended 31 March 2017	Year ended 31 March 2016
Retirement benefits are accruing to the following number of directors under:		
Defined contribution schemes	3	4
The number of directors who exercised share options was	-	-

5 Staff numbers and costs

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

	Year ended 31 March 2017	Year ended 31 March 2016
Administration	19	15
Operations	300	253
	319	268

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
Wages and salaries	9,940	7,993
Social security costs	1,087	886
Other pension costs	97	78
	11,124	8,957

6 Other interest receivable and similar income

	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
Other interest receivable	12	18

7 Taxation

Total tax expense recognised in the profit and loss account

	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
Current tax		
Current tax on income for the year	1,463	18
Adjustments in respect of prior periods	(13)	-
Foreign taxation	-	5
Double taxation relief	-	(5)
Total current tax	1,450	18
Deferred tax (see note 13)		
Origination/reversal of timing differences	(35)	844
Effect of tax rate change on opening balance	-	41
Total deferred tax	(35)	885
Tax charge on profit on ordinary activities	1,415	903

Factors affecting the tax charge for the current period

The current tax charge for the period is lower *(2016: lower)* than the standard rate of corporation tax in the UK 20% (*2016: 20%*). The differences are explained below.

	2017 £000	2016 £000
Reconciliation of effective tax rate		
Profit on ordinary activities before tax	10,693	7,993
Current tax at 20% *(2016: 20%)*	2,139	1,599
Effects of:		
Expenses not deductible for tax purposes	7	8
Fixed asset differences	(79)	9
Other permanent differences	-	-
Losses carried back	-	-
Research and development relief	(112)	(150)
Group relief claimed	(528)	(558)
Adjustments to tax charge in respect of previous periods	(13)	-
Adjustments to tax charge in respect of previous periods - deferred tax	-	-
Other short term timing differences	1	(5)
Total tax charge (see above)	1,415	903

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.

8 Intangible assets and goodwill

	Domain names and websites £000	Software £000	Goodwill £000	Total £000
Cost				
At beginning of year	342	805	540	1,687
Additions	49	283	-	332
Acquisitions through business combinations (note 22)	987	-	-	987
At end of year	1,378	1,088	540	3,006
Amortisation				
At beginning of year	331	419	459	1,209
Charged in year	51	248	81	380
At end of year	382	667	540	1,589
Net book value				
At 31 March 2017	**996**	**421**	**-**	**1,417**
At 31 March 2016	11	386	81	478

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

On 20 February 2017 the Company acquired the entire share capital of Crimson Startups Limited ("Startups") at a cost of £966.000 The company then immediately acquired the trade and certain assets of Startups and the cost of the acquisition has been reflected in the assets acquired, namely the Domain names and websites, with the cost of investment being equal to the net assets of the subsidiary (see note 10).

The Startups domain name and website has a carrying value of £951,000 and a remaining amortisation period of 35 months

Amortisation and impairment charge

The amortisation charge is recognised within Administrative expenses in the profit and loss account.

9 Tangible fixed assets

	Leasehold improvements £000	Computer equipment £000	Office equipment £000	Total £000
Cost				
At beginning of year	1,421	382	196	1,999
Additions	80	150	88	318
Acquisitions through business combinations (note 22)	-	5	-	5
At end of year	1,501	537	284	2,322
Depreciation				
At beginning of year	123	194	100	417
Charge for year	292	116	60	468
Disposals	-	-	-	-
At end of year	415	310	160	885
Net book value				
At 31 March 2017	**1,086**	**227**	**124**	**1,437**
At 31 March 2016	1,298	188	96	1,582

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

10 Investments

	Shares in group undertakings £000
Cost	
At beginning of year	-
Additions	28
At end of year	28
Net book value	
At 31 March 2017	**28**
At 31 March 2016	-

10 Investments (cont)

The Company has investments in subsidiaries as follows:

Subsidiary undertaking	Principal activity	Country of incorporation
MVF US LLC	Sales services	USA
Think Ahead Advice Limited	Inactive	United Kingdom
Crimson Startups Limited	Inactive	United Kingdom

The Company owns 100% of the ordinary share capital of each of the above subsidiaries.

As disclosed in note 22, Crimson Startups Limited ("Startups") was acquired in the year and the Company then immediately acquired the trade and certain assets of Startups. The cost of the acquisition has been reflected in the assets acquired, namely the Domain names and websites (see note 8), with the cost of investment being equal to the net assets of the subsidiary.

The registered office for MVF US LLC is One American Center, 600 Congress Ave, Fl 16 Austin, TX 78701 and for all other investments is Imperial Works, Perren St, London, England, NW5 3ED.

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

11 Debtors

	2017 £000	2016 £000
Trade debtors	**6,643**	5,916
Amounts owed by group undertakings	**3,896**	680
Other debtors	**56**	18
Prepayments and accrued income	**897**	87
Corporation tax receivable	**-**	37
	11,492	6,738

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

12 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	**3,356**	3,105
Amounts owed to group undertakings	**925**	427
Taxation and social security	**1,059**	1,104
Pension liability (refer to note 15)	**19**	13
Other creditors	**123**	-
Accruals and deferred income	**1,212**	1,328
	6,694	5,977

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

13 Provisions for deferred tax liabilities

	2017 £000	2016 £000
Asset/(liability) at beginning of year	(70)	815
Deferred tax credit/(charge) in the profit and loss account for the year	35	(885)
Liability at year end	(35)	(70)

The elements of deferred taxation are as follows:

	2017 £000	2016 £000
Accelerated capital allowances	(36)	(73)
Short term timing differences	1	3
	(35)	(70)

14 Other provisions

	Other provision £000	Dilapidation provision £000	Total £000
Balance at 1 April 2016	-	226	226
Provisions made during the year	47	-	47
Provisions released to the P&L during the year	(24)	-	(24)
Balance at 31 March 2017	**23**	**226**	**249**

During the year onerous contract costs of £47,000 were recognised as a provision. These are expected to be fully released to the profit and loss account in June 2017.

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

15 Employee benefits

Defined contribution pension scheme

During the prior 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 £97,000 (2016: £78,000).

Contributions amounting to £19,000 (2016: £13,000) were payable to the scheme and are included in creditors.

15 Employee benefits (continued)

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
On issue at 1 April 2016	6
Issued for cash	-
On issue at 31 March 2017 – fully paid	6

	2017 £000	2016 £000
Allotted, called up and fully paid		
5,874 (2016: 5,874) Ordinary shares of £1 each	6	6

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.

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	12,949	13,038
Profit for the year	-	-	9,278	9,278
At end of year	6	83	22,227	22,316

18 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017 Land and buildings £000	2016 Land and buildings £000
Operating leases which expire:		
Less than one year	**750**	750
Between one and five years	**2,125**	2,875
	2,875	3,625

During the year £730,000 was recognised as an expense in the profit and loss account in respect of operating leases (2016: £476,000)

19 Commitments

At 31 March 2017, the Company had not contracted for any future capital expenditure *(2016: £nil)*.

Bank loans of companies in the group headed by Lock Bidco Limited totalling £11,370,000 at 31 March 2017 (2016: £11,790,000) 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.

21 Ultimate parent Company and parent undertaking

The Company's ultimate parent company is Lock Topco Limited, incorporated in the United Kingdom. Lock Topco Limited is ultimately owned by directors and management (60%) and limited partnerships advised by Bridgepoint Advisers II Limited (and which comprise the BDC II fund) (40%).

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 Acquisitions

On 20 February 2017, the Company acquired 100% of the share capital of Crimson Startups Limited ("Startups") for a consideration of £900,000. Supporting the UK's start-up and entrepreneurial community, Startups is a publisher with a readership of almost 5 million and over 50,000 active forum users. Startups also hosts a number of successful events for entrepreneurs including the Startups Awards, Startups 100 and Young Guns, through its Growing Business brand.

22 Acquisitions (*continued*)

Immediately after the acquisition of Startups, on 20 February 2017, the Company acquired the trade and certain assets of Startups through a hive up for consideration of £882,000. Accordingly, to present a true and fair view of these linked transactions, the Company has applied substance over form to more accurately represent the substance of the transaction and treated the acquisition of Startups as a business combination. As a result, the acquisition had the following effect on the Company's assets and liabilities:

	Recognised values on acquisition £'000
Acquiree's net assets at the acquisition date:	
Intangible Assets	987
Tangible Fixed Assets	5
Trade & other debtors	5
Trade & other creditors	(49)
Net identifiable assets & liabilities	948
Total cost of business combination:	
Consideration paid	882
Directly attributable transaction costs	66
Total consideration	948

23 Events after the reporting period

On 19th June 2017, the Company entered into a business purchase agreement (the "BPA") relating to the purchase of the trade & assets of a leading review and comparison website for business products. The maximum total consideration is $15,000,000 comprising $13,000,000 paid on completion and a deferred payment of up to $2,000,000, to be paid 12 months post completion subject to certain conditions being met. Due to the proximity of the acquisition date to the date of approval of the financial statements, management have not yet assigned fair values to the assets and liabilities acquired.

24 Change in accounting policy

The Company has made a voluntary change to the accounting policies included in these financial statements in relation to the treatment of internally generated intangible assets.

Expenditure on software development is now 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,
- the future economic benefits are probable; and
- the Company can measure reliably the expenditure attributable to the intangible asset during its development.

Previously, the costs of internally generated intangible assets were expensed as incurred. The directors believe this change provides more relevant information to users of the financial statements as it reflects the software assets which have been developed to enhance the Company's digital marketing platform & operational systems.

This change in policy has been applied consistently to the current and prior periods and the impact to the Company's financial statements is set out below.

24 Change in accounting policy (continued)

Statement of Comprehensive Income

	Year ended 31 March 2017 Previous policy £000	Year ended 31 March 2017 Impact of change £000	Year ended 31 March 2017 New Policy £000
Turnover	54,257	-	54,257
Cost of sales	(26,143)	-	(26,143)
Gross profit	28,114	-	28,114
Administrative expenses	(17,468)	35	(17,433)
Operating profit	10,646	35	10,681
Other interest receivable and similar income	12	-	12
Profit on ordinary activities before taxation	10,658	35	10,693
Tax on profit on ordinary activities	(1,415)	-	(1,415)
Profit for the financial year	9,243	35	9,278

Statement of Comprehensive Income

	Year ended 31 March 2016 As previously reported £000	Year ended 31 March 2016 Impact of change £000	Year ended 31 March 2016 Restated £000
Turnover	39,009	-	39,009
Cost of sales	(18,305)	-	(18,305)
Gross profit	20,704	-	20,704
Administrative expenses	(12,828)	99	(12,729)
Operating profit	7,876	99	7,975
Other interest receivable and similar income	18	-	18
Profit on ordinary activities before taxation	7,894	99	7,993
Tax on profit on ordinary activities	(903)	-	(903)
Profit for the financial year	6,991	99	7,090

24 Change in accounting policy (continued)

Balance Sheet

	2017 Previous policy £000	2017 Impact of change £000	2017 New policy £000
Fixed assets			
Intangible assets	996	421	1,417
Tangible assets	1,437	-	1,437
Investment in subsidiaries	28	-	28
	2,461	421	2,882
Current assets			
Debtors	11,492	-	11,492
Cash at bank and in hand	14,920	-	14,920
	26,412	-	26,412
Creditors: amounts falling due within one year -	(6,694)	-	(6,694)
Net current assets	19,718	-	19,718
Total assets less current liabilities	22,179	421	22,600
Provisions for liabilities	(284)	-	(284)
Net assets	21,895	421	22,316
Capital and reserves			
Called up share capital	6	-	6
Share premium	83	-	83
Profit and loss account	21,806	421	22,227
Shareholders' funds	21,895	421	22,316

24 Change in accounting policy (continued)

Balance Sheet

	2016 As previously reported £000	2016 Impact of change £000	2016 Restated £000
Fixed assets			
Intangible assets	92	386	478
Tangible assets	1,582	-	1,582
Investment in subsidiaries	-	-	-
	2,060	386	2,060
Current assets			
Debtors	6,738	-	6,738
Cash at bank and in hand	10,513	-	10,513
	17,251	386	17,251
Creditors: amounts falling due within one year	(5,977)	-	(5,977)
Net current assets	11,274	386	11,274
Total assets less current liabilities	12,948	386	13,334
Provisions for liabilities	(296)	-	(296)
Net assets	12,652	386	13,038
Capital and reserves			
Called up share capital	6	-	6
Share premium	83	-	83
Profit and loss account	12,563	386	12,949
Shareholders' funds	12,652	386	13,038

The cumulative effect of the change in policy to earlier periods would have been to increase the Consolidated Profit and loss account & Total Consolidated equity balance by £287,000.

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