

Seopa Ltd
Financial Statements
28 February 2017



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30/11/2017
COMPANIES HOUSE

AUBREY CAMPBELL & COMPANY
Chartered accountant & statutory auditor
631 Lisburn Road
Belfast
BT9 7GT



Seopa Ltd

Financial Statements

Year ended 28 February 2017

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Seopa Ltd

Strategic Report

Year ended 28 February 2017

This strategic report complies with the Companies Act 2006 and is in line with current best practice. It is addressed to, and written for, the members of Seopa Limited with the aim of providing a fair review of our business development, performance and position at the current time.

In producing this review, we aim to present a view that is balanced and comprehensive and that is consistent with the size and complexity of our business. The review is written in the context of the risks and uncertainties facing our business. We anticipate that the format and content of the review will evolve over time, along with developments in our business and the external environment.

Fair Review of the Company's Business

We are Seopa Limited, based in Belfast, Northern Ireland.

Seopa are a leading provider of price comparison engines which can be fully integrated on to any website. We also operate insurance comparison brands Quotezone.co.uk and CompareNI.com which generate over 2,000,000 quotes per year.

We measure our success through KPI's, which can be found in the following section.

Key Performance Indicators

The Companies Act requires that a fair review of the business contains financial and, where applicable, non-financial key performance indicators (KPIs). We consider that our financial KPIs are those that communicate to the members the financial performance and strength of the company as a whole. These KPIs comprise:

- Return on capital employed
- Company turnover
- Company gross profit percentage

Return on Capital Employed

Return on Capital Employed (ROCE) is used as a measure of the returns the group is realising from its capital employed. The ratio can also be seen as representing the efficiency with which capital is being utilised to generate revenue. ROCE for Seopa Ltd (excluding interest) for 2017 was 47%, compared to 38% in 2016.

Company Turnover

Company turnover increased by £2,085,328. Turnover in the 52 weeks of 2016/17 was £12,791,415 compared to £10,706,087 in 2015/16.

Company Gross Profit Percentage

Seopa Ltd had a gross profit margin of 45.7%, compared with 48.4% in 2016.

Principal Risks and Uncertainties of the Business

The Director considers that the Company faces the following risks on a day to day basis:

Seopa Ltd

Strategic Report *(continued)*

Year ended 28 February 2017

Price risk

Price risk arises on financial instruments because of changes in, for example, commodity prices or equity prices. The company's investment in the property is exposed to price risk whereby fluctuations in the property market could affect its value. However the company has no intention to sell in the short-term. Listed investments with a fair value of £4,758,042 are exposed to price risk but this exposure is within the company's risk appetite.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the company's debtors are shown in Note 15 to the financial statements.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations, applying cash collection targets throughout the company.

Cash flow risk

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a variability rate debt. This risk is kept to an absolute minimum at all times. Continuing prudent financial management continues which the director will use to finance the trading operations and working capital of the company as well as strengthen future growth.

Through prudent financial management the company has also enhanced its liquidity position which the directors will use to finance the trading operations of the company and strengthen future growth.

This report was approved by the board of directors on 30 November 2017 and signed on behalf of the board by:



Mr G R Wilson
Director

Registered office:
Blackstaff Studios Floor 2
8-10 Amelia Street
Belfast
Co. Antrim
BT2 7GS

Seopa Ltd

Director's Report

Year ended 28 February 2017

The director presents his report and the financial statements of the company for the year ended 28 February 2017.

Director

The director who served the company during the year was as follows:

Mr G R Wilson

Dividends

Particulars of recommended dividends are detailed in note 14 to the financial statements.

Future developments

The director aims to maintain the management policies which have resulted in the companies substantial growth in recent years. They consider that the next year will show a further significant growth in sales from continuing operations.

Financial instruments

Details of financial instruments are provided in the strategic report.

Research and development

Research and development plays a vital role in supporting Seopa's activities, with constant development of new and appreciably improved processes and products through the resolution of technological uncertainty.

Overseas branches

Seopa Ltd maintains and operates a branch in Timisoara, Romania.

Director's responsibilities statement

The director is responsible for preparing the strategic report, director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Seopa Ltd

Director's Report *(continued)*

Year ended 28 February 2017

The director is 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. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 30 November 2017 and signed on behalf of the board by:



Mr G R Wilson
Director

Registered office:
Blackstaff Studios Floor 2
8-10 Amelia Street
Belfast
Co. Antrim
BT2 7GS

Seopa Ltd

Independent Auditor's Report to the Member of Seopa Ltd

Year ended 28 February 2017

We have audited the financial statements of Seopa Ltd for the year ended 28 February 2017 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom 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 member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditor

As explained more fully in the director's responsibilities statement, the director is 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the director's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 28 February 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Seopa Ltd

Independent Auditor's Report to the Member of Seopa Ltd *(continued)*

Year ended 28 February 2017

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



John Magee (Senior Statutory Auditor)

For and on behalf of
Aubrey Campbell & Company
Chartered accountant & statutory auditor
631 Lisburn Road
Belfast
BT9 7GT

30 November 2017

Seopa Ltd

Statement of Comprehensive Income

Year ended 28 February 2017

	Note	2017 £	2016 £
Turnover	4	12,791,415	10,706,087
Cost of sales		<u>6,952,189</u>	<u>5,522,290</u>
Gross profit		5,839,226	5,183,797
Distribution costs		324,926	479,690
Administrative expenses		2,033,974	2,311,387
Other operating income	5	84,757	1,972
Loss on impairment or disposal of operations		<u>—</u>	<u>95,000</u>
Operating profit	6	3,565,083	2,299,692
Other interest receivable and similar income	10	667,051	3,549
Amounts written back to investments	11	—	130,000
Interest payable and similar expenses	12	<u>4,681</u>	<u>139,685</u>
Profit before taxation		4,227,453	2,033,556
Tax on profit	13	<u>759,921</u>	<u>440,649</u>
Profit for the financial year and total comprehensive income		<u>3,467,532</u>	<u>1,592,907</u>

All the activities of the company are from continuing operations.

The notes on pages 11 to 26 form part of these financial statements.

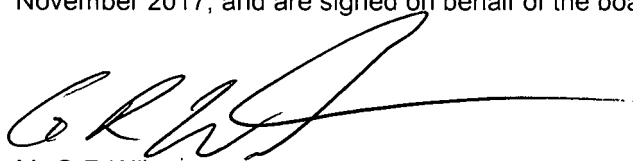
Seopa Ltd

Statement of Financial Position

28 February 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	15	79,432	100,832
Tangible assets	16	<u>399,151</u>	<u>416,219</u>
		478,583	517,051
Current assets			
Debtors	17	4,187,102	3,930,193
Financial Assets measured at Fair Value through Profit or Loss	18	4,758,042	4,042,921
Cash at bank and in hand		<u>371,834</u>	<u>499,609</u>
		9,316,978	8,472,723
Creditors: amounts falling due within one year	20	<u>2,176,426</u>	<u>2,935,166</u>
Net current assets		7,140,552	5,537,557
Total assets less current liabilities		7,619,135	6,054,608
Provisions			
Taxation including deferred tax	21	<u>(2,562)</u>	<u>(2,581)</u>
Net assets		<u>7,621,697</u>	<u>6,057,189</u>
Capital and reserves			
Called up share capital	26	13	10
Share premium account	27	59,973	—
Profit and loss account	27	<u>7,561,711</u>	<u>6,057,179</u>
Member funds		<u>7,621,697</u>	<u>6,057,189</u>

These financial statements were approved by the board of directors and authorised for issue on 30 November 2017, and are signed on behalf of the board by:



Mr G R Wilson
Director

Company registration number: NI046322

The notes on pages 11 to 26 form part of these financial statements.

Seopa Ltd

Statement of Changes in Equity

Year ended 28 February 2017

		Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 March 2015		10	–	5,588,601	5,588,611
Profit for the year		—	—	1,592,907	1,592,907
Total comprehensive income for the year		–	–	1,592,907	1,592,907
Dividends paid and payable	14	–	–	(1,124,329)	(1,124,329)
Total investments by and distributions to owners		–	–	(1,124,329)	(1,124,329)
At 29 February 2016		10	–	6,057,179	6,057,189
Profit for the year		—	—	3,467,532	3,467,532
Total comprehensive income for the year		–	–	3,467,532	3,467,532
Issue of shares		3	59,973	–	59,976
Dividends paid and payable	14	–	–	(1,963,000)	(1,963,000)
Total investments by and distributions to owners		3	59,973	(1,963,000)	(1,903,024)
At 28 February 2017		<u>13</u>	<u>59,973</u>	<u>7,561,711</u>	<u>7,621,697</u>

The notes on pages 11 to 26 form part of these financial statements.

Seopa Ltd

Statement of Cash Flows

Year ended 28 February 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the financial year		3,467,532	1,592,907
<i>Adjustments for:</i>			
Depreciation of tangible assets		19,511	10,270
Amortisation of intangible assets		21,400	4,751
Amounts written back to investments		–	130,000
Government grant income		(81,000)	–
Other interest receivable and similar income		(667,051)	(3,549)
Interest payable and similar expenses		4,681	139,685
Tax on profit		759,921	440,649
Accrued income		(228,639)	(52,842)
<i>Changes in:</i>			
Trade and other debtors		(256,909)	(1,079,829)
Trade and other creditors		38,547	296,847
Cash generated from operations		3,077,993	1,478,889
Interest paid		(4,681)	(139,685)
Interest received		667,051	3,549
Tax paid		(322,971)	(413,664)
Net cash from operating activities		<u>3,417,392</u>	<u>929,089</u>
Cash flows from investing activities			
Purchase of tangible assets		(2,443)	(353,996)
Purchase of intangible assets		–	(99,900)
Acquisition of subsidiaries		–	(130,000)
Proceeds from sale of subsidiaries		–	95,000
Purchases of other investments		(715,121)	(1,073,925)
Net cash used in investing activities		<u>(717,564)</u>	<u>(1,562,821)</u>
Cash flows from financing activities			
Proceeds from issue of ordinary shares		59,976	–
Proceeds from borrowings		(357,391)	352,889
Government grant income		81,000	–
Dividends paid		(1,963,000)	(1,124,329)
Net cash used in financing activities		<u>(2,179,415)</u>	<u>(771,440)</u>
Net increase/(decrease) in cash and cash equivalents		520,413	(1,405,172)
Cash and cash equivalents at beginning of year		(619,620)	785,552
Cash and cash equivalents at end of year	19	<u>(99,207)</u>	<u>(619,620)</u>

The notes on pages 11 to 26 form part of these financial statements.

Seopa Ltd

Notes to the Financial Statements

Year ended 28 February 2017

1. General information

The company is a private company limited by shares, registered in Northern Ireland. The address of the registered office is Blackstaff Studios Floor 2, 8-10 Amelia Street, Belfast, BT2 7GS, Co. Antrim.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Judgements and key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Consequently, actual results may differ from these estimates.

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2017

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty *(continued)*

The key judgements and estimates that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Revenue recognition

Revenue comprises the fair value of consideration received or receivable for the sale of goods and services. Revenue from the rendering of services is recognised over the period in which services are rendered.

Going concern

In order to assess whether it is appropriate for the company to be reported as a going concern, the director applies judgement, having undertaken appropriate enquiries and having considered the business activities and the Group's principal risks and uncertainties.

In arriving at this judgement there are a large number of assumptions and estimates involved. This includes management's expectations of revenue, EBITDA, timing and quantum of future capital expenditure and estimates and cost of future funding.

The company must also maintain a minimum level of capital for regulatory purposes.

Impairment

Goodwill is tested for impairment in accordance with the accounting policy for goodwill set out below. The recoverable amount of goodwill is determined based on value in use. This calculation requires the use of estimates and projections.

Depreciation

The company's statement of financial position reflects a tangible fixed asset class which is subject to depreciation. Depreciation rates are based upon the expected economic lives of the related tangible fixed assets. Any variation in the useful economic lives of the asset class will have an impact on the balance sheet and financial position of the company. The useful economic lives of tangible fixed assets are uncertain and, therefore, the actual economic life of an asset may be shorter or longer than expected. There have been no significant revisions to the estimated lives during the current financial year.

Bad debts

The company assesses whether there is objective evidence of impairment of any financial assets that are measured at cost or amortised cost - these include trade debtors. If there is objective evidence of impairment, the company recognises a bad debt in its statement of income immediately. However, it in making that assessment, events may subsequently occur which could indicate that a trade debtor has become impaired, or a previously impaired debt has become recoverable.

Revenue recognition

Turnover is stated net of trade discounts, VAT and similar taxes and derives from the provision of services falling within the company's ordinary activities.

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2017

3. Accounting policies *(continued)*

Income tax

Full provision for deferred tax assets and liabilities is provided at current tax rates on differences that arise between the recognition of gains and losses in the financial statements and their recognition in the tax computation, except for differences arising on the revaluation of fixed assets (if no commitment to sell), or gains on any asset sold that will benefit from rollover relief.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at a contracted rate.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or the contracted rate. All differences are taken to the profit and loss account.

Goodwill

Goodwill is the difference between the fair value of the consideration given on the acquisition of a business and the aggregate fair value of the separate net assets acquired.

Goodwill is amortised through the profit and loss account in equal instalments over its estimated economic life over 5 years on a straight line basis.

Goodwill is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Goodwill is taken into consideration when that part of the business which caused the initial entry is subsequently sold or closed, in determining the profit or loss on the disposal.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill - 20% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2017

3. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Software and Development Costs

Costs relating to the development of software and technology costs are capitalised as tangible fixed assets. These costs do not meet the criteria set out in FRS 102 to be able to classify them as intangible assets. As such, these costs are initially measured at cost less any accumulated depreciation and impairment losses.

Investment Properties

Certain of the group's properties are held for long-term investment. Investment properties are accounted for as follows:

- Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure.
- Investment properties whose fair value can be measured reliably are measured at fair value. The surplus or deficit on revaluation is recognised in the profit and loss account accumulated in the profit and loss reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold Property	- 5% straight line
Plant & Machinery	- 25% reducing balance
Fixtures & Fittings	- 25% reducing balance

The carrying values of tangible fixed assets are reviewed annually for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2017

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Government grants

Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2017

3. Accounting policies *(continued)*

Financial instruments

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship (see hedge accounting policy).

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised. Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2017	2016
	£	£
United Kingdom	<u>12,791,415</u>	<u>10,706,087</u>

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2017

4. Turnover *(continued)*

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Other operating income

	2017	2016
	£	£
Rental income	2,851	1,927
Government grant income	81,000	—
Other operating income	906	45
	<u>84,757</u>	<u>1,972</u>

6. Operating profit

Operating profit or loss is stated after charging:

	2017	2016
	£	£
Amortisation of intangible assets	21,400	4,751
Depreciation of tangible assets	19,511	10,270
Impairment of trade debtors	43,043	2,014
Foreign exchange differences	2,850	6,097

7. Auditor's remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	<u>6,000</u>	<u>6,000</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>29,361</u>	<u>33,834</u>

8. Staff costs

The average number of persons employed by the company during the year, including the director, amounted to:

	2017	2016
	No.	No.
Management staff	5	5
Number of other staff	26	26
	<u>31</u>	<u>31</u>

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2017

8. Staff costs *(continued)*

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017	2016
	£	£
Wages and salaries	1,250,911	1,352,030
Social security costs	163,027	173,911
Other pension costs	76,770	106,303
	<u>1,490,708</u>	<u>1,632,244</u>

9. Director's remuneration

The director's aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	8,064	8,055
Company contributions to defined contribution pension plans	15,000	40,000
	<u>23,064</u>	<u>48,055</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2017	2016
	No.	No.
Defined contribution plans	<u>1</u>	<u>1</u>

10. Other interest receivable and similar income

	2017	2016
	£	£
Interest on cash and cash equivalents	1,291	3,549
Gain on fair value adjustment of financial assets at fair value through profit or loss	665,121	—
Other interest receivable and similar income	639	—
	<u>667,051</u>	<u>3,549</u>

11. Amounts written back to investments

	2017	2016
	£	£
Impairment of investments in associates	<u>—</u>	<u>130,000</u>

12. Interest payable and similar expenses

	2017	2016
	£	£
Interest on banks loans and overdrafts	4,279	13,610
Loss on fair value adjustment of financial assets at fair value through profit or loss	—	126,075
Other interest payable and similar charges	402	—
	<u>4,681</u>	<u>139,685</u>

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2017

13. Tax on profit

Major components of tax expense

	2017 £	2016 £
Current tax:		
UK current tax expense	812,352	457,000
Adjustments in respect of prior periods	(53,408)	(26,635)
Other component of current tax expense (income) 1 - desc in a/cs	–	10,288
Total UK current tax	758,944	440,653
Foreign current tax expense	958	–
Total current tax	759,902	440,653
Deferred tax:		
Origination and reversal of timing differences	19	(4)
Tax on profit	759,921	440,649

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2016: higher than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

	2017 £	2016 £
Profit on ordinary activities before taxation	4,227,453	2,033,556
Profit on ordinary activities by rate of tax	845,490	416,275
Adjustment to tax charge in respect of prior periods	–	1,927
Effect of expenses not deductible for tax purposes	1,190	2,446
Effect of capital allowances and depreciation	3,087	75,242
Effect of different UK tax rates on some earnings	(36,997)	(25,915)
Unused tax losses	(53,408)	(29,322)
Deferred tax movement	19	(4)
Foreign tax charge	958	–
Group loss relief	(418)	–
Tax on profit	759,921	440,649

14. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2017 £	2016 £
Equity dividends on ordinary shares	1,963,000	1,124,329

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2017

15. Intangible assets

	Goodwill £
Cost	
At 1 March 2016 and 28 February 2017	<u>107,004</u>
Amortisation	
At 1 March 2016	6,172
Charge for the year	<u>21,400</u>
At 28 February 2017	<u>27,572</u>
Carrying amount	
At 28 February 2017	<u>79,432</u>
At 29 February 2016	<u>100,832</u>

Goodwill is being amortised as follows:

- Goodwill arising on the acquisition of a Romanian business is being amortised evenly over the directors' estimate of its useful life of 5 years; and
- Goodwill arising on the acquisition of the technical know-how and profit earning ability for search engine optimisation is being amortised evenly over the directors' estimate of its useful life of 5 years.

Amortisation of intangible fixed assets is included in administrative expenses.

16. Tangible assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Investment Property £	Total £
Cost					
At 1 March 2016	348,925	82,207	253,544	65,000	749,676
Additions	—	2,443	—	—	<u>2,443</u>
At 28 February 2017	<u>348,925</u>	<u>84,650</u>	<u>253,544</u>	<u>65,000</u>	<u>752,119</u>
Depreciation					
At 1 March 2016	1,509	78,404	253,544	—	333,457
Charge for the year	13,479	6,032	—	—	<u>19,511</u>
At 28 February 2017	<u>14,988</u>	<u>84,436</u>	<u>253,544</u>	<u>—</u>	<u>352,968</u>
Carrying amount					
At 28 February 2017	<u>333,937</u>	<u>214</u>	<u>—</u>	<u>65,000</u>	<u>399,151</u>
At 29 February 2016	<u>347,416</u>	<u>3,803</u>	<u>—</u>	<u>65,000</u>	<u>416,219</u>

Seopa Ltd

Notes to the Financial Statements (continued)

Year ended 28 February 2017

16. Tangible assets (continued)

Freehold Property

Freehold property relates to offices acquired from where the business operates.

Leasehold Property

In accordance with FRS 102, section 16 'Investment Properties', disclosure relating to property owned by company is required.

- the fair value of the property is determined using values of similar properties in the area, which have been sold within a recent timescale.

- No valuation by an independent valuer has been undertaken in the current or previous financial year.

17. Debtors

	2017 £	2016 £
Trade debtors	1,287,978	1,239,878
Prepayments and accrued income	1,137,573	1,133,376
Director's loan account	248,929	—
Other debtors	1,512,622	1,556,939
	<u>4,187,102</u>	<u>3,930,193</u>

Included within trade debtors is an amount of £509,885 (2016 - £509,885) which is expected to be recoverable after more than one year.

Other debtors of £1,420,357 (2016 - £1,556,939) are expected to be recoverable after more than one year.

An additional provision of £23,865 has been provided for in relation to bad debt, resulting in a closing provision of £85,061 (2016 - £61,196).

18. Financial assets measured at fair value through profit or loss

	2017 £	2016 £
Other investments	<u>4,758,042</u>	<u>4,042,921</u>

In accordance with FRS 102, section 11 'Basic Financial Instruments' the financial assets measured at fair value through profit and loss are measured at their 'surrender value' with all gains or losses brought through the statement of Comprehensive Income.

At cost, the value of the assets is £4,112,939 (2016 - £4,050,000). During the year, a further £650,000 (2016 - £1,200,000) was invested. During the year, there was an overall fair value gain of £665,121 (2016 - £126,075 fair value loss).

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2017

19. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2017	2016
	£	£
Cash at bank and in hand	371,834	499,609
Bank overdrafts	(471,041)	(1,119,229)
	<u>(99,207)</u>	<u>(619,620)</u>

20. Creditors: amounts falling due within one year

	2017	2016
	£	£
Bank loans and overdrafts	471,041	1,119,229
Trade creditors	365,509	335,694
Accruals and deferred income	676,022	904,661
Corporation tax	463,920	26,989
Social security and other taxes	157,519	140,954
Director loan accounts	–	357,391
Other creditors	42,415	50,248
	<u>2,176,426</u>	<u>2,935,166</u>

The company has a bank overdraft facility which is secured against investments within the company, with an outstanding amount of £471,041 (2016 - £1,119,229) at the year end. Interest is applied at a rate of 2.9% EAR plus Bank of England base rate.

Borrowings are secured by the company via charges over assets, an inter-company guarantee of £160,000 and a personal guarantee from Mr. G. Wilson of £160,000.

21. Provisions

	Deferred tax (note 22) £
At 1 March 2016	(2,581)
Other movements 1	19
At 28 February 2017	<u>(2,562)</u>

22. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017	2016
	£	£
Included in provisions (note 21)	<u>(2,562)</u>	<u>(2,581)</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017	2016
	£	£
Accelerated capital allowances	<u>(2,562)</u>	<u>(2,581)</u>

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2017

23. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £61,770 (2016: £66,303).

24. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2017 £	2016 £
Recognised in other operating income:		
Government grants recognised directly in income	<u>81,000</u>	<u>—</u>

25. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2017 £	2016 £
Financial assets measured at fair value through profit or loss		
Financial assets measured at fair value through profit or loss	<u>4,758,042</u>	<u>4,042,921</u>
Financial assets that are debt instruments measured at amortised cost		
Financial assets measured at amortised cost	<u>2,957,264</u>	<u>2,796,817</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>1,554,988</u>	<u>2,767,223</u>

In accordance with FRS 102, section 11 'Basic Financial Instruments' the financial assets measured at fair value through profit and loss are measured at their 'surrender value' with all gains or losses brought through the statement of Comprehensive Income.

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2017

26. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £0.01 (2016 - £1) each	1,000	10	10	10
A Ordinary shares of £0.01 each	63	1	—	—
B Ordinary shares of £0.01 each	63	1	—	—
C Ordinary shares of £0.01 each	126	1	—	—
	<u>1,252</u>	<u>13</u>	<u>10</u>	<u>10</u>

Share movements

	No.	£
Ordinary		
At 1 March 2016	10	10
Issue of shares	<u>990</u>	<u>—</u>
At 28 February 2017	<u>1,000</u>	<u>10</u>

	No.	£
A Ordinary		
At 1 March 2016	—	—
Issue of shares	<u>63</u>	<u>1</u>
At 28 February 2017	<u>63</u>	<u>1</u>

	No.	£
B Ordinary		
At 1 March 2016	—	—
Issue of shares	<u>63</u>	<u>1</u>
At 28 February 2017	<u>63</u>	<u>1</u>

	No.	£
C Ordinary		
At 1 March 2016	—	—
Issue of shares	<u>126</u>	<u>1</u>
At 28 February 2017	<u>126</u>	<u>1</u>

27. Reserves

Called-up share capital - represents the nominal value of shares that have been issued

Share premium account - represents the premium paid on issues of A Ordinary, B Ordinary and C Ordinary shares.

Profit and loss account - includes all current and prior period retained profits and losses. Included with the profit and loss account are unrealised gains on investments held at fair value of £645,103 (2016 - unrealised losses £7,079).

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2017

28. Limitation of auditors liability

The company has entered into a liability limitation agreement with its auditor, Aubrey Campbell and Company, on the following basis:

(a) the maximum aggregate amount of the auditor's liability to the company shall not exceed the sum of seven times the fees payable (excluding expenses and value added tax) under the engagement letter agreed for the financial period, or £30,000, whichever is the lesser amount.

(b) the agreement was passed by a resolution of the company's shareholders on 24th March 2017.

29. Director's advances, credits and guarantees

During the year the director entered into the following advances and credits with the company:

2017		
Balance brought forward	Advances/ (credits) to the director	Balance outstanding
£	£	£
Mr G R Wilson	(357,391)	606,320
	<u>(357,391)</u>	<u>248,929</u>
2016		
Balance brought forward	Advances/ (credits) to the director	Balance outstanding
£	£	£
Mr G R Wilson	(4,502)	(352,889)
	<u>(4,502)</u>	<u>(357,391)</u>

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2017

30. Related party transactions

The company was under the control of Mr G. Wilson for the period under review. Mr Wilson is also a director.

During 2016 the company leased office premises from Mr Wilson, with £37,440 being charged to the profit and loss account. In February 2016, Seopa Ltd purchased the office premises from Mr. Wilson for £247,979. This sale/purchase was undertaken at the full commercial rate, with a professional, independent valuation being sought prior to the sale taking place.

G Wilson Developments Limited

During the period under review, the company advanced funds to, and paid expenses on behalf of G Wilson Developments Limited, a company owned by Mr Wilson. Advances paid to G Wilson Developments amounted to £NIL (2016 - £717,939) on an interest free basis. At the balance sheet date the company was owed £1,227,824 (2016 - £1,227,824) by G Wilson Developments Limited.

Dogleap Construction Limited

During the course of the year the company received repayments of £175,000 from Dogleap Construction Limited (2016 - the company lent £54,000 to Dogleap Construction Limited), a business owned by Mr Wilson's father. At the balance sheet date the company was owed £664,000 (2016 - £839,000).

Apricot Insurance Services Limited

During the 2016 year, the company sold its shares in Apricot Insurance Services Limited, which was a wholly owned subsidiary of the company. The sale occurred on the 30 June 2015 and was sold to Mr Wilson, for £NIL consideration. To the date of sale, Apricot Insurance Services Limited, paid £12,977 in exchange for group relieved tax losses. At the balance sheet date, Apricot Insurance Services Limited was owed £19,366 (2016: £31,731). Apricot Insurance Services Limited purchased services from Seopa Ltd in the normal course of business amounting to £11,866 (2016 - £10,962).

It is notable that during the course of the year the company allotted shares, as detailed in the share capital note, to key management personnel within the company.