

COMPANY REGISTRATION NUMBER: NI046322



Seopa Ltd
Financial Statements
28 February 2022



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

Seopa Ltd

Strategic Report *(continued)*

Year ended 28 February 2022

This strategic report 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.

This strategic report is split into sections:

1. About Seopa
2. Vision and strategy
3. Financial review
4. Key performance indicators
5. Principal risks and uncertainties

About Seopa

We are Seopa Limited, based in Belfast, Northern Ireland. We also operate in Timisoara, Romania.

We have been in business for 19 years, pioneering online price comparison technology. Today, we continue to specialise in the development, operation, and marketing of intelligent price comparison technologies.

Our Quotezone.co.uk and CompareNI.com platforms enable consumers and SMEs to compare quotes and offers from hundreds of providers in numerous verticals. We also partner with some of the UK's leading businesses in the financial services, insurance, energy, and media industries, giving them the ability to offer an additional range of comparison products to their users and consequently add value to their businesses. Each year our systems generate millions of quotes for UK consumers and companies.

Our business is underpinned by sustained profitability and prudent financial management, allowing us to invest in the research, development, and operation of new technologies, offering our talented staff ongoing opportunities to grow with a focus on delivering excellence.

Vision and strategy

Since our inception, we have built a culture that is important to us. Our name encompasses our values:

Smart	We are innovative and strategic. We find better ways to do things.
Efficient	We maximise productivity and value for money. We minimise waste and duplication.
Open	We are one team - diverse, loyal and respectful. We welcome new ideas, challenge and change.
Passionate	We are ambitious, positive and driven. We celebrate the success of our company and colleagues.
Accountable	We are responsible, trustworthy and dependable. We do what we say we will.

These core values continue to guide our business and have proven to be a robust component of our company culture and performance, acting as a constant throughout our evolving growth.

We have a strong sense of purpose and take pride in the value that we bring to our customers, our business partners, and our people as we work each day to pursue our strategic vision - "To Help the World find better deals".

Highlights

Throughout the financial year, we continued to evolve and improve our systems to ensure we could help consumers to find better deals quickly, easily, and reliably. We added numerous new insurance providers to our comparison panels to give customers even more choice, enabling them to make the

Seopa Ltd

Strategic Report *(continued)*

Year ended 28 February 2022

right product selection for their needs.

Significant improvements were made to various aspects of our online customer journeys. This enabled our users to benefit from new, more user-friendly interfaces, providing them with additional product information and features on systems such as car insurance, home insurance and van insurance. We also continued to roll out these updates on other comparison systems - a project which will continue into the next financial year.

Our infrastructure migration to the AWS ecosystem was completed in 2021. New technologies were introduced to our existing architecture to take advantage of their ever-evolving technology stack, allowing costs, security, and network speeds to be further optimised.

We also invested significantly in a wide variety of research and development projects to ensure we continue to be at the forefront of innovation for the benefit of our users and to provide an ever more solid platform for business growth. Amongst these were data science projects, intended to improve our data analytics and predictive capabilities for the benefit of our customers, partners and insurance providers.

Throughout the financial year, we continued to evolve in our marketing and analytics tooling and tech stack, as well as engaging additional resource to strengthen our traffic acquisition capabilities. The resultant additional insights and capabilities have helped us to drive increased traffic volumes and revenue throughout this post lockdown year despite experienced continued competition in the marketplace.

Changing Market Conditions

The effects of the COVID-19 pandemic were still having an impact on consumer behaviour at the start of this reporting period, with particularly notable reductions in sales of products such as travel insurance. However, as lockdown restrictions eased and consumer confidence returned, recovery across many verticals became evident as the year progressed.

With the increase in wholesale energy costs, energy switching paused across the industry in Sept 2021 due to the Ofgem price cap and remains paused at the time of writing. As a result, we decided to strengthen our focus on growth in other product areas, with a view to resuming activity in this area when market conditions permit.

January 2022 saw the introduction of new FCA regulation on General Insurance Pricing Practices (GIPP). This triggered market reports of the largest single-month price rise on record for new insurance policies. Despite these changes in the industry, and some providers making increases to their pricing, we were largely unaffected in terms of sales due to the benefits of a wide comparison panel, continuous panel growth and ongoing conversion and journey improvements.

Corporate Social Responsibility

We continue to honour our commitments to the community, although COVID-19 impacted on our ability to so. We conducted a variety of public relations activities to help generate awareness for our chosen charities.

We were proud to continue our Fintech Scholarship program, now in its third year, through which we supported students right across the UK with four bursaries - awarding winners in Wales, Scotland, England and Northern Ireland, across both brands, CompareNI.com and Quotezone.co.uk.

Regulation & Compliance

We have continued to meet our legal and regulatory obligations whilst improving our internal systems to more efficiently keep abreast of all compliance matters in the company.

We have prepared for new FCA rules and guidance in areas such as product governance and firm governance, oversight and culture and have participated in FCA consultations regarding changes in rules due to take place in 2022.

Seopa Ltd

Strategic Report *(continued)*

Year ended 28 February 2022

We continue to be ISO 27001 certified having successfully been recertified by external auditors in 2021. All staff have received training in respect to regulatory compliance and information security in accordance with relevant legislation requirements and good practice recommendations.

People

Our people are very much at the heart of our business success and their wellbeing is of upmost importance us. As a result, we continued to give our staff the flexibility to work remotely throughout the year. As testament to the robust processes, management procedures and above all commitment of our people, we were able to demonstrate strong financial growth during this period and under these flexible working arrangements.

We also worked on the evolution of various job roles and responsibilities within the company during this time and made enhancements to our team and departmental structures. This along with further improvements to our remuneration, staff benefits, and bonus schemes has enabled us to further incentivise and reward our people and better utilise their individual talents and skill sets.

Furthermore, we continued to invest in the training and development of our people through a variety of means, with plans to introduce more face-to-face learning in the next financial year.

Awards

As well as acknowledging the excellent work of our teams through our internal recognition programmes, we were pleased to receive external recognition for our success throughout the year, including our PR team winning a silver award at the CIPR awards for Best Education Campaign for their work at increasing diversity and boosting recruitment in the fintech sector.

We also qualified as a Deloitte best managed company for the 5th consecutive year, further demonstrating our capabilities across areas such as innovation, operations, and strategy.

Financial Review

The 2021/22 financial year saw the company continuing to grow and recover from the financial impact of the COVID-19 pandemic.

Company revenue recovered to £15.3m (2021 - £14.16), just short of pre-pandemic levels. Gross margins improved to 38.3% (2021 - 34.4%). Both the improvement in revenues and margins can, in part, be attributed to our ongoing investment in our IT infrastructure which has resulted in improving customer journeys, and developing and enhancing our product offerings. The combined impact of positive revenue growth and better margins resulted in operating profits of £2.53m (2021 - £1.78m).

The company's investment portfolio continued to add value, leading to profits before taxation of £2.97m (2021 - £3.01m).

Earnings before interest, tax, depreciation and taxation (EBITDA) were £2.57m (2021 - £1.83m).

The effective tax rate on profits was 9.3% (2021 - 6.7%). With corporation tax rates due to increase from April-2023, we would expect our effective tax rate also to increase in the future.

Cash flow remained strong with operating activities generating £1.99m (2021 - £1.54m). Much of this money continues to be invested to support future growth and ongoing improvement of our IT systems. The company continued to maintain a low level of debt, with bank overdrafts totalling £176k (2021 - £136k).

The strength of the company's balance sheet, with net assets increasing from £16.9m to £18.9m, illustrates that we are well positioned to respond to the dynamic nature of the market in which we operate, both through our financial structure and the skill sets of all our talent.

Seopa Ltd

Strategic Report *(continued)*

Year ended 28 February 2022

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

Key Performance Indicators

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 company 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 2022 was 13%, compared to 10% in 2021.

Company Turnover

Turnover in the period under review was £15,297,406 compared to £14,155,093 in 2020/21.

Company Gross Profit Percentage

Seopa Ltd had a gross profit margin of 38.3%, compared with 34.4% in 2021.

Principal Risks and Uncertainties

Like any business, we face risks and uncertainties which we review and monitor on our risk registers in order to limit any potential adverse impact on our financial performance. These risks include:

Business risk

We are subject to various elements of business risk, such as

- Responding to change
- Data management
- Regulatory compliance
- Business interruption, including cyber security
- Reputational damage
- Product and technological innovation
- Talent management

We continually monitor developments in our industry and further afield, in order that we evolve and develop adaptive people and technologies which mean we are at the forefront of business change.

We rely on data to operate and are fully aware that this asset must be protected and managed. If we fail to look after the data in our possession, this could damage our reputation, result in loss to our stakeholders, our business and regulatory sanctions. We monitor our data management system to ensure it meets current and possible future risks.

Our activities are subject to regulation. If we fail to meet our legal or regulatory obligations, this may lead to unsatisfactory outcomes for our customers and we may be subject to financial penalties or restrictions on our business activities, which would have an adverse impact on our financial results. We have a robust regulatory and legal compliance structure, and staff are trained accordingly.

To exist, we must provide a reliable service. We continue to invest in our IT systems, which we view

Seopa Ltd

Strategic Report *(continued)*

Year ended 28 February 2022

as being fundamental to future growth. Penetration tests and scanning are conducted to assess the effectiveness of our cyber security. A business continuity plan is in place and backups are taken. The company is ISO27001 certified for data handling and data security.

We guard our reputation jealously and we have invested significantly in the development of our brands. A threat to our good name may arise through our own actions or indirectly as a consequence of the actions of our staff or partners. We have a strong corporate culture, which continues to have senior management involved in day to day operations, a low risk tolerance, and our policies and procedures which mitigate against the risk of reputational damage.

We aim to be at the forefront of technological change in our sector, combining our talent and technologies to ensure there is continual investment in research and development.

We value our people. Any loss of key personnel represents a risk to our business. We strive to make Seopa a fulfilling place to work. We encourage openness and we recognise that our staff have different time clocks, external responsibilities and social commitments, so we offer flexible working hours. We are enhancing the relationships between business teams and technical support teams and continually monitor market trends. We want our staff to realise their potential in line with our culture and vision, with performance management processes in place. We prioritise people development, combining in house talent and with strong external recruits.

Price risk

Price risk arises on business revenues and also on financial instruments, such as

- Pricing pressures on deals with panel members
- Investment values.

We continually engage with our customers to offer innovative service and innovative pricing arrangements, developing new relationships and strengthening existing relationships, and monitor the competitive environment in our sector.

We regularly review revenue performance and adapt our relationships with our customers.

Our investment in property is exposed to price risk whereby fluctuations in the property market could affect its value. However, we have no intention to sell in the short-term. Listed investments with a fair value of £13.8m are exposed to price risk but this exposure is within the company's risk appetite. We obtain professional advice to ensure that our investment portfolio is adequately diversified to reduce risk exposure.

Credit risk

Credit risk is the risk that our counterparties, such as our customers, will not be able to settle their obligations due to us within agreed payment terms. Financial assets which potentially expose us to credit risk include trade debtors and cash and cash equivalents.

We have a large number of customers, without significant reliance being placed on any single customer. Our teams review and manage customer credit exposure. Our policies are aimed at minimising losses arising from credit risk, and require that deferred terms are only granted to customers who demonstrate appropriate credit worthiness. Details of the company's debtors are shown in Note 15 to the financial statements.

Liquidity risk

Liquidity risk is the risk that we will encounter difficulty in meeting obligations associated with our financial liabilities.

Liquidity risk management involves maintaining sufficient cash reserves. We carefully manage liquidity, forecasting liquidity requirements, and mitigate liquidity risk by managing cash generation. Trade debtors are aged and monitored. Liquidity ratios are reviewed. Funding requirements for future

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Strategic Report *(continued)*

Year ended 28 February 2022

capital expenditure are planned.

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.

Prudent financial management principals continue, the results of which will be used to finance the trading operations, working capital and research and development activities of the company, as well as strengthening future growth.

Currency risk

Our functional currency is the pound sterling. We are exposed to currency risk in relation to overheads in our overseas branch and certain costs supplied to us by overseas based suppliers.

Presently, the revenues and overheads denominated in foreign currencies are limited. Nonetheless, we have procedures in place to currency exposure in order to mitigate this risk as much as possible.

Economic climate

The world wide economy has been impacted by the war in Ukraine, whilst only beginning to recover from the COVID-19 pandemic. Energy prices have risen significantly and, whilst a minor part of our business, this affects our energy comparison products.

The uncertain macro economic outlook could impact on our business, our staff and our other stakeholders. Whilst we hope that any economic downturn is for the short term, and our business model is robust, our management team will continue to review and assess the economic climate and its impact on all aspects of our company.

Future Outlook

Our business model has proven itself to be robust and our strategy, values and vision have guided the business successfully throughout its growth.'

As we move forward, we will continue to grow our teams and invest in their personal development.

We will continue to embrace innovation, investing in research and development projects and data science initiatives to inform our decision making and improve our consumer and partner offerings.

We will grow and evolve our comparison systems through the addition of new product providers and updated system features to ensure our customers are empowered with the information they need to make informed decisions on their financial purchases.

This report was approved by the board of directors on 30 November 2022 and signed on behalf of the board by:



Mr G R Wilson
Director

Registered office:
5th Floor Link Building Adelaide Exchange
24-26 Adelaide Street
Belfast
BT2 8GD

Seopa Ltd

Director's Report

Year ended 28 February 2022

The director presents his report and the financial statements of the company for the year ended 28 February 2022.

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 12 to the financial statements.

Future developments

We aim to continue our expansion into new markets, developing inter-relationships, whilst cementing our existing relationships by offering more services to our existing customers. Further investment in talent and technology is planned to drive growth.

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

We maintain and operate a branch in Timisoara, Romania.

Disclosure of information in the strategic report

The company has chosen to include the following information in its strategic report which is required to be stated in the director's report:

- Principal risks and uncertainties

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.

Seopa Ltd

Director's Report *(continued)*

Year ended 28 February 2022

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.

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 2022 and signed on behalf of the board by:



Mr G R Wilson
Director

Registered office:
5th Floor Link Building Adelaide Exchange
24-26 Adelaide Street
Belfast
BT2 8GD

Seopa Ltd

Independent Auditor's Report to the Members of Seopa Ltd

Year ended 28 February 2022

Opinion

We have audited the financial statements of Seopa Ltd (the 'company') for the year ended 28 February 2022 which comprise the profit and loss account, balance sheet, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Seopa Ltd

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

Year ended 28 February 2022

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of the director

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, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Seopa Ltd

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

Year ended 28 February 2022

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with trustees and other management;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

Seopa Ltd

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

Year ended 28 February 2022

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Seopa Ltd

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

Year ended 28 February 2022

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



John Magee (Senior Statutory Auditor)

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

30 November 2022

Seopa Ltd

Profit and Loss Account

Year ended 28 February 2022

	Note	2022 £	2021 £
Turnover	4	15,297,406	14,155,093
Cost of sales		9,432,299	9,286,967
Gross profit		5,865,107	4,868,126
Administrative expenses		3,385,569	3,135,805
Other operating income	5	57,898	46,181
Operating profit	6	2,537,436	1,778,502
Gain on financial assets at fair value through profit or loss		231,945	1,035,143
Other interest receivable and similar income	10	201,509	197,148
Profit before taxation		2,970,890	3,010,793
Tax on profit	11	278,526	201,905
Profit for the financial year		2,692,364	2,808,888
Other comprehensive income movement		1	–
Total comprehensive income for the year		2,692,365	2,808,888

All the activities of the company are from continuing operations.

The notes on pages 17 to 38 form part of these financial statements.

Seopa Ltd

Balance Sheet

28 February 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	14	469,983	485,739
Current assets			
Debtors	15	5,256,460	4,731,777
Financial Assets measured at Fair Value through Profit or Loss	16	13,759,069	11,524,118
Cash at bank and in hand		1,444,163	2,043,565
		<u>20,459,692</u>	<u>18,299,460</u>
Creditors: amounts falling due within one year	18	<u>1,777,186</u>	<u>1,675,622</u>
Net current assets		18,682,506	16,623,838
Total assets less current liabilities		19,152,489	17,109,577
Provisions			
Taxation including deferred tax	19	204,057	170,402
Net assets		<u>18,948,432</u>	<u>16,939,175</u>
Capital and reserves			
Called up share capital	26	13	13
Share premium account	27	59,973	59,973
Other reserves	27	849,256	698,421
Profit and loss account	27	18,039,190	16,180,768
Shareholders funds		<u>18,948,432</u>	<u>16,939,175</u>

These financial statements were approved by the board of directors and authorised for issue on 30 November 2022, and are signed on behalf of the board by:



Mr G R Wilson
Director

Company registration number: NI046322

The notes on pages 17 to 38 form part of these financial statements.

Seopa Ltd

Statement of Cash Flows

Year ended 28 February 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit for the financial year		2,692,364	2,808,888
<i>Adjustments for:</i>			
Depreciation of tangible assets		35,756	39,846
Amortisation of intangible assets		–	16,650
Fair value adjustment of investment property		(20,000)	–
Government grant income		(54,459)	(39,471)
Gain on financial assets at fair value through profit or loss		(231,945)	(1,035,143)
Other interest receivable and similar income		(201,509)	(197,148)
Tax on profit		278,526	201,905
Accrued expenses/(income)		92,938	(401,859)
<i>Changes in:</i>			
Trade and other debtors		(403,674)	(192,264)
Trade and other creditors		(32,102)	626,720
Cash generated from operations		2,155,895	1,828,124
Interest received		201,509	197,148
Tax paid		(365,879)	(479,668)
Net cash from operating activities		<u>1,991,525</u>	<u>1,545,604</u>
Cash flows from investing activities			
Purchase of tangible assets		–	(1,648)
Purchases of other investments		(2,793,216)	(7,820,047)
Proceeds from sale of other investments		790,210	1,551,322
Net cash used in investing activities		<u>(2,003,006)</u>	<u>(6,270,373)</u>
Cash flows from financing activities			
Proceeds from borrowings	11	–	(216)
Proceeds from loans from group undertakings		–	(39,560)
Government grant income		54,459	39,471
Dividends paid		(683,108)	(508,500)
Net cash used in financing activities		<u>(628,638)</u>	<u>(508,805)</u>
Net decrease in cash and cash equivalents		<u>(640,119)</u>	<u>(5,233,574)</u>
Cash and cash equivalents at beginning of year		<u>1,907,876</u>	<u>7,141,450</u>
Cash and cash equivalents at end of year	17	<u>1,267,757</u>	<u>1,907,876</u>

The notes on pages 17 to 38 form part of these financial statements.

Seopa Ltd

Notes to the Financial Statements

Year ended 28 February 2022

1. General information

Seopa Limited is a private company limited by shares, registered in Northern Ireland. The address of the registered office is 5th Floor Link Building Adelaide Exchange, 24-26 Adelaide Street, Belfast, BT2 8GD. The company's registered number is NI046322.

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

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

The company's functional and presentation currency is the pound sterling.

Going concern

The financial position of the company, its cash flows, liquidity position and borrowing facilities are reflected in the financial statements.

The company meets its day-to-day working capital requirements through cash generation from customers, managing suppliers and, where necessary, bank facilities. The uncertainty facing the global economy, arising from the war in Ukraine and legacy of the COVID-19 pandemic, cannot be ignored and, like many other businesses, it has affected our customers, from whom we source revenue, and our partners, who assist in the generation of that revenue, and how we work. Economic uncertainty and a recession in the UK may well be a feature for the following 12 months. Nonetheless, taking account of reasonably possible changes in trading performance, and after making enquiries, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The company, therefore, continues to adopt the going concern basis in preparing its financial statements.

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2022

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

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.

Significant Judgements

To be a key judgement, the subject matter must relate to something other than assumptions about the future or making estimates and typically relate to significant issues in applying accounting standards where management applied judgement in situations where a different judgement might have led to a materially different accounting treatment.

The judgements (apart from those involving estimations) 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:

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 company'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.

Leases

The director must determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Website development costs

All website related ongoing maintenance costs and research costs are written off to the profit and loss account in the period in which they are incurred.

Website development costs generated internally by the company may be capitalised as an intangible asset, which is an identifiable non monetary asset without physical substance with a finite life, only if all of the following can be demonstrated:

- the technical feasibility of completing the website so that it will be available for use or sale;
- the company has an intention to complete the website and use or sell it;
- the company has an ability to use or sell the website;
- it is probable that the website will generate future economic benefits, and the output from the website has a market or will be useful to the company;
- the company has adequate technical, financial and other resources to complete the development of the website and has the ability to use or sell it; and
- the costs attributable to the development of the website can be measured reliably.

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2022

3. Accounting policies *(continued)*

Assessing the above criteria involves a significant degree of judgement. The company operates in a fast moving technological environment which can render previously sound development work out of date, and drawing the line between research costs and development costs is often difficult. Therefore, unless clearly meeting all the criteria, the company chooses to write off any website development costs in the period in which they are incurred.

Under the company's previous accounting framework, website development costs meeting the criteria of assets were classified as tangible fixed assets. These website assets costs were fully depreciated at the time of transition to FRS 102, having no carrying value. Consequently, as there was no material difference between classification of these costs between tangible and intangible fixed assets, no reclassification was effected at the date of transition to FRS 102.

Share based payments

The company has granted cash-settled share-based payments to certain employees as a long term incentive plan to retain talent. The participants in the plan are required to own shares in the company and settlement is conditional upon a future liquidity event, after which certain "waterfall" provisions determine the ultimate amount received by each employee.

The costs for the cash-settled share payments are based on the fair value of the share rights at the end of the reporting period. These payments are reported as employee costs with a corresponding movement in a liability in the statement of financial position up until settlement.

The director has assessed that the probability of achieving the conditions is such that the fair value of the rights is nil.

Financial instruments

The company has provided loans to related parties with no written contractual terms or interest charges. The director considers that, in these instances, the loans are repayable upon demand. Accordingly, the on-demand loans have not been discounted, as they have no terms and can be demanded from the related parties at any time. Whilst the loans have been made at a non-market rate of interest and are financing transactions, as the company can demand payment at any time from the related parties, discounting from the first date when the amounts could be required to be paid has no material financial impact. Therefore, the loans have been recognised at the full amounts receivable i.e. their face values, and are subject to annual impairment reviews.

Key Sources of Estimation Uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. They are, by nature, subjective and result in a risk that a material adjustment to the carrying amount of assets or liabilities may be required as a result of changes in those assumptions or estimates in the next period.

The key 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:

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.

Investment property valuation

The carrying value of the company's investment property is based upon the director's review of its fair value. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. In this instance, the review is based upon values of similar properties offered for sale in the area in which the investment

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2022

3. Accounting policies *(continued)*

property is located. This assessment may be different to that of a professional valuer.

Depreciation

The company's balance sheet 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

Revenue is measured at the fair value of the consideration received or receivable and comprises commissions and other income derived from the company's activities, earned net of trade discounts, VAT and similar taxes.

Revenues, such as insurance and financial product related commissions, are recognised based on traffic months, when the outcome of the transactions which generate revenue can be estimated reliably and will probably result in cash flows to the company. Such revenue is usually generated by invoicing customers most of whom subsequently pay by inter bank transfer. Provision is made for credit notes based upon review of subsequent months' credit notes to check the month in which the corresponding amount of revenue was recognised and if the conditions to recognise the credit note liability existed at the period end.

Interest income and dividend income from investments is recognised when the right to receive such income is established.

Rental income is recognised when receivable.

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2022

3. Accounting policies *(continued)*

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provision is made, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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. Deferred tax is provided on movements in the fair value of investment property using the tax rates and allowances that are expected to apply on the sale of the investment property. Deferred tax is provided on financial assets held at fair value, which are not subject to current tax, using the tax rates enacted at the balance sheet date.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Neither current tax nor deferred tax assets or liabilities are subject to discounting.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Foreign currencies

Foreign currency transactions are translated into the functional currency at the rate ruling at the date of the transaction or at a contracted rate. At each period end foreign currency monetary items are translated using the rate of exchange ruling at the balance sheet date. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

The trading results of an overseas branch are translated into sterling at the average monthly exchange rates. The assets and liabilities of the overseas branch are translated at the exchange rates ruling at the balance sheet date.

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2022

3. Accounting policies *(continued)*

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. At acquisition, goodwill is measured at cost.

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
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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 2022

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. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs. 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 is recognised in profit or loss.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Website Development Costs

Costs relating to the development of websites under the company's previous accounting regime were, and remain, capitalised as tangible fixed assets. Such costs were measured at cost less any accumulated depreciation and impairment losses. At the date of transition to FRS 102, as the website development costs were fully depreciated, they were not reclassified as intangible fixed assets and, therefore, remain classified as tangible fixed assets.

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:

Land and Buildings	-	5% straight line
Alterations to Short Leasehold Buildings	-	5% straight line
Plant and Machinery	-	25% reducing balance
Website Development Costs	-	25% straight line

The residual values and useful lives of tangible fixed assets are reviewed, and adjusted, if necessary, at the end of each reporting period. Such changes are accounted for prospectively.

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

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2022

3. Accounting policies *(continued)*

Investment property

Investment property is property held by the company to earn rentals or for capital appreciation or both.

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure. Investment property is not subject to depreciation.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss. Fair value is the amount for which an asset, liability or equity instrument could be exchanged or settled between knowledgeable, willing parties in an arm's length transaction.

Impairment of fixed assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit's) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Goodwill is allocated on acquisition to the cash generating unit expected to benefit from the synergies of the combination. Goodwill is included in the carrying value of cash generating units for impairment testing.

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2022

3. Accounting policies *(continued)*

Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable. Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income and not deducted from the carrying amount of the asset.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Provisions

Provisions are recognised when the company 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 balance sheet and the amount of the provision as an expense.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

Provisions are initially measured at the present value of the estimated expenditures 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.

Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the director, separate disclosure is necessary to understand the effect of the transactions on the financial statements.

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2022

3. Accounting policies *(continued)*

Financial instruments

A financial instrument is a contract that gives rise to a financial asset or financial liability. It includes cash, trade debtors and creditors, equity investments and borrowings. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial instruments include cash and bank balances, trade debtors and creditors, and borrowings.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction (where, for example, payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate), where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Such assets are subsequently carried at amortised cost using the effective interest method. Amortised cost is the amount at which a financial asset (or financial liability) is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability. The effective interest rate, which is determined on the basis of the carrying amount of the financial asset (or financial liability) at initial recognition, is the rate that discounts estimated future cash payments or receipts over the expected life of the financial asset or financial liability or, when appropriate, a shorter period, to the carrying amount of the financial instrument.

Financial assets and financial liabilities that are repayable upon demand are not treated as financing transactions.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Fair value is the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted would be exchanged between knowledgeable, willing parties in an arm's length transaction.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Investments in unit trusts and discretionary managed funds held by the company, which are publicly traded, are measured at fair value.

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 assets are derecognised when (a) the contractual rights to the cash flows from the

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2022

3. Accounting policies *(continued)*

asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

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

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Defined contribution plans

The company operates a number of defined contribution pension plans for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Any amounts not paid are shown in creditors in the balance sheet. The assets of the pension plans are held separately from the company in independently administered funds.

Distributions to equity holders

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2022

3. Accounting policies *(continued)*

Short term employee benefits

The company provides short term benefits including holiday pay to their employees. These are recognised as an expense in the period in which the service is received.

Share-based payments

Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity. This is based upon the company's estimate of the shares or share options that will eventually vest which takes into account all vesting conditions and non-market performance conditions, with adjustments being made where new information indicates the number of shares or share options expected to vest differs from previous estimates.

Fair value is determined using an appropriate pricing model. All market conditions and non-vesting conditions are taken into account when estimating the fair value of the shares or share options. As long as all other vesting conditions are satisfied, no adjustment is made irrespective of whether market or non-vesting conditions are met.

Where the terms of an equity-settled transaction are modified, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the fair value of the transaction, as measured at the date of modification.

Where an equity-settled transaction is cancelled or settled, it is treated as if it had vested on the date of cancellation or settlement, and any expense not yet recognised in profit or loss is expensed immediately.

Cash-settled share-based payment transactions are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

4. Turnover

Turnover arises from:

	2022	2021
	£	£
United Kingdom	<u>15,297,406</u>	<u>14,155,093</u>

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

5. Other operating income

	2022	2021
	£	£
Rental income	3,439	5,330
Government grant income	54,459	39,471
Other operating income	—	1,380
	<u>57,898</u>	<u>46,181</u>

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2022

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2022	2021
	£	£
Amortisation of intangible assets	–	16,650
Depreciation of tangible assets	35,756	39,846
Fair value adjustments to investment property	(20,000)	–
Impairment of trade debtors	18,642	(2,866)
Expenditure on research and development	890,000	886,194
Foreign exchange differences	<u>(11,257)</u>	<u>(24,343)</u>

7. Auditor's remuneration

	2022	2021
	£	£
Fees payable for the audit of the financial statements	<u>18,000</u>	<u>18,000</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>28,260</u>	<u>46,416</u>

8. Staff costs

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

	2022	2021
	No.	No.
Management staff	5	5
Number of other staff	<u>52</u>	<u>53</u>
	<u>57</u>	<u>58</u>

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

	2022	2021
	£	£
Wages and salaries	2,118,687	2,111,851
Social security costs	178,922	163,552
Other pension costs	60,974	59,185
	<u>2,358,583</u>	<u>2,334,588</u>

9. Director's remuneration

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

	2022	2021
	£	£
Remuneration	9,221	9,293
Company contributions to defined contribution pension plans	10,000	10,000
	<u>19,221</u>	<u>19,293</u>

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2022

9. Director's remuneration *(continued)*

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

	2022 No.	2021 No.
Defined contribution plans	<u>1</u>	<u>1</u>

10. Other interest receivable and similar income

	2022 £	2021 £
Interest on cash and cash equivalents	13,743	62,334
Corporation tax interest received	3,408	1,410
Other interest receivable and similar income	<u>184,358</u>	<u>133,404</u>
	<u>201,509</u>	<u>197,148</u>

11. Tax on profit

Major components of tax expense

	2022 £	2021 £
Current tax:		
UK current tax expense	265,604	184,412
Adjustments in respect of prior periods	(28,364)	(147,579)
Total UK current tax	237,240	36,833
Foreign current tax expense	<u>7,631</u>	<u>3,257</u>
Total current tax	<u>244,871</u>	<u>40,090</u>
Deferred tax:		
Origination and reversal of timing differences	33,655	161,815
Tax on profit	<u>278,526</u>	<u>201,905</u>

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2022

11. Tax on profit *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022 £	2021 £
Profit on ordinary activities before taxation	2,970,890	3,010,793
Profit on ordinary activities by rate of tax	564,469	572,050
Effect of expenses not deductible for tax purposes	(72,921)	(178,911)
Effect of capital allowances and depreciation	6,582	10,163
Effect of different UK tax rates on some earnings	(219,830)	(218,890)
Unused tax losses	(28,364)	(147,579)
Deferred tax movement	33,655	161,815
Foreign tax charge	7,631	3,257
Group loss relief	(12,696)	–
Tax on profit	278,526	201,905

Factors that may affect future tax expense

The main rate of UK corporation tax will increase to 25% from 1st April 2023 on company taxable profits over £250,000.

12. Dividends

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

	2022 £	2021 £
Dividends on ordinary shares	569,800	441,000
Dividends on B ordinary shares	100,000	50,000
Dividends on C ordinary shares	13,308	17,500
	683,108	508,500

13. Intangible assets

	Goodwill £
Cost	
At 1 March 2021 and 28 February 2022	107,004
Amortisation	
At 1 March 2021 and 28 February 2022	107,004
Carrying amount	
At 28 February 2022	–
At 28 February 2021	–

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2022

13. Intangible assets *(continued)*

Goodwill is being amortised as follows:

- Goodwill arising on the acquisition of a Romanian business is being amortised evenly over the director's estimate of its useful life of 5 years, this goodwill is now fully amortised; 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 director's estimate of its useful life of 5 years, this goodwill is now fully amortised.

Amortisation of intangible fixed assets is included in administrative expenses.

14. Tangible assets

	Land and Buildings £	Investment property £	Alterations to short leasehold property £	Plant and machinery £	Website Developme nt Costs £	Total £
Cost or valuation						
At 1 Mar 2021	348,925	65,000	120,865	181,502	253,544	969,836
Revaluations	—	20,000	—	—	—	20,000
At 28 Feb 2022	348,925	85,000	120,865	181,502	253,544	989,836
Depreciation						
At 1 Mar 2021	84,773	—	13,346	132,434	253,544	484,097
Charge for the year	17,446	—	6,043	12,267	—	35,756
At 28 Feb 2022	102,219	—	19,389	144,701	253,544	519,853
Carrying amount						
At 28 Feb 2022	246,706	85,000	101,476	36,801	—	469,983
At 28 Feb 2021	264,152	65,000	107,519	49,068	—	485,739

An investment property is measured at fair value at each reporting date with changes in fair value recognised in profit or loss. The fair value of the investment property has been assessed and subsequently increased by the director, after comparing the property's net book values at the date of the statement of financial position, to those of similar properties in the area. Accordingly, the director is satisfied that the values of this property is accurately reflected, at its fair value, at the date of the statement of financial position. An independent professional valuation has not been obtained by the director.

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2022

14. Tangible assets *(continued)*

Tangible assets held at valuation

In respect of tangible assets held at valuation, the aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	Investment property £
At 28 February 2022	
Aggregate cost	176,870
Aggregate depreciation	(56,598)
Carrying value	<u>120,272</u>
At 28 February 2021	
Aggregate cost	176,870
Aggregate depreciation	(53,061)
Carrying value	<u>123,809</u>

15. Debtors

	2022 £	2021 £
Trade debtors	1,549,213	1,271,549
Amounts owed by group undertakings	319,914	419,914
Prepayments and accrued income	1,451,238	1,274,843
Corporation tax repayable	451,308	326,839
Other debtors	1,484,787	1,438,632
	<u>5,256,460</u>	<u>4,731,777</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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

	2022 £	2021 £
Other investments	<u>13,759,069</u>	<u>11,524,118</u>

Investments in unit trusts and discretionary managed funds held by the company as financial assets are measured at fair value based upon their surrender values with all gains or losses brought through the profit and loss account.

The total amount invested in the assets at the reporting date, at cost, amounted to £12,574,832 (2021 - £10,571,825). During the year, there was an overall fair value gain of £231,945 (2021 - £1,035,143).

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2022

17. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2022 £	2021 £
Cash at bank and in hand	1,444,163	2,043,565
Bank overdrafts	(176,406)	(135,689)
	<u>1,267,757</u>	<u>1,907,876</u>

18. Creditors: amounts falling due within one year

	2022 £	2021 £
Bank loans and overdrafts	176,406	135,689
Trade creditors	906,761	832,294
Accruals and deferred income	337,215	244,277
Social security and other taxes	309,169	424,377
Director loan accounts	782	771
Other creditors	46,853	38,214
	<u>1,777,186</u>	<u>1,675,622</u>

The company has a bank overdraft facility which is secured against other investments, with an outstanding amount of £176,406 (2021 - £135,689) at the year end. Interest is applied at a rate of 2.9% EAR plus Bank of England base rate.

Other 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.

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

19. Provisions

	Deferred tax (note 20) £
At 1 March 2021	170,402
Additions	35,381
Other movements	(1,726)
At 28 February 2022	<u>204,057</u>

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2022

20. Deferred tax

The deferred tax included in the balance sheet is as follows:

	2022 £	2021 £
Included in provisions (note 19)	<u>204,057</u>	<u>170,402</u>

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

	2022 £	2021 £
Accelerated capital allowances	4,849	6,576
Fair value adjustment of financial assets	<u>199,208</u>	<u>163,826</u>
	<u>204,057</u>	<u>170,402</u>

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £50,974 (2021: £49,185).

22. Share-based payments

The company has granted cash-settled share-based payments to certain employees as a long term incentive plan to retain talent. The participants in the plan are required to own shares in the company and settlement is conditional upon a future liquidity event, after which certain "waterfall" provisions determine the ultimate amount received by each employee.

The costs for the cash-settled share payments are based on the fair value of the share rights at the end of the reporting period. These payments are reported as employee costs with a corresponding movement in a liability in the statement of financial position up until settlement.

The director has assessed that the probability of achieving the conditions is such that the fair value of the rights is nil.

23. Government grants

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

	2022 £	2021 £
Recognised in other operating income:		
Government grants recognised directly in income	<u>54,459</u>	<u>39,471</u>

24. Financial instruments

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

	2022 £	2021 £
Financial assets measured at fair value through profit or loss		
Financial assets measured at fair value through profit or loss	<u>13,759,069</u>	<u>11,524,118</u>

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2022

24. Financial instruments *(continued)*

	2022 £	2021 £
Financial assets that are debt instruments measured at amortised cost		
Financial assets measured at amortised cost	<u>4,652,822</u>	<u>4,261,263</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>1,468,018</u>	<u>1,251,245</u>

25. Analysis of other comprehensive income

	Other reserves £	Profit and loss account £	Total £
Year ended 28 February 2022			
Other comprehensive income movement	186,216	(186,215)	1
Tax relating to components of other comprehensive income	<u>(35,381)</u>	<u>35,381</u>	<u>–</u>
	<u>150,835</u>	<u>(150,834)</u>	<u>1</u>
Year ended 28 February 2021			
Other comprehensive income movement	862,248	(862,248)	–
Tax relating to components of other comprehensive income	<u>(163,827)</u>	<u>163,827</u>	<u>–</u>
	<u>698,421</u>	<u>(698,421)</u>	<u>–</u>

26. Called up share capital

Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
Ordinary shares of £0.01 each	1,000	10	1,000	10
A Ordinary shares of £0.01 each	63	1	63	1
B Ordinary shares of £0.01 each	63	1	63	1
C Ordinary shares of £0.01 each	126	1	126	1
	<u>1,252</u>	<u>13</u>	<u>1,252</u>	<u>13</u>

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2022

26. Called up share capital *(continued)*

The equity share capital of the company has the following characteristics:

Ordinary shares - shares have voting rights, dividend rights and distribution rights on winding up.

A Ordinary shares - shares have voting rights and distribution rights on winding up. Distribution rights are subject to certain conditions being met.

B Ordinary shares - shares have voting rights, dividend rights and distribution rights on winding up. Distribution rights are subject to certain conditions being met.

C Ordinary shares - shares have voting rights, dividend rights and distribution rights on winding up. Distribution rights are subject to certain conditions being met.

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.

Non distributable reserve - includes the unrealised gains on investments held by the company.

28. Analysis of changes in net debt

	At 1 Mar 2021	Cash flows	Other changes	At 28 Feb 2022
	£	£	£	£
Cash at bank and in hand	2,043,565	(599,402)	–	1,444,163
Bank overdrafts	(135,689)	(40,717)	–	(176,406)
Debt due within one year	(771)	(11)	–	(782)
Current asset investments	11,524,118	2,003,006	231,945	13,759,069
	<u>13,431,223</u>	<u>1,362,876</u>	<u>231,945</u>	<u>15,026,044</u>

29. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2022	2021
	£	£
Not later than 1 year	146,265	146,265
Later than 1 year and not later than 5 years	585,060	585,060
Later than 5 years	146,265	292,530
	<u>877,590</u>	<u>1,023,855</u>

On 14th March 2018 the company signed a lease in relation to rental of an office building, this disclosure has been made in the accounts due to its material nature.

Seopa Ltd

Notes to the Financial Statements *(continued)*

Year ended 28 February 2022

30. Limitation of auditor's 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 18th November 2022.

31. Related party transactions

The company owed £319,914 (2021 - the company owed £419,914) to its parent undertaking at the balance sheet date. All amounts are repayable upon demand.

The company transacts business with entities which are under the common control of a member of key management. During the period, the company realised revenues of £29,861 (2021 - £37,058) with companies under common control and acquired services from such companies at a cost of £1,089 (2021 - £1,163). At the balance sheet date, the total amount owed to the company by entities under common control was £1,266,715 (2021 - £1,264,529). All amounts are repayable upon demand.

The company is owed £664,000 (2021 - £664,000) by a company controlled by a member of the close family of a member of key management. No transactions with that company occurred during the current or prior period. All amounts are repayable upon demand.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, either directly or indirectly.

Compensation paid to key management personnel, which includes all employee benefits, in the period was £19,221 (2021 - £19,293).

32. Controlling party

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Seopa Holdings Limited, a company incorporated in Northern Ireland. Copies of the Seopa Holdings Limited consolidated financial statements can be obtained from 5th Floor Link Building Adelaide Exchange, 24-26 Adelaide Street, Belfast, BT2 8GD.

The company's ultimate controlling party is Mr. G. Wilson.