

REGISTERED NUMBER: 04459633 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTOR AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
FOR
LONDON & EUROPEAN TITLE INSURANCE
SERVICES LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2018**

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**LONDON & EUROPEAN TITLE INSURANCE
SERVICES LIMITED**

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

DIRECTOR: C M Taylor

REGISTERED OFFICE: City Pavilion Cannon Green
27 Bush Lane
London
EC4R 0AA

REGISTERED NUMBER: 04459633 (England and Wales)

AUDITORS: Marriott Gibbs Rees Wallis Limited
Statutory Auditor
13-17 Paradise Square
Sheffield
South Yorkshire
S1 2DE

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The director presents his strategic report for the year ended 31 December 2018.

REVIEW OF BUSINESS

London & European Title Insurance Services Ltd is an FCA authorised Managing General Agent that undertakes Insurance Intermediation in The City of London.

The business engages with Mortgage Lenders, Solicitors and specialist Insurance Brokers in the United Kingdom & the Republic of Ireland to provide legal indemnity insurance products.

The focus during 2018 has been on enhancing capacity, simplifying and enhancing product offerings and implementing operational improvements to support top line growth and enhance margins.

Key performance indicators

Management use a range of performance measures to monitor and manage the business. The performance measures are split into financial and non-financial key performance indicators. Financial indicators include profitability measures such as premium income levels, average commission rates and profit margins as well as liquidity ratios relating to working capital.

Non-financial performance indicators include conversion rates, retention rates, new business levels and market share data as well as customer services metrics including complaints and cancellation rates.

Financial performance during the year and financial position at the reporting date

| | Unit | 2018 | 2017 |
|--------------------------|-------------|-------------|-------------|
| | | £ | £ |
| Turnover | £'000 | 2,606 | 1,852 |
| Profit/(loss) before tax | £'000 | 680 | (79) |
| Net current assets | £'000 | 890 | 218 |
| Net assets | £'000 | 1,027 | 386 |

As reported in the Company's profit and loss account turnover has increased 40.7% from £1,852,168 to £2,606,268 in the current period. Profit after tax has increased from a loss of £79,018 to a profit of £641,117.

The balance sheet shows that the Company's net assets have increased from £385,867 to £1,026,984.

The increase is due to a number strong performance in core markets in respect of client retention and new business growth.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

PRINCIPAL RISKS AND UNCERTAINTIES

The management continually monitor the key risks facing the Company together with assessing controls used for managing these risks. The board of directors formally reviews and documents the principal risks facing the business at least annually.

The main risk facing the Company relating to the continuation of the Delegated Underwriting Authority Agreement ("DUAA") with the insurance carrier and the retention of key employees.

Regular internal audits are conducted in order to protect the "DUAA" ensuring that the terms of it are adhered to and that processes and procedures are regularly reviewed.

ON BEHALF OF THE BOARD:

C M Taylor - Director

20 September 2019

**REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2018**

The director presents his report with the financial statements of the company for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of acting as a regulated managing general agency, supplying title insurance products to mortgage lenders and solicitor practices.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2018.

FUTURE DEVELOPMENTS

Overall the directors believe that the Company is well placed in terms of strategic and market position to maximise its ability to generate income and satisfy customer demand, in spite of the difficult economic conditions and market uncertainty as a result of Brexit

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

C M Taylor
R S Mannah

Other changes in directors holding office are as follows:

R S Mannah ceased to be a director after 31 December 2018 but prior to the date of this report.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Strategic Report, the Report of the Director 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 of 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 judgements 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 him 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**LONDON & EUROPEAN TITLE INSURANCE
SERVICES LIMITED (REGISTERED NUMBER: 04459633)**

**REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2018**

AUDITORS

The auditors, Marriott Gibbs Rees Wallis Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

C M Taylor - Director

20 September 2019

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LONDON & EUROPEAN TITLE INSURANCE SERVICES LIMITED

Opinion

We have audited the financial statements of London & European Title Insurance Services Limited (the 'company') for the year ended 31 December 2018 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 31 December 2018 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.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LONDON & EUROPEAN TITLE INSURANCE SERVICES LIMITED

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 Report of the Director.

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.

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page four, 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 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.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Tina Dawn Havenhand FCCA (Senior Statutory Auditor)
for and on behalf of Marriott Gibbs Rees Wallis Limited
Statutory Auditor
13-17 Paradise Square
Sheffield
South Yorkshire
S1 2DE

20 September 2019

**LONDON & EUROPEAN TITLE INSURANCE
SERVICES LIMITED (REGISTERED NUMBER: 04459633)**

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Notes | 2018 £ | 2017 £ |
|--|-------|------------------|------------------|
| TURNOVER | | 2,606,268 | 1,852,168 |
| Cost of sales | | <u>3,300</u> | <u>2,884</u> |
| GROSS PROFIT | | 2,602,968 | 1,849,284 |
| Administrative expenses | | <u>2,431,511</u> | <u>1,927,393</u> |
| | | 171,457 | (78,109) |
| Other operating income | | <u>511,000</u> | <u>-</u> |
| OPERATING PROFIT/(LOSS) | 4 | 682,457 | (78,109) |
| Interest receivable and similar income | | <u>795</u> | <u>109</u> |
| | | 683,252 | (78,000) |
| Interest payable and similar expenses | 5 | <u>2,767</u> | <u>1,193</u> |
| PROFIT/(LOSS) BEFORE TAXATION | | 680,485 | (79,193) |
| Tax on profit/(loss) | 6 | <u>39,368</u> | <u>(175)</u> |
| PROFIT/(LOSS) FOR THE FINANCIAL YEAR | | 641,117 | (79,018) |
| OTHER COMPREHENSIVE INCOME | | <u>-</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 641,117 | (79,018) |

The notes form part of these financial statements

**LONDON & EUROPEAN TITLE INSURANCE
SERVICES LIMITED (REGISTERED NUMBER: 04459633)**

**BALANCE SHEET
31 DECEMBER 2018**

| | Notes | 2018 £ | £ | 2017 £ | £ |
|--|-------|------------------|------------------|------------------|----------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 7 | | 148,423 | | 168,216 |
| CURRENT ASSETS | | | | | |
| Debtors | 8 | 1,222,349 | | 1,077,388 | |
| Cash at bank | | 1,445,093 | | 2,277,115 | |
| | | 2,667,442 | | 3,354,503 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 9 | 1,777,766 | | 3,136,852 | |
| NET CURRENT ASSETS | | | 889,676 | | 217,651 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 1,038,099 | | 385,867 |
| PROVISIONS FOR LIABILITIES | 12 | | 11,115 | | - |
| NET ASSETS | | | 1,026,984 | | 385,867 |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 13 | | 702,273 | | 702,273 |
| Retained earnings | | | 324,711 | | (316,406) |
| SHAREHOLDERS' FUNDS | | | 1,026,984 | | 385,867 |

The financial statements were approved by the director on 20 September 2019 and were signed by:

C M Taylor - Director

**LONDON & EUROPEAN TITLE INSURANCE
SERVICES LIMITED (REGISTERED NUMBER: 04459633)**

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

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|------------------------------------|--|------------------------------------|-------------------------------|
| Balance at 1 January 2017 | 702,273 | (237,388) | 464,885 |
| Changes in equity | | | |
| Total comprehensive income | - | (79,018) | (79,018) |
| Balance at 31 December 2017 | <u>702,273</u> | <u>(316,406)</u> | <u>385,867</u> |
| Changes in equity | | | |
| Total comprehensive income | - | 641,117 | 641,117 |
| Balance at 31 December 2018 | <u>702,273</u> | <u>324,711</u> | <u>1,026,984</u> |

The notes form part of these financial statements

**LONDON & EUROPEAN TITLE INSURANCE
SERVICES LIMITED (REGISTERED NUMBER: 04459633)**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Notes | 2018 £ | 2017 £ |
|---|-------|------------------|------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 17 | (485,243) | 835,255 |
| Interest paid | | (2,767) | (1,193) |
| Tax paid | | (40,947) | (247) |
| Net cash from operating activities | | <u>(528,957)</u> | <u>833,815</u> |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | (11,861) | (1,065) |
| Loans granted to group undertakings | | (300,000) | - |
| Loans repaid by group undertakings | | 4,031 | - |
| Interest received | | 795 | 109 |
| Net cash from investing activities | | <u>(307,035)</u> | <u>(956)</u> |
| Cash flows from financing activities | | | |
| Loans received from group undertakings | | 3,968 | - |
| Net cash from financing activities | | <u>3,968</u> | <u>-</u> |
| (Decrease)/increase in cash and cash equivalents | | <u>(832,024)</u> | <u>832,859</u> |
| Cash and cash equivalents at beginning of year | 18 | 2,277,115 | 1,444,256 |
| Cash and cash equivalents at end of year | 18 | <u>1,445,091</u> | <u>2,277,115</u> |

The notes form part of these financial statements

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

1. STATUTORY INFORMATION

London & European Title Insurance Services Limited is a private company, limited by shares , registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Significant judgements and estimates

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and recorded amounts of assets, liabilities, income and expenses.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors believe the following estimates and assumptions have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year:-

Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The carrying amounts are shown in the tangible fixed asset note and the depreciation policies for each class of assets are set out below.

Turnover

Turnover comprises the fair value of the consideration received or receivable, excluding VAT, for the provision of services as the ordinary course of the company's activities.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria have been met for each of the company's activities.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less any estimated residual value of each asset over its expected useful economic life or, if held under a finance lease, over the lease term, whichever is the shorter.

Asset Class

Computer equipment, software and web development
Fixtures, fittings and office equipment

Depreciation method and rate

10 - 20% straight line
20% straight line

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES - continued

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans to / from related parties and other third parties.

Debt instruments like loans and other accounts receivable and payable are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method; Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES - continued

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. EMPLOYEES AND DIRECTORS

| | 2018 | 2017 |
|-----------------------|-------------------------|----------------|
| | £ | £ |
| Wages and salaries | 1,042,406 | 833,134 |
| Social security costs | 120,280 | 95,511 |
| Other pension costs | 63,789 | 68,297 |
| | <u>1,226,475</u> | <u>996,942</u> |

The average number of employees during the year was as follows:

| | 2018 | 2017 |
|----------------------------|------------------|-----------|
| Administration and support | 14 | 14 |
| Directors | 2 | 2 |
| | <u>16</u> | <u>16</u> |

Other employee expenses for the year were £17,601 (2017 - £19,167).

| | 2018 | 2017 |
|--|----------------------|---------------|
| | £ | £ |
| Directors' remuneration | 466,457 | 248,428 |
| Directors' pension contributions to money purchase schemes | <u>27,203</u> | <u>30,525</u> |

The number of directors to whom retirement benefits were accruing was as follows:

| | | |
|------------------------|-----------------|----------|
| Money purchase schemes | <u>2</u> | <u>2</u> |
|------------------------|-----------------|----------|

Information regarding the highest paid director is as follows:

| | 2018 | 2017 |
|---|----------------------|---------------|
| | £ | £ |
| Emoluments etc | 259,822 | 215,420 |
| Pension contributions to money purchase schemes | <u>22,500</u> | <u>30,000</u> |

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. OPERATING PROFIT/(LOSS)

The operating profit (2017 - operating loss) is stated after charging:

| | 2018 | 2017 |
|----------------------------------|---------------|-------------|
| | £ | £ |
| Depreciation - owned assets | 31,654 | 30,552 |
| Auditors' remuneration | 16,000 | 17,590 |
| Audit-related assurance services | 4,000 | 3,050 |
| Taxation compliance services | 594 | 420 |
| Other assurance services | 5,000 | 3,500 |
| Other non- audit services | 5,218 | 24,786 |
| Foreign exchange differences | 32,030 | 7,651 |

5. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2018 | 2017 |
|----------------|--------------|-------------|
| | £ | £ |
| Other interest | 2,767 | 1,193 |

6. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

| | 2018 | 2017 |
|----------------------|---------------|-------------|
| | £ | £ |
| Current tax: | | |
| UK corporation tax | 28,253 | (175) |
| Deferred tax | 11,115 | - |
| Tax on profit/(loss) | 39,368 | (175) |

UK corporation tax has been charged at 19% (2017 - 19%).

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. TAXATION - continued

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2018 | 2017 |
|--|-----------------------|-----------------|
| | £ | £ |
| Profit/(loss) before tax | <u>680,485</u> | <u>(79,193)</u> |
| Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%) | 129,292 | (15,047) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 2,957 | 2,424 |
| Depreciation in excess of capital allowances | 10 | 1,028 |
| Utilisation of tax losses | (92,891) | - |
| Adjustments to tax charge in respect of previous periods | - | (175) |
| Unused taxable losses carried forward | - | 11,595 |
| Total tax charge/(credit) | <u>39,368</u> | <u>(175)</u> |

No deferred tax asset has been recognised on losses available to carry forward against future trading profits in excess of accelerated capital allowances in previous years due to the uncertainty of future profits.

At the balance sheet date the company had no trading losses available to carry forward against future trading profits (2017 - £547,401).

7. TANGIBLE FIXED ASSETS

| | Fixtures and fittings £ | Computer equipment £ | Totals £ |
|-----------------------|--|-------------------------------------|-----------------------|
| COST | | | |
| At 1 January 2018 | 2,799 | 519,611 | 522,410 |
| Additions | 1,440 | 10,421 | 11,861 |
| At 31 December 2018 | <u>4,239</u> | <u>530,032</u> | <u>534,271</u> |
| DEPRECIATION | | | |
| At 1 January 2018 | 2,683 | 351,511 | 354,194 |
| Charge for year | 159 | 31,495 | 31,654 |
| At 31 December 2018 | <u>2,842</u> | <u>383,006</u> | <u>385,848</u> |
| NET BOOK VALUE | | | |
| At 31 December 2018 | <u>1,397</u> | <u>147,026</u> | <u>148,423</u> |
| At 31 December 2017 | <u>116</u> | <u>168,100</u> | <u>168,216</u> |

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 | 2017 |
|------------------------------------|-------------------------|-------------------------|
| | £ | £ |
| Trade debtors | 819,962 | 960,649 |
| Amounts owed by group undertakings | 300,000 | 4,031 |
| Other debtors | 12,907 | 38,676 |
| Corporation tax | 13,059 | 365 |
| Prepayments and accrued income | 76,421 | 73,667 |
| | <u>1,222,349</u> | <u>1,077,388</u> |

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 | 2017 |
|---|-------------------------|-------------------------|
| | £ | £ |
| Bank loans and overdrafts (see note 10) | 2 | - |
| Trade creditors | 1,534,630 | 213,959 |
| Amounts owed to group undertakings | 3,968 | - |
| Social security and other taxes | 38,874 | 33,415 |
| Other creditors | 27,882 | 2,811,433 |
| Accrued expenses | 172,410 | 78,045 |
| | <u>1,777,766</u> | <u>3,136,852</u> |

10. LOANS

An analysis of the maturity of loans is given below:

| | 2018 | 2017 |
|---|-----------------|-----------------|
| | £ | £ |
| Amounts falling due within one year or on demand: | | |
| Bank overdrafts | <u>2</u> | <u>-</u> |

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. FINANCIAL INSTRUMENTS

The carrying amounts of the company's financial instruments were as follows:

| | 2018 £ | 2017 £ |
|---|------------------|------------------|
| Financial assets | | |
| Debt instruments measured at amortised cost | | |
| Trade debtors | 819,962 | 960,649 |
| Amounts owed by group undertakings | 300,000 | 4,031 |
| Other debtors | 12,907 | 38,676 |
| | <u>1,132,869</u> | <u>1,003,356</u> |
| Financial liabilities | | |
| Measured at amortised cost | | |
| Bank loans and overdrafts | 2 | - |
| Trade creditors | 1,534,630 | 213,959 |
| Amounts owed to group undertakings | 3,968 | - |
| Other creditors | 27,882 | 2,811,433 |
| | <u>1,566,482</u> | <u>3,025,392</u> |

12. PROVISIONS FOR LIABILITIES

| | 2018 £ | 2017 £ |
|--------------------------------|---------------|---------------------|
| Deferred tax | | |
| Accelerated capital allowances | <u>11,115</u> | <u>-</u> |
| | | Deferred tax |
| | | £ |
| Provided during year | | <u>11,115</u> |
| Balance at 31 December 2018 | | <u>11,115</u> |

13. CALLED UP SHARE CAPITAL

| | | | | |
|----------------------------------|----------|----------------|----------------|----------------|
| Allotted, issued and fully paid: | | | | |
| Number: | Class: | Nominal value: | 2018 £ | 2017 £ |
| 702,273 | Ordinary | £1 | <u>702,273</u> | <u>702,273</u> |

14. PENSION COMMITMENTS

The company operates a defined contribution payment scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £63,789 (2017 - £68,297).

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. PARENT AND ULTIMATE PARENT UNDERTAKING

Boutique Investment Holdings Limited (incorporated in United Kingdom) is regarded by the director as being the company's ultimate parent company.

The company's immediate parent is L & E Holdings Limited, incorporated in United Kingdom.

During the previous year the entire share capital of L & E Holdings Limited was acquired by Boutique Investment Holdings Limited.

16. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Instech Ventures Limited

A company controlled by the controlling shareholder of the holding company.

Instech Ventures Limited charged the company for management services of £90,000 during the year. At the balance sheet date the company owed £21,250 to Instech Ventures Limited.

During the year, a total of key management personnel compensation of £ 493,660 (2017 - £ 278,953) was paid.

17. RECONCILIATION OF PROFIT/(LOSS) FOR THE FINANCIAL YEAR TO CASH GENERATED FROM OPERATIONS

| | 2018 | 2017 |
|--|-------------------------|-----------------------|
| | £ | £ |
| Profit/(loss) for the financial year | 641,117 | (79,018) |
| Depreciation charges | 31,654 | 30,552 |
| Finance costs | 2,767 | 1,193 |
| Finance income | (795) | (109) |
| Taxation | 39,368 | (175) |
| | <u>714,111</u> | <u>(47,557)</u> |
| Decrease/(increase) in trade and other debtors | 163,702 | (15,029) |
| (Decrease)/increase in trade and other creditors | (1,363,056) | 897,841 |
| Cash generated from operations | <u>(485,243)</u> | <u>835,255</u> |

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes £1,198,311 (2017: £1,994,726) held in designated insurer bank accounts which is not available to the company for working capital purposes.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.