

Company Registration No. 05015443 (England and Wales)

SEDEX INFORMATION EXCHANGE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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SEDEX INFORMATION EXCHANGE LIMITED

COMPANY INFORMATION

Directors	D J Lawrence	
	S Hill	
	A Aswani	
	S Esom	(Appointed 17 January 2017)
	B Marshall	(Appointed 17 January 2017)
	C Griffiths	
	G Milligan	
	A Petrou	
	M Cassin	(Appointed 25 April 2017)
	J Mason	(Appointed 25 April 2017)
	K O'Neill	(Appointed 3 November 2017)
	R McGrath	(Appointed 14 March 2018)
	Syed Ehatasum	(Appointed 14 March 2018)

Secretary E Aldred

Company number 05015443

Registered office 5th Floor
24 Southwark Bridge Road
London
SE1 9HF

Auditor Goodman Jones LLP
29-30 Fitzroy Square
London
W1T 6LQ

SEDEX INFORMATION EXCHANGE LIMITED

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SEDEX INFORMATION EXCHANGE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report for the year ended 31 December 2017.

Fair review of the business

Sedex continues to deliver growth across all sectors of its membership, with a total of 48,426 members at 31 December 2017, a 19% increase compared with 2016. Sedex has successfully transitioned from UK centric to become a global business, and further strengthened its international management teams. In the past year Sedex has invested £1 million in new tools, services and data analytics, with four new technical services being developed for launch in 2018.

Principal risks and uncertainties

The Directors and the management team continually review and monitor the operational risks of the business.

Economic environment

Sedex, being a global company, is exposed to the worldwide uncertainties. However due to its diversified membership base, these uncertainties can be managed through continuous dialogue with its members.

People

Our employees are the key differentiator in delivering excellent customer service to our members. The business works hard to attract, develop and retain quality staff.

Liquidity risk

Cash flow is closely managed to ensure adequate funds are available to meet the business' liabilities as and when they fall due. Debtors are reviewed regularly to ensure that accounts do not fall overdue.

Credit risk

All cash surpluses are deposited with banks that must be approved by the Board.

Currency risk

Sedex invoices its members in the currencies that it incurs costs in and hence minimises the risks associated with currency fluctuations.

Future Developments

A global member survey is currently underway to identify member opinion and future requirement to maintain the pace of development. Sedex continues to invest in both its platform and worldwide infrastructure to facilitate the services provided to its members. In 2018 Sedex will establish companies in Australia and Chile, increasing its global footprint. With the broadening of the reach of social compliance and increased government interest worldwide, Sedex management believes that Sedex is in a strong position to continue to grow the business.

Key performance indicators

The Directors use a number of key performance indicators to assess the business performance. These are membership growth, turnover and capital investment.


	2017	2016
Total membership numbers	48,426	40,582
Turnover	9,829,913	10,619,411
Capital Investment	1,023,223	1,922,668

SEDEX INFORMATION EXCHANGE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

On behalf of the board



B Marshall

Director

27/9/18

SEDEX INFORMATION EXCHANGE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

Principal activities

The principal activity of the group continued to be that of the provision of a business information exchange platform accessed via the internet. The platform's purpose is to provide members with transparency of their supply chains and to support their own ethical trade programmes.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

L.C Nicholls	(Resigned 25 April 2017)
G Bolton	(Resigned 25 April 2017)
D J Lawrence	
S Hill	
J Ivelaw- Chapman	(Resigned 4 July 2018)
N Hirdaramani	(Resigned 25 April 2017)
M Aktaruzzaman	(Resigned 14 March 2018)
A Aswani	
S Esom	(Appointed 17 January 2017)
B Marshall	(Appointed 17 January 2017)
C Griffiths	
G Milligan	
A Petrou	
C Costagli	(Resigned 17 January 2017)
M Cassin	(Appointed 25 April 2017)
J Mason	(Appointed 25 April 2017)
K O'Neill	(Appointed 3 November 2017)
G Padelopoulos	(Appointed 24 October 2017 and resigned 14 March 2018)
R McGrath	(Appointed 14 March 2018)
Syed Ehatasum	(Appointed 14 March 2018)

Results and dividends

The results for the year are set out on page 8.

Research and development

The business continues to invest in research and development for its IT platform Sedex Advance, with continued focus on developing a platform that will allow its members easier access to its data.

Changes in presentation of the financial statements

The comparative figures are for the 16 month period to 31 December 2016.

Auditor

Goodman Jones LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor


So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

SEDEX INFORMATION EXCHANGE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

On behalf of the board


B Marshall
Director
27/9/18

SEDEX INFORMATION EXCHANGE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

SEDEX INFORMATION EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SEDEX INFORMATION EXCHANGE LIMITED

Opinion

We have audited the financial statements of Sedex Information Exchange Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Group Profit And Loss Account, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows, the Company Statement of Cash Flows 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 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 group's and the parent company's affairs as at 31 December 2017 and of its loss 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 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

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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are 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.

SEDEX INFORMATION EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SEDEX INFORMATION EXCHANGE LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are 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 directors determine 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 directors are responsible for assessing the group's and the parent 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 directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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.

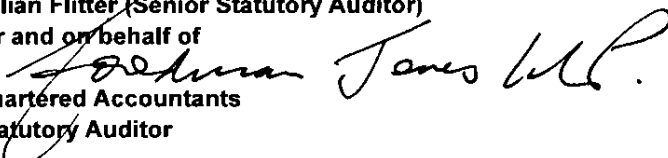
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

Julian Flitter (Senior Statutory Auditor)

for and on behalf of

Chartered Accountants
Statutory Auditor



28/9/18

SEDEX INFORMATION EXCHANGE LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
	Notes	£	as restated £
Turnover	3	9,829,913	10,619,411
Cost of sales		(2,550,895)	(3,058,279)
Gross profit		7,279,018	7,561,132
Administrative expenses		(6,406,696)	(5,945,176)
Operating profit	4	872,322	1,615,956
Interest receivable and similar income	8	4,051	-
Interest payable and similar expenses	9	-	(34,134)
Profit before taxation		876,373	1,581,822
Taxation	10	(3,838)	(8,589)
Profit for the financial year		872,535	1,573,233

Profit for the financial year is all attributable to the owners of the parent company.

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

SEDEX INFORMATION EXCHANGE LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	£	£
Profit for the year	872,535	1,573,233
Other comprehensive income		
Currency translation differences	(18,865)	52,079
Total comprehensive income for the year	<u>853,670</u>	<u>1,625,312</u>

Other comprehensive income for the period is all attributable to the owners of the parent company.

SEDEX INFORMATION EXCHANGE LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2017

		2017		2016 as restated	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	12		2,817,994		2,621,280
Tangible assets	13		103,109		46,133
			<u>2,921,103</u>		<u>2,667,413</u>
Current assets					
Debtors	17	1,110,439		1,165,408	
Cash at bank and in hand		2,783,875		1,606,360	
		<u>3,894,314</u>		<u>2,771,768</u>	
Creditors: amounts falling due within one year	18	(2,534,775)		(2,012,209)	
Net current assets			<u>1,359,539</u>		<u>759,559</u>
Total assets less current liabilities			<u><u>4,280,642</u></u>		<u><u>3,426,972</u></u>
Capital and reserves					
Profit and loss reserves			<u><u>4,280,642</u></u>		<u><u>3,426,972</u></u>

The financial statements were approved by the board of directors and authorised for issue on 27/9/18 and are signed on its behalf by:



B Marshall
Director

SEDEX INFORMATION EXCHANGE LIMITED

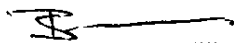
COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2017

		2017		2016	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	12		115,404		52,115
Tangible assets	13		102,490		45,863
Investments	14		104,372		104,371
			<u>322,266</u>		<u>202,349</u>
Current assets					
Debtors	17	2,969,078		3,003,934	
Cash at bank and in hand		2,238,440		1,116,417	
		<u>5,207,518</u>		<u>4,120,351</u>	
Creditors: amounts falling due within one year	18	(1,930,573)		(1,447,542)	
Net current assets			<u>3,276,945</u>		<u>2,672,809</u>
Total assets less current liabilities			<u>3,599,211</u>		<u>2,875,158</u>
Capital and reserves					
Profit and loss reserves			<u>3,599,211</u>		<u>2,875,158</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £724,053 (2016 - £1,334,269 profit).

The financial statements were approved by the board of directors and authorised for issue on 27/9/18 and are signed on its behalf by:



B Marshall
Director

Company Registration No. 05015443

SEDEX INFORMATION EXCHANGE LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Profit and loss reserves £
As restated for the period ended 31 December 2016:	
Balance at 1 September 2015	1,801,660
Period ended 31 December 2016:	
Profit for the period	1,573,233
Other comprehensive income:	
Currency translation differences	52,079
Total comprehensive income for the period	1,625,312
Balance at 31 December 2016	3,426,972
Year ended 31 December 2017:	
Profit for the year	872,535
Other comprehensive income:	
Currency translation differences on overseas subsidiaries	(18,865)
Total comprehensive income for the year	853,670
Balance at 31 December 2017	4,280,642

SEDEX INFORMATION EXCHANGE LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Profit and loss reserves £
Balance at 1 September 2015	1,540,889
Period ended 31 December 2016:	
Profit and total comprehensive income for the period	1,334,269
Balance at 31 December 2016	2,875,158
Year ended 31 December 2017:	
Profit and total comprehensive income for the year	724,053
Balance at 31 December 2017	3,599,211

SEDEX INFORMATION EXCHANGE LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	24	2,132,093		3,199,101	
Interest paid		-		(34,134)	
Income taxes refunded		172,628		175,932	
Net cash inflow from operating activities		2,304,721		3,340,899	
Investing activities					
Purchase of intangible assets		(1,023,223)		(1,992,668)	
Purchase of tangible fixed assets		(89,169)		(40,501)	
Proceeds on disposal of tangible fixed assets		-		344	
Interest received		4,051		-	
Net cash used in investing activities		(1,108,341)		(2,032,825)	
Net cash used in financing activities		-		-	
Net increase in cash and cash equivalents		1,196,380		1,308,074	
Cash and cash equivalents at beginning of year		1,606,360		246,207	
Effect of foreign exchange rates		(18,865)		52,079	
Cash and cash equivalents at end of year		2,783,875		1,606,360	

SEDEX INFORMATION EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Sedex Information Exchange Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 5th Floor, 24 Southwark Bridge Road, London, SE1 9HF.

The group consists of Sedex Information Exchange Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument, basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

SEDEX INFORMATION EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of Sedex Information Exchange Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

The main source of turnover is from membership income. The membership income is recognised in full at the membership start date, as there is no refund policy for cancelled membership.

Deferred income is recognised for membership income received in advance of membership start date when invoiced in advance.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Intangible assets internally generated are recognised at the cost of employment in regard to the development less accumulated amortisation and accumulated impairment losses. The identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	over 5 years on straight line basis
Development Costs	over 5 years on straight line basis

SEDEX INFORMATION EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	between 3 and 5 years straight line basis
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

SEDEX INFORMATION EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

SEDEX INFORMATION EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Other financial assets

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. 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.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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. Amounts 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.

SEDEX INFORMATION EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

SEDEX INFORMATION EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2017 £	2016 £
Turnover analysed by class of business		
Membership	7,883,893	9,042,033
Services	1,941,020	1,560,570
Other income	5,000	16,808
	<u>9,829,913</u>	<u>10,619,411</u>

SEDEX INFORMATION EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

3 Turnover and other revenue

(Continued)

	2017 £	2016 £
Other significant revenue		
Interest income	4,051	-

	2017 £	2016 £
Turnover analysed by geographical market		
United Kingdom	1,894,827	3,946,237
Rest of Europe	1,887,415	2,488,444
USA/Canada	2,267,053	785,750
Rest of World	3,780,618	3,398,980
	<u>9,829,913</u>	<u>10,619,411</u>

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	19,538	(21,635)
Depreciation of owned tangible fixed assets	32,193	23,673
(Profit)/loss on disposal of tangible fixed assets	-	333
Amortisation of intangible assets	703,994	696,480
Impairment of intangible assets	122,515	-
(Profit)/loss on disposal of intangible assets	-	53,942
Operating lease charges	<u>115,063</u>	<u>141,025</u>

5 Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	<u>13,900</u>	<u>11,500</u>

SEDEX INFORMATION EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the period was:

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
Employees	71	55	46	31

Their aggregate remuneration comprised:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Wages and salaries	2,811,309	2,786,210	2,076,331	2,147,589
Social security costs	411,633	402,751	227,310	246,131
Pension costs	82,288	112,466	62,123	89,803
	<u>3,305,230</u>	<u>3,301,427</u>	<u>2,365,764</u>	<u>2,483,523</u>

7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	<u>369,663</u>	<u>295,322</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2017 £	2016 £
Remuneration for qualifying services	<u>153,163</u>	<u>269,322</u>

8 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	<u>4,051</u>	<u>-</u>

Investment income includes the following

Interest on financial assets not measured at fair value through profit or loss	<u>4,051</u>	<u>-</u>
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SEDEX INFORMATION EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

9 Interest payable and similar expenses

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest payable	-	34,134

10 Taxation

	2017 £	2016 as restated £
Current tax		
UK corporation tax on profits for the current period	176,466	184,521
Other tax reliefs	(294,585)	(296,613)
Total UK current tax	(118,119)	(112,092)
Foreign current tax on profits for the current period	121,957	120,681
Total current tax	3,838	8,589

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	876,373	1,581,822
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2016: 20.00%)	166,511	316,364
Tax effect of expenses that are not deductible in determining taxable profit	72,562	7,381
Tax effect of income not taxable in determining taxable profit	40,849	-
Tax effect of utilisation of tax losses not previously recognised	(36,419)	-
Unutilised tax losses carried forward	-	17,145
Change in unrecognised deferred tax assets	(14,829)	-
Research and development tax credit	(294,585)	(296,613)
Mutual income adjustment	-	(266,854)
Foreign tax adjustment	67,488	46,645
3 months tax charge at a higher rate	2,261	184,521
Taxation charge for the year	3,838	8,589

SEDEX INFORMATION EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

11 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2017 £	2016 £
In respect of:			
Intangible assets	12	122,515	-
		<u>122,515</u>	<u>-</u>
Recognised in:			
Cost of sales		122,515	-
		<u>122,515</u>	<u>-</u>

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

SEDEX INFORMATION EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

12 Intangible fixed assets

Group	Software £	Development Costs £	Total £
Cost			
At 1 January 2017	1,593,194	3,105,164	4,698,358
Additions - internally developed	-	949,858	949,858
Additions - separately acquired	73,365	-	73,365
Disposals - scrapped	(1,231,991)	-	(1,231,991)
At 31 December 2017	434,568	4,055,022	4,489,590
Amortisation and impairment			
At 1 January 2017	1,541,079	535,999	2,077,078
Amortisation charged for the year	10,076	693,918	703,994
Impairment losses	-	122,515	122,515
Disposals - scrapped	(1,231,991)	-	(1,231,991)
At 31 December 2017	319,164	1,352,432	1,671,596
Carrying amount			
At 31 December 2017	115,404	2,702,590	2,817,994
At 31 December 2016	52,115	2,569,165	2,621,280
Company			Software £
Cost			
At 1 January 2017			1,593,194
Additions - separately acquired			73,365
Disposals - scrapped			(1,231,991)
At 31 December 2017			434,568
Amortisation and impairment			
At 1 January 2017			1,541,079
Amortisation charged for the year			10,076
Disposals - scrapped			(1,231,991)
At 31 December 2017			319,164
Carrying amount			
At 31 December 2017			115,404
At 31 December 2016			52,115

More information on the impairment arising in the year is given in note 11.

SEDEX INFORMATION EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

12 Intangible fixed assets

(Continued)

13 Tangible fixed assets

Group	Fixtures, fittings & equipment
	£
Cost	
At 1 January 2017	358,179
Additions	89,169
At 31 December 2017	447,348
Depreciation and impairment	
At 1 January 2017	312,046
Depreciation charged in the year	32,193
At 31 December 2017	344,239
Carrying amount	
At 31 December 2017	103,109
At 31 December 2016	46,133
Company	Fixtures, fittings & equipment
	£
Cost	
At 1 January 2017	356,756
Additions	88,495
At 31 December 2017	445,251
Depreciation and impairment	
At 1 January 2017	310,893
Depreciation charged in the year	31,868
At 31 December 2017	342,761
Carrying amount	
At 31 December 2017	102,490
At 31 December 2016	45,863

SEDEX INFORMATION EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

14 Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries	15	-	-	104,372	104,371

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 January 2017	104,371
Additions	1
At 31 December 2017	104,372
Carrying amount	
At 31 December 2017	104,372
At 31 December 2016	104,371

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Sedex Information Exchange (Shanghai) Limited	China	See Below	Ordinary	100.00
Sedex Solutions Limited	UK	See Below	Ordinary	100.00
Sedex Australia PTY Limited	Australia	See Below	Ordinary	100.00

The aggregate capital and reserves and the profit for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
Sedex Information Exchange (Shanghai) Limited	164,722	554,313
Sedex Solutions Limited	198,753	231,487
Sedex Australia PTY Limited	-	1

SEDEX INFORMATION EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

15 Subsidiaries

(Continued)

For the financial period ended 31 December 2017, the following subsidiary companies were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies:

- Sedex Solutions Limited, company registration no. 08183688

The principal activity of Sedex Solutions Limited is the provision of professional consultancy services to the membership organisations of Sedex Information Exchange Limited.

The main business scope of Sedex Information Exchange (Shanghai) Limited includes business information consulting and business administration consulting in Southeast Asia.

Sedex Australia PTY Limited is dormant.

16 Financial instruments

	Group 2017 £	2016 £	Company 2017 £	2016 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	768,919	889,759	2,771,003	2,939,586
Carrying amount of financial liabilities				
Measured at amortised cost	2,071,975	1,799,209	1,670,396	1,419,063

17 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
Amounts falling due within one year:				
Trade debtors	649,258	792,809	649,257	787,549
Amounts owed by group undertakings	-	-	2,030,102	2,083,313
Other debtors	216,537	245,592	91,644	68,724
Prepayments and accrued income	244,644	127,007	198,075	64,348
	1,110,439	1,165,408	2,969,078	3,003,934

SEDEX INFORMATION EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

18 Creditors: amounts falling due within one year

	Group 2017	2016 as restated	Company 2017	2016
	£	£	£	£
Trade creditors	929,866	872,950	809,236	723,005
Amounts due to group undertakings	-	-	1	-
Corporation tax payable	360,987	184,521	158,364	-
Other taxation and social security	101,813	28,479	101,813	28,479
Other creditors	50,546	29,559	12,624	2,885
Accruals and deferred income	1,091,563	896,700	848,535	693,173
	<u>2,534,775</u>	<u>2,012,209</u>	<u>1,930,573</u>	<u>1,447,542</u>

19 Retirement benefit schemes

	2017	2016
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>82,288</u>	<u>112,466</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

20 Prior Period Error

Following a review of the tax status of the company, it was determined that tax of £184,521 had been over claimed by the subsidiary, Sedex Solutions Limited in the period to 31 December 2016. As a result the tax in the group accounts has been increased by £184,521 and administrative expenses have been increased by £36,904 and so has reduced profit and increased creditors by £221,425. This has decreased net assets by the same amount.

This has no effect on the company figures.

21 Operating commitments

At the reporting end date the group had outstanding commitments for future minimum payments under non-cancellable operating agreements, which fall due as follows:

	Group 2017	2016	Company 2017	2016
	£	£	£	£
Within one year	1,633,004	1,633,004	1,633,004	1,633,004
Between two and five years	4,511,912	6,144,876	4,511,912	6,144,876
	<u>6,144,916</u>	<u>7,777,880</u>	<u>6,144,916</u>	<u>7,777,880</u>

SEDEX INFORMATION EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

21 Operating commitments (Continued)

The above includes payments for rental leases of £394,916 (2016: £527,880) and payments for provision of services of £5,750,000 (2016: £7,250,000).

22 Related party transactions

Company

The company has taken advantage not to disclose intercompany transactions in accordance with FRS 102.33.1A Related Party Disclosures.

The company has provided guarantees in respect of the debts of its subsidiary, Sedex Solutions Limited, in accordance with S.479C Companies Act 2006, thus enabling them to claim exemption from audit under S.479S Companies Act 2006.

23 Controlling party

The company is controlled by its members.

24 Cash generated from group operations

	2017 £	2016 £
Profit for the year after tax	872,535	1,573,233
Adjustments for:		
Taxation charged	3,838	8,589
Finance costs	-	34,134
Investment income	(4,051)	-
(Gain)/loss on disposal of tangible fixed assets	-	333
(Gain)/loss on disposal of intangible assets	-	53,942
Amortisation and impairment of intangible assets	826,509	696,480
Depreciation and impairment of tangible fixed assets	32,193	23,673
Movements in working capital:		
Decrease/(increase) in debtors	3,197	(159,599)
Increase in creditors	397,872	968,316
Cash generated from operations	2,132,093	3,199,101