

SJD Accountancy Limited

Annual report and financial statements

For the year ended 31 October 2017



Registered number: 06277058

SJD ACCOUNTANCY LIMITED

Company information

Directors K J Budge
D A Kelly

Registered number 06277058

Registered office KD Tower Cotterells
Hemel Hempstead
Hertfordshire
HP1 1FW

Independent auditors PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Donington Court
Pegasus Business Park
Herald Way
East Midlands
DE74 2UZ

SJD ACCOUNTANCY LIMITED

Contents

| | |
|-----------------------------------|----|
| Strategic report | 1 |
| Directors' report | 3 |
| Independent auditors' report | 5 |
| Statement of comprehensive income | 8 |
| Statement of financial position | 9 |
| Statement of changes in equity | 10 |
| Notes to the financial statements | 11 |

SJD ACCOUNTANCY LIMITED

Strategic report

For the year ended 31 October 2017

Principal activities

SJD Accountancy Limited ("SJD") ("the Company") is a specialist provider of fixed fee, limited company accountancy and tax services primarily to contractors and freelancers.

Business review and future developments

The underlying trends for these key performance indicators have improved overall. Turnover fell by 3.4% (2016: grew by 5.7%) and underlying EBITDA grew by 0.7% (2016: 6.7%), despite a net decline in client numbers of 6.5% (2016: net growth 2.1%).

Given the nature of the business, the directors are of the opinion that analysis using any KPIs in addition to those already stated is not necessary for an understanding of the development, performance or position of the Company. Although we expect the marketplace to be as competitive as ever, with continued focus on customer service and our extensive range of services we expect our turnover and EBITDA to grow in the foreseeable future.

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Principal risks and uncertainties and financial risk management

SJD has an active and robust corporate governance programme designed to manage strategic and tactical risks which could impact the business. Risks are clearly identified and monitored on a regular basis.

Although we expect the marketplace to be as competitive as ever, with continued focus on customer service and our extensive range of services we expect our turnover and EBITDA to grow in the foreseeable future.

With clear objectives, and an experienced management team, SJD believes it is on course to continue its growth by being the pre-eminent national provider of accountancy and tax services offered to contractors. The key risks and uncertainties currently facing the business are as follows:

Operating risk

Managing the Company's businesses is dependent upon the ability to process a large number of transactions efficiently and accurately. Operational risk and losses can result from fraud, employee errors, failure to properly document transactions or to obtain proper internal authorisation, failure to comply with regulatory requirements and business principles, resource shortages, equipment failures, natural disasters or the failure of external systems.

The Company recognise the competition within the marketplace however do not consider price risk to be a significant risk to the business.

SJD ACCOUNTANCY LIMITED

Strategic report (continued)

For the year ended 31 October 2017

Principal risks and uncertainties and financial risk management (continued)

Although the Company has implemented risk controls and loss mitigation actions, and resources are devoted to developing efficient procedures and to staff training, it is only possible to be reasonably, but not absolutely, certain that such procedures will be effective in controlling the operational risks faced by the Company.

Liquidity risk

The Company has a low exposure to liquidity risks as it continues to generate free cash-flows and has sufficient liquid assets to manage any short term liquidity issues. However, the Company continues to monitor its commitments and liabilities to ensure that the Company is not exposed to liquidity risks.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a risk in the recoverability of the cash flows. The Company has no significant concentration of credit risk, with exposure spread over a large number of customers.

Fraud risk management

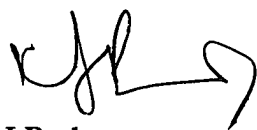
The Company has implemented risk controls and maintains such internal check and accounting policies as it deems appropriate to prevent fraud within the Company.

Although resources are devoted to developing efficient procedures and to staff training, it is only possible to be reasonably, but not absolutely, certain that such procedures will be effective in preventing fraud.

Legislation risk

The Company's business model is reliant on their ability to ensure recurring services are provided to current contractor and freelance customers. As such any legislative changes which may alter the employment nature of certain customers is considered a business risk to the company. This is mitigated through the variety of routes to market available to the Company.

This report was approved by the board on 10 April 2018 and signed on its behalf.



K J Budge
Director

SJD ACCOUNTANCY LIMITED

Directors' report

For the year ended 31 October 2017

The directors present their report and audited financial statements for the year ended 31 October 2017.

Directors

The directors who served during the year to approval of financial statements were:

K J Budge

S J Curry (resigned 10 July 2017)

D A Kelly (appointed 22 December 2016)

Business review and future developments

The profit of the company for year was £7,540,237 (2016: £7,434,472) as noted on page 8.

Dividends

The directors do not recommend the payment of a dividend.

Directors liabilities

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties subject to conditions set up in Section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the

SJD ACCOUNTANCY LIMITED

Directors' report (continued)

For the year ended 31 October 2017

Statement of directors' responsibilities in respect of the financial statements (continued)

financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

Disclosure of information to auditor

The directors at the time when this Directors' report is approved have confirmed that:

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

Independent auditors

The auditors PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the annual general meeting.

This report was approved by the board on 10 April 2018 and signed on its behalf.



K J Budge
Director

SJD ACCOUNTANCY LIMITED

Independent Auditors' Report to the Members of SJD Accountancy Limited

Report on the audit of the financial statements

Opinion

In our opinion, SJD Accountancy Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 October 2017; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent Auditors' Report to the Members of SJD Accountancy Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 October 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

SJD ACCOUNTANCY LIMITED

Independent Auditors' Report to the Members of SJD Accountancy Limited (continued)

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 an auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



David Teager (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
10 April 2018

SJD ACCOUNTANCY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 October 2017

| | | 2017 | 2016 |
|---|------|---------------------|---------------------|
| | Note | £ | £ |
| Turnover | 5 | 22,091,328 | 22,862,547 |
| Administrative expenses pre-loss on disposal costs, depreciation and amortisation | | (10,766,724) | (11,615,441) |
| Earnings before interest, taxation, loss on disposal, depreciation and amortisation (EBITDA) | | 11,324,604 | 11,247,106 |
| Loss on disposal | 7 | (19,739) | (2,315) |
| Depreciation | 7 | (297,527) | (315,149) |
| Amortisation | 7 | (1,326,233) | (1,308,386) |
| Total administrative expenses | | (12,410,223) | (13,241,291) |
| Operating profit | | 9,681,105 | 9,621,256 |
| Interest receivable and similar income | 6 | 496 | - |
| Profit before taxation | 7 | 9,681,601 | 9,621,256 |
| Tax on profit | 9 | (2,141,364) | (2,186,784) |
| Profit for the financial year and total comprehensive income | | 7,540,237 | 7,434,472 |

All operations relate to continuing activities.

SJD ACCOUNTANCY LIMITED**STATEMENT OF FINANCIAL POSITION****As at 31 October 2017**

| | Note | 2017 £ | 2016 £ |
|--|------|--------------------|--------------------|
| Fixed assets | | | |
| Intangible assets | 10 | 2,669,716 | 3,925,157 |
| Tangible assets | 11 | 380,383 | 610,326 |
| Investments | 12 | 1 | 1 |
| | | <u>3,050,100</u> | <u>4,535,484</u> |
| Current assets | | | |
| Debtors | 13 | 20,112,993 | 12,985,861 |
| Cash at bank and in hand | | <u>1,122,355</u> | <u>373,978</u> |
| | | <u>21,235,348</u> | <u>13,359,839</u> |
| Creditors: amount falling due within one year | 14 | <u>(1,363,917)</u> | <u>(2,236,358)</u> |
| Net current assets | | <u>19,871,431</u> | <u>11,123,481</u> |
| Total assets less current liabilities | | <u>22,921,531</u> | <u>15,658,965</u> |
| Creditors: amounts falling due in more than one year | 15 | (249,099) | (258,534) |
| Provisions for liabilities | 16 | <u>(627,646)</u> | <u>(895,882)</u> |
| Net assets | | <u>22,044,786</u> | <u>14,504,549</u> |
| Capital and reserves | | | |
| Called up share capital | 18 | 2 | 2 |
| Profit and loss account | 19 | <u>22,044,784</u> | <u>14,504,547</u> |
| Total Equity | | <u>22,044,786</u> | <u>14,504,549</u> |

The financial statements were approved by the board of directors on 10 April 2018.

Signed on behalf of the board of directors:



K J Budge
Director

Company registration no: 06277058

SJD ACCOUNTANCY LIMITED**STATEMENT OF CHANGES IN EQUITY****For the year ended 31 October 2017**

| | Called-up share capital £ | Profit and loss account £ | Total Equity £ |
|---|--|--|-------------------------------|
| At 1 November 2015 | 2 | 7,070,075 | 7,070,077 |
| Profit and total comprehensive income for the financial year | - | 7,434,472 | 7,434,472 |
| At 31 October 2016 | 2 | 14,504,547 | 14,504,549 |
| Profit and total comprehensive income for the financial year | - | 7,540,237 | 7,540,237 |
| At 31 October 2017 | 2 | 22,044,784 | 22,044,786 |

SJD ACCOUNTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2017

1. Company information

SJD Accountancy Limited is a limited liability company incorporated and domiciled in the United Kingdom.

The Registered Office is KD Tower Cotterells, Hemel Hempstead, Hertfordshire HP1 1FW.

2. Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis as modified by the recognition of certain financial assets and liabilities measured at fair value through profit and loss.

The financial statements are presented in Sterling (£) which is the functional currency of the company, and rounded to the nearest £ Sterling.

The individual financial statements of SJD Accountancy Limited have also adopted the following disclosure exemptions:

- categories of financial instruments;
- key management personnel disclosure;
- items of income, expenses, gains or losses relating to financial instruments;
- exposure to and managements of financial risks;
- the requirement to present a statement of cash flows and related notes; and
- related party disclosures relating to transactions entered into between two or more wholly owned members of the group.

Going concern

After reviewing the Company's performance, forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue to operate within its current facilities for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

3. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

SJD ACCOUNTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Significant judgements and estimates (continued)

Taxation

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

4. Principal accounting policies

4.1 Intangible assets

Goodwill represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values of the Company's interest in the identifiable net assets, liabilities and contingent liabilities required on the hive up of the trade and assets of the subsidiary companies.

Amortisation is charged so as to allocate the cost of the intangible assets over its estimated useful life, using the straight-line method. Goodwill is amortised over the following useful economic life:

| | |
|---------------------|---------|
| - Goodwill | 5 years |
| - Computer software | 3 years |

Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

4.2 Tangible Assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives, using the straight-line method.

The rates applicable are:

| | |
|---|---------|
| Long term leasehold improvements | 4 years |
| Fixtures, fittings and office equipment | 4 years |
| Software | 3 years |

4.3 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount.

SJD ACCOUNTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Principal accounting policies (continued)

4.3 Impairment of assets (continued)

If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4.4 Investments in joint ventures

The Company's joint ventures are entities over which the Company has contractual arrangements to jointly share the control over the economic activity of the entities with one or more parties.

The Company's interest in joint ventures is accounted for in the consolidated financial statements using the equity method.

In applying the equity method of accounting, the Company's share of profits or losses are recognised in profit or loss and its share of other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associated company equals or exceeds its interest in the joint venture, including any other unsecured non-current receivables, the Company does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Investments in joint ventures are accounted for at cost less impairment in the Company's financial statements. On disposal of investments in joint ventures, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

4.5 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to a profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Company recognises annual rent expense equal to amounts owed to the lessor. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

4.6 Provisions for liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

SJD ACCOUNTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Principal accounting policies (continued)

4.6 Provisions for liabilities (continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in profit or loss in the period it arises.

The company recognises a provision for dilapidations which represents the best estimate of future reparations costs in relation to leases occupied by the company.

4.7 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only 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. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the company is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

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

With the exception of changes arising on the initial recognition of a business combination, the tax expense / (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense / (income).

SJD ACCOUNTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Principal accounting policies (continued)

4.7 Taxation (continued)

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.8 Turnover

Fee income represents the fair value of consideration received or receivable and represents the amounts receivable for services provided during the year to clients. Fair value reflects the amount agreed in the form of contractual charges for each type of service. Fee income is stated net of Value Added Tax and recharges for disbursements.

Services provided to clients are recognised straight line over the period of service. Services provided to clients during the year which at the balance sheet date have not been invoiced to clients are recognised as fee income and accrued within the statement of financial position. Amounts which have been invoiced as at the period end but where the service has not been delivered at that time are included within deferred income within the statement of financial position. Amounts are not allocated to specific services given that services occur evenly throughout the year.

4.9 Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

4.9.1 Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 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.

SJD ACCOUNTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Principal accounting policies (continued)

4.9.1 Financial liabilities (continued)

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

4.9.2 Financial liabilities

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

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

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

4.10 Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

5. Turnover

All turnover is generated from the rendering of similar services, and is reviewed by the directors on a single segment basis. The company trades within one geographical location, the United Kingdom.

SJD ACCOUNTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Interest receivable and similar income

| | 2017 | 2016 |
|---------------------------|------------|----------|
| | £ | £ |
| Other interest receivable | 496 | - |
| | <u>496</u> | <u>-</u> |

7. Profit on ordinary activities before taxation

The profit before taxation is stated after:

| | 2017 | 2016 |
|--|---------------|---------------|
| | £ | £ |
| Operating lease charges | 547,669 | 526,023 |
| Loss on disposal | 19,739 | 2,315 |
| Depreciation | 297,527 | 315,149 |
| Amortisation | 1,326,233 | - |
| Impairment of trade receivables | 51,440 | 7,196 |
| Auditors' remuneration: | | |
| Fee payable to the Company's auditors for the audit of the Company's annual financial statements | <u>26,500</u> | <u>26,500</u> |

Fees payable for the audit of the company's financial statements have been incurred by a group member. No recharges were made to the company for such costs.

8. Directors and employees

Staff costs during the period were as follows:

| | 2017 | 2016 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 4,634,873 | 4,996,166 |
| Social security costs | 437,268 | 472,247 |
| Other pension costs | 105,579 | 119,817 |
| | <u>5,177,720</u> | <u>5,588,230</u> |

The average number of employees of the group during the period was:

| | 2017 | 2016 |
|----------------|------------|------------|
| | Number | Number |
| Operations | 170 | 184 |
| Administration | - | 14 |
| | <u>170</u> | <u>198</u> |

SJD ACCOUNTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Directors and employees (continued)

Total directors' emoluments in the year were £1,280,588 (2016: £588,776).

The directors' emoluments in 2017 and 2016 for all directors were paid by Optionis Group Limited (formerly Arkarius Group Limited), a fellow group company. No recharges were made to the company for the directors' services and the directors do not believe it possible to apportion the remuneration between the companies.

The highest paid director received remuneration of £879,796 (2016: £308,980).

9. Tax on profit

The tax charge is based on the profit for the year and represents:

| | 2017 £ | 2016 £ |
|---|------------------|------------------|
| UK Corporation Tax | 407,475 | 938,586 |
| Group relief payable | 1,793,123 | 1,215,089 |
| Adjustments in respect of prior periods | 5,857 | 206 |
| Total current tax | <u>2,206,455</u> | <u>2,153,881</u> |
| Deferred taxation: origination and reversal of timing differences | (57,996) | 32,903 |
| Deferred taxation: Adjustments in respect of prior periods | (4,407) | - |
| Deferred taxation: Effect of changes in tax rates | (2,688) | - |
| Tax on profit | <u>2,141,364</u> | <u>2,186,784</u> |

The tax assessed for the year is higher than the standard rate of corporation tax in the United Kingdom at 19.40% (2016: lower at 20.0%). The differences are explained as follows:

| | 2017 £ | 2016 £ |
|--|------------------|------------------|
| Profit before tax | <u>9,681,601</u> | <u>9,621,256</u> |
| Profit before taxation multiplied by standard rate of corporation tax in the United Kingdom of 19.4% | 1,878,231 | 1,924,251 |
| Expenses not deductible for tax purposes | 264,370 | 267,511 |
| Other tax adjustments, reliefs and transfers | - | (2) |
| Differences in tax rates | (2,688) | (5,182) |
| Adjustments in respect of prior periods | 1,451 | 206 |
| Tax on profit | <u>2,141,364</u> | <u>2,186,784</u> |

SJD ACCOUNTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Tax on profit (continued)

Factors affecting future tax charges

A change to the UK corporation tax rate was announced in the Budget on 16 March 2016 to reduce the rate to 17% from 1 April 2020 and was substantially enacted on 6 September 2016. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 had already been substantively enacted on 26 October 2015. As the change to 19% and 17% had been substantively enacted at the balance sheet date the effect of this change has been included in the financial statements.

Deferred tax balances have been calculated using a rate of 19% (2016: 19%) as this is the enacted rate for the period over which the deferred tax balances are forecast to be utilised.

10. Intangible assets

| | Goodwill £ | Computer software £ | Total £ |
|---|-------------------------|---------------------------|-------------------------|
| Cost | | | |
| At 1 November 2016 | 6,541,929 | - | 6,541,929 |
| Transfers | - | 41,649 | 41,649 |
| Additions | - | 30,300 | 30,300 |
| At 31 October 2017 | 6,541,929 | 71,949 | 6,613,878 |
| Accumulated Amortisation | | | |
| At 1 November 2016 | 2,616,772 | - | 2,616,772 |
| Transfers | - | 1,157 | 1,157 |
| Charge for the year | 1,308,386 | 17,847 | 1,326,233 |
| At 31 October 2017 | 3,925,158 | 19,004 | 3,944,162 |
| Net book amount at 31 October 2017 | <u>2,616,771</u> | <u>52,945</u> | <u>2,669,716</u> |
| Net book amount at 31 October 2016 | <u>3,925,157</u> | <u>-</u> | <u>3,925,157</u> |

Assets with a cost value of £41,649 and accumulated amortisation of £1,157 were transferred to intangible assets at 1 November 2016. The directors consider this better reflects the nature of the assets.

SJD ACCOUNTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Tangible assets

| | Long term leasehold properties £ | Fixtures, fittings & office equipment £ | Software £ | Total £ |
|--|--|---|---------------|----------------|
| Cost | | | | |
| At 1 November 2016 | 196,863 | 1,717,756 | 41,649 | 1,956,268 |
| Additions | 96,925 | 30,890 | - | 127,815 |
| Transfers | - | - | (41,649) | (41,649) |
| Disposals | - | (1,173,514) | - | (1,173,514) |
| At 31 October 2017 | 293,788 | 575,132 | - | 868,920 |
| Accumulated Depreciation | | | | |
| At 1 November 2016 | 121,661 | 1,223,124 | 1,157 | 1,345,942 |
| Transfers | - | - | (1,157) | (1,157) |
| Charge for the year | 33,085 | 264,442 | - | 297,527 |
| Disposals | - | (1,153,775) | - | (1,153,775) |
| At 31 October 2017 | 154,746 | 333,791 | - | 488,537 |
| Net book value at 31 October 2017 | 139,042 | 241,341 | - | 380,383 |
| Net book value at 31 October 2016 | 75,202 | 494,632 | 40,492 | 610,326 |

Assets with a cost value of £41,649 and accumulated amortisation of £1,157 were transferred to intangible assets at 1 November 2016. The directors consider this better reflects the nature of the assets.

SJD ACCOUNTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Investments

| | Investment in joint venture £ |
|---|--|
| Cost | |
| At 1 November 2016 | 1 |
| At 31 October 2017 | 1 |
| Net book amount at 31 October 2017 | 1 |
| Net book amount at 31 October 2016 | 1 |

Interest in joint venture

At 31 October 2017 the Company had interests in the following joint venture:

| Subsidiaries | Types of shares held | Proportion held (%) | Country of incorporation | Nature of Business |
|------------------------------------|----------------------------|------------------------|-----------------------------|--------------------------|
| SJD Insolvency Services Limited | Ordinary | 50% | England & Wales | Professional Services |

13. Debtors

| | 2017 £ | 2016 £ |
|------------------------------------|-------------------|-------------------|
| Trade debtors | 91,655 | 83,731 |
| Amounts owed by group undertakings | 19,537,333 | 12,311,114 |
| Other debtors | 78,827 | 161,577 |
| Prepayments and accrued income | 405,178 | 429,439 |
| | 20,112,993 | 12,985,861 |

Trade debtors are stated net of provisions of £12,995 (2016: £104,112).

Amounts owed to the Company are unsecured, interest free and repayable on demand.

SJD ACCOUNTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Creditors: amounts falling due within one year

| | 2017 £ | 2016 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 168,598 | 283,691 |
| Other taxation and social security | 744,136 | 875,884 |
| Corporation tax | 24,446 | 525,755 |
| Other creditors | 119,355 | 148,991 |
| Accruals and deferred income | 307,382 | 402,037 |
| | <u>1,363,917</u> | <u>2,236,358</u> |

15. Creditors: amounts falling due in more than one year

| | 2017 £ | 2016 £ |
|-----------------|----------------|----------------|
| Other creditors | 249,099 | 258,534 |
| | <u>249,099</u> | <u>258,534</u> |

16. Provisions for liabilities

| | Deferred Tax (Note 17) £ | Dilapidations & Onerous lease £ | Leave Pay £ | Other Provisions £ | Total £ |
|-------------------------------|-----------------------------------|--|-------------------|--------------------------|-----------------------|
| At 1 November 2016 | 98,446 | 364,579 | 121,413 | 311,444 | 895,882 |
| Additions | - | - | - | 151,998 | 151,998 |
| Utilised | (65,091) | (13,500) | (121,413) | (220,230) | (420,234) |
| At 31 October 2017 | <u>33,355</u> | <u>351,079</u> | <u>-</u> | <u>243,212</u> | <u>627,646</u> |
| At 31 October 2016 | <u>98,446</u> | <u>364,579</u> | <u>121,413</u> | <u>311,444</u> | <u>895,882</u> |

The dilapidations provision relates to the best estimate of future reparations costs in relation to leases occupied by the Company. The provision is expected to be utilised in line with the cessation of each of the leases. The provision in respect of onerous lease contracts represents the cost of fulfilling the Company's obligations for vacant property over the remaining lease term. The provision is expected to be utilised over the period to the end of each specific lease.

The Company recognises a provision for leave pay accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

SJD ACCOUNTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Provisions for liabilities (continued)

Within Other provisions, the Group recognises a provision for the risk of Professional Indemnity claims arising from current or former customers. The provision is measured based on trend analysis of historical claims raised against companies in the group which the directors believe to be appropriate.

17. Deferred taxation

The deferred taxation liability provided for at 19% in the financial statements, is set out below:

| | 2017 | 2016 |
|--------------------------------|---------------|---------------|
| | £ | £ |
| Fixed asset timing differences | 33,355 | 98,446 |
| | <u>33,355</u> | <u>98,446</u> |

The net reversal of deferred tax expected to occur next year relates to the reversal of existing timing differences on tangible fixed assets.

18. Called up share capital

| | 2017 | 2016 |
|---|----------|----------|
| | £ | £ |
| Authorised, allotted and fully paid: 2 (2016: 2) ordinary shares of £1 each | 2 | 2 |
| | <u>2</u> | <u>2</u> |

19. Reserves

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

Profit and loss account – includes all current and prior period retained profits and losses.

20. Leasing commitments

The company's future minimum operating lease payments are as follows:

| | 2017 | 2016 |
|----------------------------|----------------|----------------|
| | £ | £ |
| Within one year | 516,709 | 468,222 |
| Between one and five years | 1,510,144 | 1,290,361 |
| In over five years | <u>461,525</u> | <u>681,267</u> |

SJD ACCOUNTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. Transactions with related parties

The company has taken advantage of the exemption available within FRS 102 Section 33 not to disclose transactions with fellow wholly owned group undertakings.

| | 2017 | 2016 |
|---|---------------|----------------|
| | £ | £ |
| Referrals to SJD Insolvency Limited | 386,782 | 318,932 |
| Balance due from SJD Insolvency Limited | <u>88,259</u> | <u>100,954</u> |

22. Ultimate controlling party

The company's immediate parent undertaking is Arkarius Bidco Limited by virtue of its shareholding. Optionis Limited (formerly Optionis Holdco Limited) is deemed the parent undertaking of the smallest and largest group to consolidate these financial statements. A copy of the consolidated statements can be obtained from the company Secretary at the company's address.

In the opinion of the directors, there is no ultimate controlling party of the Group.