

HOTDOCS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
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HOTDOCS LIMITED

COMPANY INFORMATION

Directors	Mrs D A M Shepherd Mr R Shepherd Mr G S Eunson Mr J Scotson
Secretary	Turcan Connell Company Secretaries Limited
Company number	SC166375
Registered office	Princes Exchange 1 Earl Grey Street Edinburgh EH3 9EE
Auditor	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE

HOTDOCS LIMITED

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HOTDOCS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	4		58,909		49,883
Investments	5		6		6
			<u>58,915</u>		<u>49,889</u>
Current assets					
Stocks		-		6,277	
Debtors	6	2,018,181		1,324,752	
Cash at bank and in hand		461,250		219,757	
		<u>2,479,431</u>		<u>1,550,786</u>	
Creditors: amounts falling due within one year	7	<u>(1,179,730)</u>		<u>(1,031,457)</u>	
Net current assets			<u>1,299,701</u>		<u>519,329</u>
Total assets less current liabilities			<u>1,358,616</u>		<u>569,218</u>
Provisions for liabilities			<u>(8,382)</u>		<u>(7,649)</u>
Net assets			<u><u>1,350,234</u></u>		<u><u>561,569</u></u>
Capital and reserves					
Called up share capital	8		20,710		20,710
Share premium account			115,989		115,989
Profit and loss reserves			1,213,535		424,870
Total equity			<u><u>1,350,234</u></u>		<u><u>561,569</u></u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

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

.....
Mr R Shepherd
Director

27 Sept 2017

Company Registration No. SC166375

HOTDOCS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2015	20,710	115,989	114,585	251,284
Year ended 31 December 2015:				
Profit and total comprehensive income for the year	-	-	955,111	955,111
Dividends	-	-	(644,826)	(644,826)
Balance at 31 December 2015	20,710	115,989	424,870	561,569
Year ended 31 December 2016:				
Profit and total comprehensive income for the year	-	-	788,665	788,665
Balance at 31 December 2016	20,710	115,989	1,213,535	1,350,234

HOTDOCS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

HotDocs Limited is a private company limited by shares incorporated in Scotland. The registered office is Princes Exchange, 1 Earl Grey Street, Edinburgh, EH3 9EE.

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 December 2016 are the first financial statements of HotDocs Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

The financial statements contain information of HotDocs Limited as an individual company and do not contain consolidated information as a parent of a group. The company has taken the option under section 398 of the Companies Act 2006 not to prepare consolidated financial statements.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. It has been adjusted for movements in opening and closing deferred income for income on maintenance contracts which have been invoiced in advance but not yet earned.

1.3 Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2010, was amortised evenly over its estimated useful life of five years. Goodwill on acquisition is now fully amortised.

1.4 Tangible fixed assets

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

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

Plant and machinery	3 years straight line
Fixtures, fittings & equipment	25% Reducing Balance

1.5 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

HOTDOCS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

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

1.6 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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, cash and bank balances and amounts due from group companies, 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.

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, 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.

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.

1.7 Equity instruments

Equity instruments issued by the company 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 company.

1.8 Taxation

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

HOTDOCS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

The tax charge is net of amounts received or due in respect of the small companies research and development tax credits provisions.

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 when the company has 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.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense in the period in which they occur.

Share based payments

As permitted by the transitional provisions of FRS102 section 1A, the company is not required to recognise a charge in respect of share options issued prior to 31 December 2015. Any charge in relation to options granted in 2016 would be immaterial and has not therefore been recognised.

1.10 Retirement benefits

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

1.11 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

HOTDOCS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.12 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 Employees

The average monthly number of persons (including directors) employed by the company during the year was 47 (2015: 43).

3 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2016 and 31 December 2016	1,571,901
Amortisation and impairment	
At 1 January 2016 and 31 December 2016	1,571,901
Carrying amount	
At 31 December 2016	-
At 31 December 2015	-

4 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 2016	146,763	9,365	156,128
Additions	39,555	5,577	45,132
At 31 December 2016	186,318	14,942	201,260
Depreciation and impairment			
At 1 January 2016	99,523	6,722	106,245
Depreciation charged in the year	34,685	1,421	36,106
At 31 December 2016	134,208	8,143	142,351
Carrying amount			
At 31 December 2016	52,110	6,799	58,909
At 31 December 2015	47,241	2,642	49,883

HOTDOCS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

5 Fixed asset investments

	2016 £	2015 £
Investments	6	6

Movements in fixed asset investments

	Shares in group undertakings £
Cost	
At 1 January 2016 & 31 December 2016	6
Carrying amount	
At 31 December 2016	6
At 31 December 2015	6

6 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	683,476	483,575
Corporation tax recoverable	-	101,284
Amounts due from group undertakings	1,199,650	460,379
Other debtors	135,055	279,514
	<u>2,018,181</u>	<u>1,324,752</u>

7 Creditors: amounts falling due within one year

	2016 £	2015 £
Obligations under finance leases	-	5,234
Trade creditors	102,581	95,069
Corporation tax	146,605	-
Other taxation and social security	151,713	78,441
Deferred income	624,225	706,753
Other creditors	3,406	95,523
Accruals	151,200	50,437
	<u>1,179,730</u>	<u>1,031,457</u>

HOTDOCS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

8 Called up share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
20,710 Ordinary A of £1 each	20,710	20,710

In March 2014, 891 options were granted to 7 employees and a further 1,899 options were granted to 12 employees of the company's subsidiary during May 2014. All these options were in respect of ordinary A shares of £1 each, with an exercise price of £118.24 per share. They are exercisable on or before March/ May 2024, but only on an exit event.

A further 473 share options granted to 3 employees in December 2015, March 2016 and June 2016. These were also in respect of ordinary A shares, with an exercise price of £42.68. They are exercisable on or before December 2025 and March/June 2026, but again, only on an exit event.

At the year end, only 2,370 options remain unexercised, the remainder having lapsed.

9 Reserves

Share premium

Share premium account represents the excess of the issue price over the par value on shares issued, less distributions.

Profit and loss reserve

Profit and loss reserves are the cumulative net profits or losses in the statement of comprehensive income, less distributions.

Movements on these reserves are set out in the statement of changes in equity.

10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was David Holmes.

The auditor was Johnston Carmichael LLP.

11 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2016 £	2015 £
44,199	126,492

HOTDOCS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

12 Advances to directors

During the year there were advances made to directors totalling £12,200 (2015: £124,708). Amounts repaid totalled £133,220 (2015: £5,054). The outstanding balance at the year end was £3,492 (2015: £124,512). Advances to directors are interest free.

13 Post balance sheet event

A dividend was declared post year-end totalling £142,114.