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Oleo PLC

Formerly World Careers Network PLC

Company No. 3813540

Report & Consolidated Financial Statements

For the year ended 31 July 2018

CONTENTS

Strategic report	2
Corporate Governance Code	4
Report of the Directors	8
Independent Auditor's Report	10
Consolidated Income Statement	14
Consolidated Statement of Other Comprehensive Income	15
Consolidated Statement of Financial Position	16
Consolidated Statement of Changes in Equity	17
Consolidated Statement of Cash Flows	18
Notes to the Consolidated Financial Statements	19
Company Statement of Financial Position	36
Company Statement of Changes in Equity	37
Company Statement of Cash Flows	38
Notes to the Company Financial Statements	39

Directors

Charles E H Hipps
David K Moore
David J Earland

Secretary and registered office

Paul Hipps, 5-7 Bridgeworks, The Crescent, London,
SW19 8DR

Company number

3813540

Auditor

BDO LLP, 55 Baker Street, London, W1U 7EU

Nominated advisers and broker

Panmure Gordon (UK) Limited, One New
Change, London, EC4M 9AF

Registrars

Link Asset Services, The Registry,
34 Beckenham Road, Beckenham, Kent,
BR3 4TU

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2018

The Directors present their strategic report with the audited consolidated and parent Company financial statements for the year ended 31 July 2018.

Change of name

The company changed its name from World Careers Networks PLC to Oleeo PLC on 4 June 2018.

Principal activity

The principal activity of the Oleeo PLC group of Companies ('Oleeo' or the 'Group') is the provision of Internet based recruitment software for the tracking and selection of applicants.

Financial and Operating Review

Revenues were £9,981,563, 1.4% up on £9,848,048 reported in the previous year. Meanwhile, as anticipated in my full year statement for 2017, profits before tax for 2018 are significantly down at £490,504 compared to last year's profit of £811,543. The slight increase in revenues was underpinned by an increase in ongoing subscription revenues counteracted by lower implementation revenues. The average headcount rose very slightly broadly in line with sales, while operating profit fell as salary, marketing and other costs increased.

Changes in Key Performance Indicators between the financial years 2017/2018 and 2016/2017 were as follows:

	2017/2018 £	2016/2017 £
Sales per employee	86,796	86,386
Operating profit per employee	4,111	6,773

All Oleeo employees are motivated by two goals – highly satisfied & retained clients and the acquisition and smooth on-boarding of new clients – achieved through the development, implementation and ongoing support of innovative technology to enable our clients to recruit high quality and diverse new hires. As we seek to support clients, innovate and broaden our markets, these goals have been pursued over the past year by our existing experienced team and through increased resources across customer support, delivery, product development, and marketing. Inevitably these increased costs have impacted heavily on our profits and will continue to do so for the foreseeable future.

An experienced team, successful clients, and strong technology provide a solid foundation. However an uncertain general economic outlook, a tough environment for our clients and prospects, an extremely competitive market, lower than expected new sales, known reductions in revenues from the existing clients this year and next, and upward pressure on costs as we seek to grow through additional investments in customer success, marketing and product development provide continued downward pressure on sales and profits and a highly challenging and uncertain outlook for sales and, more particularly, profits, which are expected to be substantially lower in the current year than in the year which has just closed.

The team at Oleeo always go above and beyond the call of duty, I would like to thank everyone for their hard work and dedication.

Principal Risks and Uncertainties

Commercial and operational risk

Competitive pressure and economic instability is a continuing and growing risk for the Company. The Company manages this risk by developing leading edge products capable of driving significant transformation and value within our clients, through high levels of customer service, by managing resource levels and pursuing opportunities for continuous improvement.

The business is dependent upon clients' ability to safely access data held on our servers and satisfy data protection legislation. In order to ensure that service availability is not affected by a breakdown in power supplies or by other physical hazards our servers are housed offsite in secure facilities on the premises of a specialist provider of such facilities. Third party security experts are also regularly engaged to advise on data security and to ensure the company has appropriate defences against "hacking". In addition, we maintain a rigorous, ISO27001 accredited, security management system.

Financial risk

The main risk arising from the Company's activities is currency risk. This is monitored by the Board of directors and was not considered to be significant at the balance sheet date.

Further information in relation to financial risk can be found in note 19 to the financial statements.

Dividends and Share Buybacks

The directors are pleased to recommend the payment of a dividend of 3.5p per share, which is the same as that paid in respect of the previous year. This dividend will be subject to the approval of shareholders at the Annual General Meeting to be held at 5-7 Bridgeworks, The Crescent, London SW19 8DR at 10.30am on 14 December 2018 and, if approved, will be payable on 21 December 2018 to shareholders on the register as at 23 November 2018.

The Board will be seeking at the Annual General Meeting the extension of the authority granted last year to make market purchases of ordinary shares, within the usual limits for a listed company. In assessing whether in practice to use this authority, the Board will take into account all relevant factors including the effect on earnings per share and assets per share ratios and other benefits to shareholders

This strategic report was approved on 2 November 2018 by the Board.

Charles EH Hipps
Chairman, Oleo

THE QCA CORPORATE GOVERNANCE CODE

The Directors are committed to delivering high standards of Corporate Governance and ensuring its effectiveness to maximise shareholder value. The directors acknowledge the principles set out in the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code'). The Directors have decided to apply and comply with the QCA Code with effect from 28 September 2018. The underlying principle of the QCA Code is that "the purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term". We set out below a summary of how the group seeks to comply with the key provisions of the Code. Further, more detailed compliance is provided in the Corporate Governance section of our website.

1. Establish a strategy and business model which promote long-term value for shareholders

Details of the group's business model and strategy, including key challenges in their execution are set out in the Strategic Report.

2. Seek to understand and meet shareholder needs and expectations

The Board seeks to meet the objectives of both the founding shareholders and the minority shareholders through the development of the business. The Company's AGM is held in December each year and gives all shareholders the opportunity to communicate directly with the Board. Participation of all shareholders is encouraged. The Company strives to provide a clear, balanced and comprehensive level of information and written material. The Company maintains a corporate website which contains regulatory and other information. The Company offers its larger shareholders face-to-face meetings to present and discuss performance and other matters, and obtain any feedback. There is a reporting schedule to ensure that matters of importance affecting the group are communicated to investors

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

Our policy is to conduct our business responsibly, with integrity, and with respect, for the interests of all those affected by our operations. We aim to work towards both a sustainable community and sustainable development. We believe that our activities should generate economic benefits; create opportunities for an enhanced quality of life; positively influence the communities in which we operate; and respect the environment.

Our goal is to operate our professional activities and the management of our organization in a way that enables all people to realize their potential and improve their quality of life while protecting and enhancing the earth's natural capital.

We are therefore committed to continually improve the integration of sustainability into our working environment and business processes, and helping our clients and partners do the same.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board is responsible for maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board is responsible for the identification and evaluation of major risks faced by the Group and for determining the appropriate course of action to manage those risks.

The Board identifies and appraises risks, and maintains control and direction over appropriate strategic, financial and organisational structure matters, with formally defined lines of responsibility and delegation of authority.

Internal controls for the assurance and the reliability of the financial information used within the business and the safeguarding of the assets are the responsibility of the directors. However, as with any internal controls,

they can only provide reasonable and not absolute assurance with respect to the preparation of the financial information and the safeguarding of the assets. In fulfilling these responsibilities, the Board has reviewed the effectiveness of the system of internal financial control. The Directors have established procedures for planning and budgeting and for monitoring, on a regular basis, the performance of the company.

The board is responsible for the Group's system of internal controls and has established a framework of financial and other material controls that is periodically reviewed for its effectiveness and which includes;

- Close management of the day-to-day activities of the Group by the Directors
- An organisational structure with defined levels of responsibility
- A comprehensive annual budgeting process and detailed monitoring of performance against budget
- Central control over key area such as capital expenditure and banking facilities

The Board has taken and will continue to take appropriate measures to ensure that the chances of financial irregularities occurring are reduced as far as reasonably possible by improving the quality of information at all levels in the group, fostering an open environment and ensuring that financial analysis is rigorously applied.

Competitive pressure and economic instability is a continuing risk for the Company. The Company manages this risk by providing leading edge products and high levels of customer service, by managing resource levels and pursuing opportunities for continuous improvement. The business is dependent upon clients' ability to safely access data held on our servers. In order to ensure that this is not affected by a breakdown in power supplies or by other physical hazards our servers are housed offsite in secure facilities on the premises of a specialist provider of these services. Third party security experts are also regularly engaged to advise on data security.

5. Maintain the board as a well-functioning, balanced team led by the chair.

The chairman determines where responsibility lies within the company for the delivery of key outputs. The board has a collective responsibility and legal obligation to promote the long term success of the company.

The board is responsible for formulating, reviewing and approving the company's strategy, budget, expenditure and appointment of senior resources. It is accountable to shareholders for the performance and activities of Oleeo Plc. The Board is comprised of three executive Directors, including the Chairman.

The Directors, none of whom are considered to be independent, are expected to devote such time as is necessary for the proper performance of their duties.

The following shows directors' attendance at scheduled Board meetings in 2017

Charles Hipps	9
David Moore	8
David Earland	9

6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

Charles Hipps, the founder and managing director of Oleeo, graduated from Oxford University with a degree in Engineering, Economics and Business Management and worked initially as a management consultant with Booz Allen Hamilton in Europe, Asia and the US supporting leading global organisations in developing their business strategies before founding Oleeo in 1995. As CEO, Charles is responsible for the day-to-day running and the strategic development of Oleeo.

David Moore is technical director at Oleeo and has been with the company since its inception. He is in charge of the day-to-day running of the company's technology and for designing the systems that are used by clients and ensuring a smooth transition from development through to implementation.

David Earland is the operations director for Oleeo with 25 years IT operational leadership and strategic level project/consultancy management experience. David's responsibilities cover the delivery of Oleeo's professional services, project management, consultancy, implementation consultancy, quality control and client /candidate support services.

THE QCA CORPORATE GOVERNANCE CODE

(continued)

Further details of the directors and their experience and skills is set out on the Company's website at <https://oleeo.com/investor-relations/>.

The Board believes that the experience and knowledge of each of the Directors is appropriate for the Company's current operations and strategy and gives them the ability to constructively challenge strategy and scrutinise performance.

The directors are collectively responsible for promoting the success of the company and in furtherance of their duties have access to the advice and service of the company secretary and are permitted to take independent professional advice and to pursue relevant training.

The Board and the Leadership Team are supported on compliance matters by both internal and external resources. Externally, the company utilises legal counsel, regulatory consultants and other experts where it is deemed appropriate. In addition, the Directors have direct access to the advice and services of the Director of Finance and the Company Secretary.

The Company's external advisers are set out on the Company's website at <https://oleeo.com/investor-relations/registrar-adviser>.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Board sets objectives annually and reviews its performance and membership regularly. The company undertakes annual monitoring of personal and corporate performance. Responsibility for assessing and monitoring the performance of the Technical and Operations directors (both of whom are on the Board of Directors) lies with the Chairman.

Due to the size of the company and its financial affairs and operations the appointment of non-executive directors is not considered practical or appropriate at the present time. However, this matter is discussed from time to time amongst the Board and with the Company's nominated adviser.

Directors are able to ensure that any concerns they raise about the running of the Company or a proposed action are recorded in the Board minutes. If an Executive Director did have any such concerns on resignation the Chairman would invite that Director to provide a written statement for circulation to the Board.

8. Promote a corporate culture that is based on ethical values and behaviours

As a Board, we recognise that we are accountable to shareholders for good corporate governance, and we seek to promote standards of governance throughout the Group that are recognised and understood by all. The Board promotes good corporate governance in the areas of risk management and accountability as a positive contribution to business prosperity. The Board endeavours to apply corporate governance principles in a sensible and pragmatic fashion having regard to the size and circumstances of the business. The key objective is to enhance and protect shareholder value.

We aim to conduct our business with honesty, integrity and openness, respecting human rights and the interests of our shareholders and employees. We aim to provide timely, regular and reliable information on the business to all our shareholders and conduct our operations to the highest standards.

We strive to create a safe and healthy working environment for the wellbeing of our staff and a trusting and respectful atmosphere, where all members of staff are encouraged to feel responsible for the reputation and performance of the company. We continue to establish a diverse and dynamic workforce with team players

who have the experience and knowledge of the business operations and markets in which we operate. Through maintaining good communications, members of staff are encouraged to realise the objectives of the company and their own potential.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Company is headed by an effective Board which leads and controls the Group. The Board comprises three Executive Directors, including the Chairman who also acts as the Group's Managing Director. Directors submit themselves for re-election every three years by rotation in accordance with the Articles of Association. The board is responsible for formulating, reviewing and approving the Company's strategy, budget, expenditure and appointment of senior resources. It is accountable to shareholders for the performance and activities of Oleo Plc.

The Chairman is responsible for ensuring the Directors receive accurate and timely information. The Director of Finance compiles the Board papers which are circulated to the Directors prior to the meetings.

The Company Secretary also ensures that any feedback or suggestions for improvement on Board papers is fed back to management and ensures input is gathered from all Board members on matters that should be included for consideration at meetings. The Company Secretary provides minutes of each meeting and every Director is aware of the right to have any concerns minuted.

In addition to the board meetings there is regular communication between Executive Directors, including where appropriate updates on matters requiring attention prior to the next scheduled board meeting.

The Board receives and reviews on a regular basis financial and operating information appropriate to the Directors being able to discharge their duties. An annual budget is approved by the Board and a revised forecast is prepared at the half year stage. Financial performance indicators are monitored monthly against budget.

The Board has a programme of at least 9 meetings for each financial year. For all Board meetings an agenda is established and papers are circulated in advance so that all Directors can give due consideration to the matters in hand.

In view of the current size of the Company and its Board, the Board believe that the establishment of an audit committee or an internal audit department would be inappropriate. However, the auditors have direct access to the Chairman.

The Board currently acts as the remuneration committee, with the executive directors determining remuneration other than their own.

Salary levels and benefits of employees other than Board directors are determined by the Chairman in conjunction with the Technical and Operations directors (who are also on the Board of Directors) and the Head of HR as appropriate. The salary and benefits of the Technical and Operations directors are determined by the Chairman in consultation with the Head of HR.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Communication with shareholders and the management structure of the company are included in Sections 2 and 4 above respectively and further details are set out on the company's website.

As described in Section 9 there is no separate audit or remuneration committee and as there has been no previous requirement for an audit committee report or remuneration committee report (or equivalent report) no such reports are available.

The directors receive written reports from the auditors at various stages of the audit process, covering the scope of work and key findings. These are fully discussed and any issues are addressed. The Board carefully monitor any issues relating to auditor independence

This corporate Governance Code was approved by the Board on 2 November 2018.

Charles E H Hipps
Chairman, Oleo

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2018

The Directors present their report with the audited consolidated and parent Company financial statements of the Group for the year ended 31 July 2018.

Directors

The Directors of the Company during the year and up to the approval of the financial statements were:

Ordinary shares of £0.001	2018	2017
Charles E H Higgs - Chairman	5,404,500	5,404,500
David K Moore - Technical Director	3,100	1,100
David J Earland - Operations Director	5,400	5,400

David K Moore retires by rotation and being eligible offers himself for re-election.

Transactions with directors and directors' interests are disclosed in notes 6 and 20 to the financial statements.

Dividends

The directors recommend a final dividend of 3.5p (2017 - 3.5p) per share.

No interim dividend was paid (2017 - Nil).

Directors' Indemnities

The group has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Financial Instruments

Details of financial instruments and their associated risks and risk management objectives are given in note 19 to the financial statements.

Research & Development

The Group continues to develop the software and technology within the business and any qualifying expenditure is capitalised in accordance with applicable accounting standards.

Acquisition of own shares

The Board will be seeking at the Annual General Meeting the extension of the authority granted last year to make market purchases of ordinary shares, within the usual limits for a listed company. In assessing whether in practice to use this authority, the Board will take into account all relevant factors including the effect on earnings per share and assets per share ratios and other benefits to shareholders.

Post Balance Sheet Events

The directors have no post balance sheet events to disclose.

Directors' Responsibilities

The directors are responsible for preparing the strategic report, 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 group and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 group profit or loss for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- 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 requirements of 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.

Disclosure of Information to the Auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- each director has taken all the steps that ought to be taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditor

The auditor, BDO LLP is deemed to be reappointed at the Annual General meeting to be held on 14 December 2018.

On behalf of the board

P Hipps
Secretary

Date 2 November 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OLEEO PLC

Opinion

We have audited the financial statements of Oleeo plc (the 'parent company') and its subsidiary (the 'group') for the year ended 31 July 2018 which comprise the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2018 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 group 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 as applied to listed entities, 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter

Matter	How we addressed the matter in our audit
<p data-bbox="188 539 435 566"><i>Revenue recognition</i></p> <p data-bbox="188 607 746 790">The group generates revenues from software licences for the provision of e-recruitment software and related implementation and development services. The accounting policy in respect of revenue recognition is described on page 20 in note 2.</p> <p data-bbox="188 831 759 1014">Certain elements of group revenues are recognised with reference to the stage of completion of a project when the right to consideration is earned. Management undertake an exercise at each period end to estimate the stage of completion of individual projects.</p> <p data-bbox="188 1055 735 1205">In view of the judgements involved and the significance of this matter to the determination of group revenue we consider this to be an area giving rise to significant risk of material misstatement in the financial statements</p>	<p data-bbox="834 539 1398 696">We have critically assessed the appropriateness of the revenue recognition policies and considered whether they comply with accounting standards, and have been applied consistently and free from bias.</p> <p data-bbox="834 736 1390 857">We tested management's judgements over the stage of completion of projects in progress across the year end and the associated level of revenue recognition by:</p> <ul data-bbox="834 893 1394 1364" style="list-style-type: none"><li data-bbox="834 893 1394 1050">• Testing the completeness of deferred revenues by selecting a sample of sales recorded towards the year end and challenging whether appropriate amounts have been deferred.<li data-bbox="834 1086 1394 1207">• Selecting a sample of projects where revenues have been deferred and examining these to confirm the accurate treatment of these items.<li data-bbox="834 1243 1394 1364">• Testing a sample of invoices after the year-end and confirming that these were recorded in the correct period and accrued revenues were recognised as appropriate.

Our application of materiality

The group is investing for future growth and therefore current year profitability is not reflective of the performance of the business. Accordingly we have used revenue as a benchmark for materiality as revenue quality and growth are key metrics for businesses in this sector.

We determined materiality for the financial statements as a whole to be £150,000 (2017:£150,000) which represents approximately 1.5% (2017:1.5%) of revenue for the year. Performance materiality has been set at £100,000 (2017: £100,000) which is 65% of materiality. Performance materiality means the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. We agreed with the Board that we would report to them misstatements identified during our audit above £5,000 (£5,000).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OLEEO PLC

(continued)

An overview of the scope of our audit

The parent entity is based in the UK and there is a relatively small subsidiary based in the US. We completed a full scope audit for the parent entity and performed further audit work on the US entity necessary for our opinion on the consolidated financial statements. The audit team obtained an understanding of the internal control environment related to the financial reporting process and assessed the appropriateness, completeness and accuracy of group journals and other adjustments performed on consolidation.

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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 or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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 set out on page 5, 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Stuart Collins (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date 2 November 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED INCOME STATEMENT

For the Year Ended 31 July 2018

	Note	2018 £	2017 £
Revenue	3	9,981,563	9,848,048
Total administrative expenses		9,508,835	9,075,921
Operating profit	4	472,728	772,127
Finance income		17,776	39,416
Profit on ordinary activities before taxation		490,504	811,543
Income tax	8	98,233	194,856
Profit for the year		392,271	616,687
Earnings per share	10		
Basic		5.16p	8.15p
Diluted		5.10p	8.05p

The notes on pages 19 to 35 form part of these financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the Year Ended 31 July 2018

	2018 £	2017 £
Profit for the year	392,271	616,687
Other comprehensive income <i>Items that may be reclassified into profit or loss</i>		
Exchange differences on translation of foreign operations (net of tax)	7,597	(6,783)
Other comprehensive income for the year	7,597	(6,783)
Total comprehensive income for the year and attributable to the owners of the parent	399,868	609,904

The notes on pages 19 to 35 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the Year Ended 31 July 2018

Company number 3813540	Note	2018 £	2017 £
Assets			
Non-current assets			
Property, plant and equipment	11	200,619	170,848
Current assets			
Trade and other receivables	12	1,712,532	1,454,107
Short term investments	19	7,750,000	-
Cash and cash equivalents	13	3,503,758	11,631,288
Total current assets		12,966,290	13,085,395
Total assets		13,166,909	13,256,243
Equity			
Issued capital	15	7,620	7,586
Share premium	16	1,690,158	1,649,024
Capital redemption reserve	16	708	708
Translation reserve	16	6,409	(1,188)
Retained earnings	16	8,414,702	8,273,990
Total equity		10,119,597	9,930,120
Liabilities			
Non-current liabilities			
Deferred tax	8	30,148	21,822
Current liabilities			
Trade and other payables	14	2,977,024	3,183,567
Corporation tax		40,140	120,734
Total current liabilities		3,017,164	3,304,301
Total liabilities		3,047,312	3,326,123
Total equity and liabilities		13,166,909	13,256,243

The financial statements were approved by the Board of Directors and authorised for issue on 2 November 2018. They were signed on its behalf by:

C E H Hips
Director

The notes on pages 19 to 35 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 July 2018

	Share capital £	Share premium £	Capital redemption reserve £	Translation reserve £	Retained earnings £	Total £
Balance at 1 August 2016	7,562	1,595,040	689	5,595	7,945,446	9,554,332
Comprehensive income						
Profit for the year	-	-	-	-	616,687	616,687
Other comprehensive income	-	-	-	(6,783)	-	(6,783)
Total comprehensive income for the year	-	-	-	(6,783)	616,687	609,904
Transaction with owners						
Issue of shares	43	53,984	-	-	-	54,027
Purchase of own shares	(19)	-	19	-	(37,050)	(37,050)
Dividends paid	-	-	-	-	(264,745)	(264,745)
Share based payments	-	-	-	-	13,652	13,652
Balance at 31 July 2017	7,586	1,649,024	708	(1,188)	8,273,990	9,930,120
Balance at 1 August 2017	7,586	1,649,024	708	(1,188)	8,273,990	9,930,120
Comprehensive income						
Profit for the year	-	-	-	-	392,271	392,271
Other comprehensive income	-	-	-	7,597	-	7,597
Total comprehensive income for the year	-	-	-	7,597	392,271	399,868
Transactions with owners						
Issue of shares	34	41,134	-	-	-	41,168
Dividends paid	-	-	-	-	(265,510)	(265,510)
Share based payments	-	-	-	-	13,951	13,951
Balance at 31 July 2018	7,620	1,690,158	708	6,409	8,414,702	10,119,597

The notes on pages 19 to 35 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 July 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the year	392,271	616,687
Adjusted for;		
Depreciation	112,570	94,104
Share based payments	13,951	13,652
(Increase)/decrease in receivables	(258,425)	845,076
(Decrease)/Increase in payables	(206,543)	316,322
Finance income	(17,776)	(39,416)
Corporation tax expense	98,233	194,856
Loss on disposal of fixed assets	10,637	-
Other	7,598	(6,783)
	152,516	2,034,498
Taxation	(170,501)	(242,047)
	(17,985)	1,792,451
Net cash (outflow)/inflow from operating activities	(17,985)	1,792,451
Cash flows from investing activities		
Interest received	17,776	39,416
Purchase of property, plant and equipment	(152,978)	(124,778)
Short term investments	(7,750,000)	-
	(7,885,202)	(85,362)
Net cash outflow from investing activities	(7,885,202)	(85,362)
Cash flows from financing activities		
Proceeds from issue of shares	41,168	54,027
Purchase of own shares	-	(37,050)
Equity dividends paid	(265,510)	(264,745)
	(224,342)	(247,768)
Net cash outflow from financing activities	(224,342)	(247,768)
(Decrease)/increase in cash in the year	(8,127,529)	1,459,321
Cash and cash equivalents at beginning of year	11,631,287	10,171,966
Cash and cash equivalents at end of year	3,503,758	11,631,287

The notes on pages 19 to 35 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 July 2018

1. Nature of Operations

Oleeo PLC (the “Company”) is a company registered in England and Wales. The consolidated financial statements for the year ended 31 July 2018 comprise the Company and its subsidiary (together referred to as the “Group”).

The principal activity of the Group is the provision of Internet based recruitment software for the tracking and selection of applicants. The Group’s registered office and principal place of business is 5-7 Bridgeworks, The Crescent, London, SW19 8DR.

2. Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are summarised below. They have all been applied consistently throughout the year and the preceding period.

Statement of compliance

The financial statements of the Company have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (“IFRS”) and their interpretations issued by the International Accounting Standards Board (“IASB”), as adopted by the European Union. They have also been prepared with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Adoption of new and revised standards

There were no new standards which have been applied in these financial statements. The Group has not adopted any Standards or Interpretations in advance of the required implementation dates. The following standards and interpretations to published standards are not yet effective:

- IFRS 15 Revenue from Contracts with Customers (effective date 01 January 2018)
- IFRS 16 Leases (effective date 01 January 2019)
- IFRS 9 Financial Instruments (effective date 01 January 2018)

The Directors have reviewed the likely impact of these Standards in future periods on the results and net assets of the group and comment as follows;

IFRS 15 Revenue from Contracts with Customers.

Oleeo will adopt IFRS 15 with effect from 1 August 2018. The Directors have reviewed the requirements of the standard and performed a review of contracts for the past two financial years. The assessment of any impact to the business arising from revenue recognition changes is ongoing as we are still reviewing whether the sale of Software Licences and our Implementation services are considered to be separate performance obligations under the new standard. The review is expected to be concluded shortly. Further, from 1 August 2018, all new Contracts with Customers will be reviewed and assessed so that income recognition thereof is compliant with the new standard.

IFRS 16 Leases

Oleeo will adopt IFRS 16 with effect from 1 August 2019. At present, the company only has leases in respect of the Office Accommodation that it occupies and accordingly these leases will come onto the balance sheet at the adoption date. The directors anticipate that the adoption of this standard in future periods will have an impact on the results and net assets of the group, however, it has not yet been quantified.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 July 2018 (continued)

IFRS 9 Financial Instruments

Oleeo will adopt IFRS 9 with effect from 1 August 2018. Having reviewed the requirements of the standard the Directors have concluded that the impact to the business arising from this standard is on the measurement of its Financial Assets, limited to Trade Receivables. The Directors believe there will be no material impact on the results of the Company as a result of the introduction of this standard.

Basis of preparation

The financial statements are presented in British pounds.

The consolidated financial statements have been prepared on a historical cost basis.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Going concern

After making enquires, the directors have a reasonable expectation that the Group has adequate resources to continue operations for the foreseeable future. For this reason they have adopted the going concern basis in preparing the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The accounting policies have been applied consistently by Group entities.

Basis of consolidation

The consolidated financial statements incorporate the results of Oleeo PLC and its subsidiary undertaking for the period to 31 July 2018. Intercompany transactions and balances between the parent and subsidiary are therefore eliminated in full.

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Revenue

The group generates revenues from the following sources; (1) software licences for the provision of e-recruitment software and (2) related implementation and development services.

The Group recognises revenues in accordance with IAS 18: 'Revenue'. This requires the exercise of judgment and the use of estimates in connection with the determination of the amount of revenue to be recognised in each accounting period. In exercising such judgment, the Group draws upon guidance from specific software industry revenue recognition practices which comply with IAS 18: 'Revenue'.

Revenues are recognised net of any tax collected on behalf of local tax authorities.

Software Licence

Software licenses are granted on a hosted / subscription basis combined with the support services, so that effectively a service over time is provided. Revenue from such arrangements is recognised rateably over the contractual term and when the following conditions are met;

- Evidence of an arrangement exists;
- The risks and rewards of ownership have been transferred to the customer
- The amount of revenue can be reliably measured and is not subject to future adjustments (i.e. fixed and determinable) and,
- Collection is probable.

Software Implementation

Revenue in respect of project implementation income is recognised with reference to the stage of completion of individual projects at the period end providing that it is probable that the consideration due will be received.

Management undertake an exercise at each period end to estimate the stage of completion of individual projects. Where it is determined that the amount invoiced exceeds the value of the work done, an appropriate amount is deferred to future periods. Similarly, if there are material amounts of unbilled project work at the period end then revenue will be accrued. This assessment considers the progress of each project against milestones such as user acceptance testing and go live status to estimate a reasonable proportion of the revenues to be recognised

Software Development

Revenue from software development services represents fees charged to clients for developing requested additional functionality. Revenue is recognised upon completion when the right to consideration is earned.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provisions for impairment. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer equipment	-	3 years
Office furniture	-	5 years
Leasehold improvements	-	Over the remaining period of the lease

Useful economic lives and residual values are assessed annually. Any impairment in value is charged to the statement of comprehensive income.

Financial assets

Trade and other receivables are initially recorded at their fair value and subsequently carried at amortised cost, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits held at banks with original maturities of three months or less.

Financial liabilities

Financial liabilities held by the Group consist of trade payables and other short term monetary liabilities.

Financial liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. The Group has not classified any of its financial liabilities at fair value through profit or loss.

Equity instruments

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments. Incremental

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 July 2018 (continued)

costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Foreign currency

Transactions in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

On consolidation the results of overseas operations are translated into British pounds at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the translation reserve.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the date of the statement of financial position.

Deferred taxation is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred taxation liabilities are generally recognised on all taxable temporary differences. Deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred taxation is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the statement of financial position date. The carrying value of deferred taxation assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which taxable temporary differences can be utilised.

Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Pension costs

Contributions to the group's defined contribution pension scheme are charged to the income statement in the period in which they become payable.

Research and development expenditure

Expenditure on upgrading and developing software is recognised as an expense in the period in which it is incurred, as it does not meet the criteria set out in the relevant accounting standards in order to be capitalised as an intangible asset.

Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement for the remaining vesting period.

Leasing

Rentals paid under operating lease commitments are charged on a straight line basis over the lease term.

Dividends

Dividend distributions payable to equity shareholders are included in 'other liabilities' when the dividends have been approved in a general meeting prior to the reporting date.

Key judgments and sources of estimation uncertainty

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

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

Revenue recognition

Revenue in respect of project income is recognised with reference to management's estimate of the stage of completion of individual projects at the period end based on provision of services to the customer as described in more detail in the accounting policy above. The resulting deferred income is disclosed in Note 14 to the financial statements.

3. Segmental Reporting

The Group's operations relate to the provision of Internet based recruitment software for the tracking and selection of applicants and as such the Group has only one operating segment.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer.

Information about geographical areas	2018 £	2017 £
Revenue		
United Kingdom	6,242,349	6,765,493
United States of America	3,404,305	2,983,270
Europe	306,634	99,285
Asia-Pacific	28,275	-
	9,981,563	9,848,048

Revenues from one client totalled £933,936 (2017 - £1,321,434).

Non-Current Assets

Non-current assets are materially all in the UK.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 July 2018 (continued)

4. Operating Profit

	2018 £	2017 £
This is arrived at after charging:		
Depreciation of property, plant and equipment	112,570	94,104
Staff costs (note 5)	6,986,845	6,950,406
Operating lease costs	158,330	149,854
Equity settled share based payments	13,951	13,652

The analysis of auditor's remuneration is as follows:

	2018 £	2017 £
Fees payable to the group's auditor for the audit of the group's annual financial statements	33,250	31,500
Total audit fees	33,250	31,500
Tax & other services	10,070	6,913
Total non-audit services	10,070	6,913
Total fees	43,320	38,413

5. Staff Costs

The average number of staff employed (including directors) by the group during the financial year amounted to:

	2018 Number	2017 Number
Client related	108	108
Administration	7	6
	115	114

The aggregate payroll costs of the above were:	2018 £	2017 £
Wages and salaries	6,320,281	6,288,318
Social security contributions	575,635	568,325
Pension costs	90,929	93,763
	6,986,845	6,950,406

Pension costs relate to Company payments to personal pension plans (defined contribution).

6. Directors

The directors' remuneration in respect of qualifying services was:

Year to 31 July 2018	Salaries £	Pension £	Benefits £	Total £
Charles E H Hipps	255,467	-	-	255,467
David K Moore	100,224	5,600	2,147	107,971
David J Earland	129,655	12,599	483	142,737
	485,346	18,199	2,630	506,175
Year to 31 July 2017	Salaries £	Pension £	Benefits £	Total £
Charles E H Hipps	296,702	-	-	296,702
David K Moore	105,741	5,600	2,815	114,156
David J Earland	134,268	10,516	1,270	146,054
	536,711	16,116	4,085	556,912

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 July 2018 (continued)

During the year directors exercised options resulting in gains of £19,500 (2017 - £6,990).

Share options

Share options granted to directors are set out below:

Name	Number at 1 August 2017	Granted in year	Exercised	Number at 31 July 2018	Exercise price	Date from which exercisable	Expiry date
David K Moore	10,000		(10,000)	-	147.5p	13 December 2010	12 December 2017
David K Moore	10,000		(10,000)	-	112.5p	11 December 2011	10 December 2018
David K Moore	8,500			8,500	88.5p	11 December 2012	10 December 2019
David K Moore	10,000			10,000	88.5p	10 December 2013	9 December 2020
David K Moore	10,000			10,000	105p	12 December 2014	11 December 2021
David K Moore	10,000			10,000	157.5p	12 December 2015	11 December 2022
David K Moore	10,000			10,000	190.0p	12 December 2016	11 December 2023
David K Moore	10,000			10,000	320.0p	25 March 2018	24 March 2025
David K Moore	2,500			2,500	187.5p	21 March 2019	20 March 2026
David K Moore	2,500			2,500	212.5p	27 March 2020	26 March 2027
David K Moore		2,500		2,500	230.0p	28 March 2021	27 March 2028
David J Earland	6,000			6,000	112.5p	11 December 2011	10 December 2018
David J Earland	9,150			9,150	88.5p	11 December 2012	10 December 2019
David J Earland	7,600			7,600	88.5p	10 December 2013	9 December 2020
David J Earland	6,500			6,500	105p	12 December 2014	11 December 2021
David J Earland	6,500			6,500	157.5p	12 December 2015	11 December 2022
David J Earland	6,500			6,500	190.0p	12 December 2016	11 December 2023
David J Earland	2,250			2,250	320.0p	25 March 2018	24 March 2025
David J Earland	3,360			3,360	187.5p	21 March 2019	20 March 2026
David J Earland	3,400			3,400	212.5p	27 March 2020	26 March 2027
David J Earland	-	3,400		3,400	230.0p	28 March 2021	27 March 2028

During the prior year, the number of Share Options granted and exercised were;

	Granted	Exercised
David K Moore	2,500	10,000
David J Earland	3,400	5,400

7. Share Based Payments

The following information is relevant in the determination of the fair value of options granted under the equity settled share based remuneration schemes operated by the Company.

Equity - settled	2018	2017
Option pricing model used	Black-Scholes	Black-Scholes
Weighted average share price and exercise price at grant date (p.)	230.0/230.0	212.5/212.5
Weighted average contractual life (days)	1,825	1,825
Expected volatility	10%	10%
Expected dividend yield	3.0%	3.0%
Risk free interest rate	3.5%	3.5%

The expected volatility was determined by calculating the historical volatility for the five years up to the date of grant.

8. Taxation

	2018 £	2017 £
Current Tax:		
- current year	92,243	181,143
- prior year	(2,336)	8,534
	89,907	189,677
Deferred Tax - current year	8,326	5,179
	98,233	194,856

Factors affecting tax charge for year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2017 – 19.7%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	490,504	811,543
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 – 19.7%)	93,196	159,874
Effects of:		
Effect of tax rates in foreign jurisdictions	7,960	25,124
Expenses not deductible for tax purposes	731	5,399
Other differences	(1,318)	(4,075)
Adjustments in respect of previous periods	(2,336)	8,534
Total tax charge in income statement	98,233	194,856

Deferred tax

On 31 July 2018 there was a recognised deferred tax liability.

Accelerated capital allowances	30,148	21,822
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The movement in deferred tax is shown below:

At 1 August 2017	21,822	16,643
Recognised in income statement	8,326	5,179
At 31 July 2018	30,148	21,822

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 July 2018 (continued)

9. Dividends

Ordinary Shares	2018 £	2017 £
Final dividend paid for the prior year of 3.5p (2017 - 3.5p) per share	<u>265,510</u>	<u>264,745</u>
Ordinary shares		
Final dividend proposed for the year of 3.5p (2017 - 3.5p) per share	<u>266,702</u>	<u>265,510</u>

10. Earnings Per Share

Basic earnings per share

This is calculated by dividing the profit of £392,271 (2017 - £616,687), being the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue throughout the year of 7,603,029 (2017 - 7,568,480).

Diluted earnings per share

The weighted average number of shares for 2018 for this calculation was 7,688,598 (2017 - 7,662,261). This is calculated based on the weighted average number of ordinary shares adjusted by 85,569 (2017 - 93,781) to recognise the effect of the potential issue of further ordinary shares as a result of the exercise of share options.

11. Property, Plant & Equipment

	Leasehold improvements £	Computer equipment £	Office furniture £	Total £
Cost				
At 1 August 2016	75,427	403,735	47,516	526,678
Additions & FX adj on revaluation	(8)	96,654	28,132	124,778
At 31 July 2017	75,419	500,389	75,648	651,456
At 1 August 2017	75,419	500,389	75,648	651,456
Additions & FX adj on revaluation	21	139,000	13,957	152,978
Disposal	-	(246,568)	(15,025)	(261,593)
At 31 July 2018	75,440	392,821	74,580	542,841
Depreciation				
At 1 August 2016	70,437	300,562	15,505	386,504
Charge in the year	1,482	81,147	11,475	94,104
At 31 July 2017	71,919	381,709	26,980	480,608
At 1 August 2017	71,919	381,709	26,980	480,608
Charge in the year	1,043	97,635	13,892	112,570
Eliminated on disposal	-	(246,568)	(4,388)	(250,956)
At 31 July 2018	72,962	232,776	36,484	342,222
Net book value				
At 31 July 2018	2,478	160,045	38,096	200,619
At 31 July 2017	3,500	118,680	48,668	170,848
At 31 July 2016	4,990	103,173	32,011	140,174

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 July 2018 (continued)

12. Trade and other receivables

	2018 £	2017 £
Trade receivables	1,242,800	1,206,845
Total financial assets other than cash and cash equivalents classified as loans and receivables	1,242,800	1,206,845
Prepayments	213,068	205,874
Accrued Income	222,079	10,801
Other receivables	34,585	30,587
	1,712,532	1,454,107

13. Cash and Cash Equivalents

	2018 £	2017 £
Cash at bank and in hand	3,503,758	11,631,288

14. Trade and Other Payables

	2018 £	2017 £
Trade payables	403,186	311,640
Accruals	654,143	829,331
Total financial liabilities classified as financial liabilities measured at amortised cost	1,057,329	1,140,971
Taxation and social security	599,396	578,221
Deferred income	1,320,299	1,464,375
	2,977,024	3,183,567

15. Called up Share Capital

	2018 £	2017 £
Authorised, called up, allotted and fully paid		
2018 - 7,620,054 (2017 - 7,586,004, 2016 - 7,562,638)		
ordinary shares of £0.001 each	7,620	7,586
	2018 Number	2017 Number
Balance at start of period	7,586,004	7,562,638
Buyback	-	(19,500)
Issued during the year	34,050	42,866
Balance at end of period	7,620,054	7,586,004

34,050 Ordinary shares of £0.001 were issued on the exercise of approved share options, 4,300 in November 2017, 20,000 in December 2017 and 9,750 in June 2018. The total consideration amounted to £41,168.

The market price of the Company's ordinary shares at 31 July 2018 was 240.0p and the range during the financial year was from 207.5p to 240.0p.

Share options

The Company operates two equity-settled share based remuneration schemes for employees: a United Kingdom tax authority approved scheme and an unapproved scheme.

At 31 July 2018 the following share options under unapproved and approved schemes were outstanding in respect of the ordinary £0.001 shares:

Date of grant	At 1 August 2017	Granted	Lapsed	Exercised	At 31 July 2018	Nominal value £	Period of option	Exercise price per share
26 January 2006								
Approved Scheme								
13 December 2007	17,750	-	(6,250)	(11,500)	-	32	13 December 2010 - 12 December 2017	147.5p
11 December 2008	28,500	-	-	(16,500)	12,000	41	11 December 2011 - 10 December 2018	112.5p
11 December 2009	25,450	-	-	(1,600)	23,850	54	11 December 2012 - 10 December 2019	88.5p
10 December 2010	28,300	-	-	(2,700)	25,600	54	10 December 2013 - 09 December 2020	88.5p
12 December 2011	32,450	-	-	(1,750)	30,700	57	12 December 2014 - 11 December 2021	105p
12 December 2012	37,020	-	-	-	37,020	61	12 December 2015 - 11 December 2022	157.5p
12 December 2013	41,200	-	-	-	41,200	54	12 December 2016 - 11 December 2023	190.0p
25 March 2015	29,580	-	-	-	29,580	35	25 March 2018 - 24 March 2025	320.0p
21 March 2016	23,270	-	-	-	23,270	26	21 March 2019 - 20 March 2026	187.5p
27 March 2017	26,580	-	-	-	26,580	27	27 March 2020 - 26 March 2027	212.5p
13 December 2017	-	33,800	-	-	33,800	34	13 December 2020 - 12 December 2027	227.5p
28 March 2018	-	37,316	-	-	37,316	27	28 March 2021 - 27 March 2028	230.0p
	290,100	71,116	(6,250)	(34,050)	320,916			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 July 2018 (continued)

15. Called up Share Capital (continued)

Directors' interests in share options are disclosed in note 6. The weighted average exercise price of the outstanding options at 31 July 2017 and 31 July 2018 was 162p and 174p respectively. The weighted average exercise price of options which were exercised or lapsed during the year was 147p and 121p respectively. The weighted average share price at the date of exercise was 230p.

Options granted are subject to a 3 year vesting period and must be exercised within 7 years of the vesting date after which the options will lapse. Option holders wishing to exercise options are required to complete a Notice of Exercise form and send it to the Company Secretary together with a remittance of the exercise amount either by cheque or bank transfer.

The number of share options granted, lapsed and exercised in the prior year were 26,580, 19,622 and 42,866 respectively.

The weighted average of the remaining contractual life of options outstanding is 5.81 years.

Of the total number of options outstanding at 31 July 2018, 199,950 had vested and were exercisable at a weighted average exercise price of 160.4p.

The weighted average fair value of each option granted during the year was 229p

16. Reserves

The share premium account represents the proceeds from the issue of share capital in excess of the nominal value of the shares issued less expenses of issue.

The capital redemption reserve represents the nominal value of the own shares purchased by the Company.

The translation reserve represents the cumulative foreign exchange differences arising on the translation of the overseas subsidiary.

The retained earnings represent all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

17. Operating Leases

As at 31 July 2018, the Group had commitments under non-cancellable operating leases for land and buildings as set out below:

	2018 £	2017 £
Total future value of minimum lease payments due:		
In one year	158,330	158,330
In two to five years	633,320	738,873
In over five years	554,155	606,932
	1,345,805	1,504,135

18. Ultimate Controlling Party

Charles Hipps, a director, is the Company's controlling shareholder.

19. Financial Instruments

The Group's financial instruments comprise cash and cash equivalents and various items such as trade receivables, other receivables and trade payables that arise directly from its operations. Management's policy on each is described in Note 2. The Group has not entered into derivatives transactions nor does it trade in financial instruments as a matter of policy. The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, foreign currency risk and credit risk. Operations are financed through working capital management.

There were no derivative instruments outstanding at 31 July 2018 or 2017.

Liquidity and interest rate risk

The Group's policy in respect of interest rate risk (which relates to interest receivable) and liquidity risk is to retain in readily accessible bank deposit accounts sufficient funds to enable the group to meet its debts as they fall due, whilst earning interest at a guaranteed rate. At the balance sheet date short term investments totalling £7,750,000 were held in deposit accounts of between three and six months maturity earning interest of between .75% and 1%. In addition, at the balance sheet date cash and cash equivalents totalling £2,000,000 were held in a 35 day notice account earning interest of .3%. The balance of the cash was held in various current accounts, all of which are accessible on demand.

The Group's trade payables, other payables and accrued expenses are generally due between one and three months.

Interest rate risk showing a 1% increase on floating rate deposits is as follows:

	2018 £	2017 £
1% increase in interest rates	<u>97,500</u>	<u>96,500</u>

The rate of interest currently received is such that any decrease would have no material impact on the company's results.

Foreign currency risk

In relation to currency risk, the Company holds local currency accounts in the currencies in which it transacts, and the foreign exchange impact is considered when transferring monies between currency accounts. The group holds relatively small amounts of foreign currency cash and trade debtors at the year end and its exposure to gain or loss is limited.

Credit risk

The Group's principal financial assets are bank balances and cash and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful debts. It is group policy to assess the credit risk of new customers and to factor the information from these credit ratings into future dealings with the customers. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 July 2018 (continued)

19. Financial Instruments (continued)

Trade receivable ageing	2018 £	2017 £
Under 30 days	759,028	758,615
Between 31 and 60 days	241,416	278,080
Between 61 and 90 days	110,949	38,849
Over 90 days	131,407	131,301
	1,242,800	1,206,845

Trade Receivables that are overdue but not impaired as at the Balance Sheet date amounted to £483,772 (2017 - £448,230).

Cash and cash equivalents are held in sterling in UK banks and USD in UK and US banks.

Financial assets

The floating rate financial assets comprise interest earning bank deposits at rates offered by the bank. The Group has no fixed rate deposits.

Fair values

In management's opinion there is no material difference between the book value and fair value of any of the Group's financial instruments.

Classes of financial instruments

The classes of financial instruments are the same as the line items included on the face of the statement of financial position and have been analysed in more detail in the notes to the accounts. All the Group's financial assets are categorised as receivables and all financial liabilities are measured at amortised cost.

Capital disclosures

Management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

20. Related Parties

Identity of related parties

The Group has a related party relationship with its subsidiary, Oleo Inc. and its directors; further details can be found in Note C4.

Transactions with key management personnel

The directors consider the Key management personnel to comprise the statutory directors.

20. Related Parties (continued)

	2018 £	2017 £
Remuneration	485,346	536,711
Social security costs	55,501	62,800
Share based payments	2,630	4,085
Pension contributions	18,199	16,116
	<hr/> 561,676 <hr/>	<hr/> 619,712 <hr/>

Related party transactions

	2018 £	2017 £
Dividends paid to the directors of the Company:		
Charles E H Hipps	189,157	189,157
David J Earland	189	189
David K Moore	39	39

Lease Agreement

On 5 February 2017 the company entered into a lease agreement with the Pension Scheme of Charles E H Hipps for the occupancy of the premises at 5-7 Bridgeworks, The Crescent, Wimbledon. The lease is for a term of 10 years with a fixed annual rent of £95,000 with a break option in February 2022.

COMPANY STATEMENT OF FINANCIAL POSITION

For the Year Ended 31 July 2018

Company number 3813540	Note	2018 £	2017 £
Assets			
Non-current assets			
Property, plant and equipment	C2	187,775	144,602
Investments	C3	60	60
		<u>187,835</u>	<u>144,662</u>
Current assets			
Trade and other receivables	C4	1,664,366	1,365,159
Short term investments		7,750,000	-
Cash and cash equivalents		3,400,526	11,620,882
		<u>12,814,892</u>	<u>12,986,041</u>
Total current assets		12,814,892	12,986,041
Total assets		13,002,727	13,130,703
Equity			
Issued capital	15	7,620	7,586
Share premium	16	1,690,158	1,649,024
Capital redemption reserve	16	708	708
Retained earnings	16	8,299,122	8,202,699
		<u>9,997,608</u>	<u>9,860,017</u>
Total equity		9,997,608	9,860,017
Liabilities			
Non-current liabilities			
Deferred tax		30,148	21,822
Liabilities			
Current liabilities			
Trade and other payables	C6	2,952,471	3,161,864
Income tax		22,500	87,000
		<u>2,974,971</u>	<u>3,248,864</u>
Total current liabilities		2,974,971	3,248,864
Total liabilities		3,005,119	3,270,686
Total equity and liabilities		13,002,727	13,130,703

As permitted by section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's profit for the year was £347,982 (2017 - £579,196)

The financial statements were approved by the Board of Directors and authorised for issue on 2 November 2018.

They were signed on its behalf by:

C E H Hipps
Director

The notes on pages 39 to 41 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 July 2018

	Share capital	Share Premium	Capital redemption reserve	Retained Earnings	Total
	£	£	£	£	£
Balance at 1 August 2016	7,562	1,595,040	689	7,911,646	9,514,937
Comprehensive income					
Profit for the year	-	-	-	579,196	579,196
Total comprehensive income for the year	-	-	-	579,196	579,196
Transactions with owners					
Issue of shares	43	53,984	-	-	54,027
Purchase of own shares	(19)	-	19	(37,050)	(37,050)
Dividends paid	-	-	-	(264,745)	(264,745)
Share based payments	-	-	-	13,652	13,652
Balance at 31 July 2017	7,586	1,649,024	708	8,202,699	9,860,017
Balance at 1 August 2017	7,586	1,649,024	708	8,202,699	9,860,017
Comprehensive income					
Profit for the year	-	-	-	347,982	347,982
Total comprehensive income for the year	-	-	-	347,982	347,982
Transactions with owners					
Issue of shares	43	41,134	-	-	41,168
Dividends paid	-	-	-	(265,510)	(265,510)
Share based payments	-	-	-	13,951	13,951
Balance at 31 July 2018	7,620	1,690,158	708	8,299,122	9,997,608

The notes on pages 39 to 41 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

For the Year Ended 31 July 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the year	347,982	579,196
Depreciation	106,891	89,022
Share based payment	13,951	13,652
(Increase)/decrease in receivables	(299,207)	894,099
(Decrease)/Increase in payables	(209,393)	314,981
Finance income	(17,776)	(39,416)
Income tax expense	75,990	155,714
	18,438	2,007,248
Taxation	(132,163)	(232,535)
	(113,725)	1,774,713
Cash flows from investing activities		
Interest received	17,776	39,416
Purchase of property, plant and equipment	(150,065)	(107,128)
Short term investments	(7,750,000)	-
	(7,882,289)	(67,712)
Cash flows from financing activities		
Proceeds from issue of shares	41,168	54,027
Purchase of own shares	-	(37,050)
Equity dividends paid	(265,510)	(264,745)
	(224,342)	(247,768)
(Decrease)/increase in cash in the year	(8,220,356)	1,459,233
Cash and cash equivalents at beginning of year	11,620,882	10,161,649
Cash and cash equivalents at end of year	3,400,526	11,620,882

The notes on pages 39 to 41 form part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the Year Ended 31 July 2018

C1. Accounting Policies

The accounting policies of the Company are consistent with those adopted by the Group with the addition of the following:

Investments

Investments are stated at their cost less impairment losses.

C2. Property, Plant & Equipment

	Leasehold improvements £	Computer equipment £	Office furniture £	Total £
Cost				
At 1 August 2016	70,293	402,617	38,326	511,236
Additions	-	90,332	16,796	107,128
At 31 July 2017	70,293	492,949	55,122	618,364
At 1 August 2017	70,293	492,949	55,122	618,364
Additions	-	137,132	12,932	150,064
Disposal	-	(246,568)	(3,879)	(250,447)
At 31 July 2018	70,293	383,513	64,175	517,981
Depreciation				
At 1 August 2016	69,838	300,469	14,433	384,740
Charge in the year	455	79,477	9,090	89,022
At 31 July 2017	70,293	379,946	23,523	473,762
At 1 August 2017	70,293	379,946	23,523	473,762
Charge in the year	-	94,937	11,954	106,891
Eliminated on disposal	-	(246,568)	(3,879)	(250,447)
At 31 July 2018	70,293	228,315	31,598	330,206
Net book value				
At 31 July 2018	-	155,198	32,577	187,775
At 31 July 2017	-	113,003	31,599	144,602
At 31 July 2016	455	102,148	23,893	126,496

C3. Investments

	2018 £	2017 £
Investment in subsidiary undertaking		
At start of accounting period	60	60
At end of accounting period	<u>60</u>	<u>60</u>

The Company owns 100% of the issued share capital of Oleo Inc., a company registered in the United States of America with its registered office 34 Byron Place, Suite 204, Scarsdale, NY 10583, USA. The subsidiary has the same principal activities as the Company.

During the year the Company paid a support fee of £1,929,372 (2017 - £1,761,885) to the subsidiary and at 31 July 2018 the Company owed £91,029 (2017 - £119,867) to the subsidiary.

C4. Trade and Other Receivables

	2018 £	2017 £
Trade receivables	<u>1,242,800</u>	<u>1,206,845</u>
Total financial assets other than cash and cash equivalents classified as loans and receivables	1,242,800	1,206,845
Prepayments	192,927	144,575
Accrued Income	222,079	10,810
Other receivables	6,560	2,929
	<u>1,664,366</u>	<u>1,365,159</u>

C5. Cash and Cash Equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>3,400,526</u>	<u>11,620,882</u>

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the Year Ended 31 July 2018 (continued)

C6. Trade and Other Payables

	2018 £	2017 £
Trade payables	334,595	255,413
Accruals	607,152	743,988
Amounts due to subsidiary undertakings	91,029	119,867
Total financial liabilities classified as Financial liabilities measured at amortised cost	1,032,776	1,119,268
Taxation and social security	599,396	578,221
Deferred income	1,320,299	1,464,375
	2,952,471	3,161,864

C7. Related Parties

The Company has a related party relationship with its subsidiary (see note C3) and with its directors (see note 20)

C8. Staff Costs

The average number of staff employed (including directors) by the company during the financial year amounted to:

	2018 Number	2017 Number
Client related	100	99
Administration	7	7
	107	106
The aggregate payroll costs of the above were:	£	£
Wages and salaries	5,156,522	5,119,495
Compulsory social security contributions	575,635	568,325
Pension costs	90,929	93,763
	5,823,086	5,781,583

Pension costs relate to Company payments to personal pension plans (defined contribution).

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the shareholders of Oleeo PLC will be held at 5-7 Bridgeworks, The Crescent, London SW19 8DR, on Friday, 14 December 2018 at 10.30am for the following purposes:

- 1 To consider the financial statements and the reports of the directors and of the auditors for the year ended 31 July 2018.
- 2 To approve the payment of a dividend of 3.5p per share.
- 3 To consider the re-election of David K Moore who retires as a director in accordance with the Articles of Association.
- 4 To re-appoint BDO LLP as auditors and to authorise the directors to fix their remuneration for the ensuing year.

As Special Business:

- 5 To consider and, if thought fit, to pass the following resolution as a special resolution:

That pursuant to article 9 of the Company's Articles of Association and in accordance with Section 701 of the Companies Act 2006, the Company be generally and unconditionally authorised during the period expiring on the date of the next annual general meeting of the Company after passing this resolution or 18 months from the passing of this resolution, whichever is the earlier, to make market purchases (as defined in Section 693(4) of the said Act) of ordinary shares in the capital of the Company (Ordinary Shares) on such terms and in such manner as the directors determine, provided that this authority shall:

- (i) be limited to a maximum of 1,524,010 Ordinary Shares representing 20% of the Company's issued Ordinary Share capital as at the date of the passing of this resolution;
- (ii) not permit payment by the Company, exclusive of any expenses, of less than the par value of each Ordinary Share;
- (iii) not permit payment by the Company, exclusive of any expenses, of more than 105% of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which such Ordinary Share is contracted to be purchased; and
- (iv) permit the Company to make a contract or contracts to purchase Ordinary Shares prior to the expiry of this authority which will or may be executed wholly or partly after the expiry of this authority, and the Company may make a purchase of Ordinary Shares in pursuance of any such contract or contracts notwithstanding such expiry.

By order of the Board

P Hipps
Secretary

Date 2 November 2018

NOTES

- 1 A member of the company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and, on a poll, vote instead of him or herself. A proxy need not be a member of the company. In default of a specific appointment, the Chairman of the Meeting will act as your proxy.
- 2 The appointment of a proxy does not preclude a member of the Company from attending and voting at the meeting.
- 3 In the case of joint holders only one need sign. The vote of the most senior holder named in the Register of Members alone will be counted.
- 4 To be valid the Form of Proxy must be completed and signed, together with any power of attorney or other authority under which it is signed or a duly certified copy thereof and lodged with Oleeo PLC, 5/7 Bridge Works, The Crescent, London, SW19 8DR
- 5 Pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001 (2001 No. 3755), the Company has specified that only those members registered on the register of members of the Company at 11 am on Wednesday, 12 December 2018 or, in the event that the meeting is adjourned, on the register of members 72 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of Shares registered in their name at that time. Changes to the register of members after 11 am on Wednesday, 12 December 2018 or, in the event that the meeting is adjourned, in the register of members 72 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend and vote at the meeting.



**INTELLIGENT
TALENT
ACQUISITION
TECHNOLOGY**

Oleo PLC

5-7 Bridgeworks

The Crescent

London

SW19 8DR