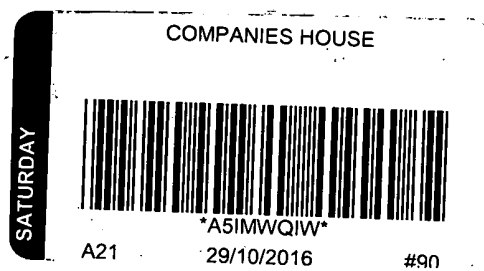


**Group Strategic Report, Report of the Directors and
Consolidated Financial Statements for the Year Ended 31 December 2015**
for
Smith Global Limited



**Contents of the Consolidated Financial Statements
for the Year Ended 31 December 2015**

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Smith Global Limited
Company Information
for the Year Ended 31 December 2015

DIRECTORS: J A C Lohan
T Lohan
E G Orr
S J Balcombe
P H Portz - appointed 16 September 2015
M C Witt – resigned 29 February 2016

SECRETARY: N S Shafi

REGISTERED OFFICE: East House
109 South Worple Way
London
SW14 8TN

REGISTERED NUMBER: 04438845 (England and Wales)

AUDITORS: White Hart Associates (London) Limited
Chartered Accountants and Statutory Auditors
East House
109 South Worple Way
London
SW14 8TN

Smith Global Limited
Group Strategic Report
for the Year Ended 31 December 2015

The directors present their strategic report of the company and the group for the year ended 31 December 2015.

REVIEW OF BUSINESS

The group maintained the number of hotels published on its website at around 1,000 in the year and launched a new private luxury villa collection. It acted as an agent on approximately 64,000 hotel bookings and the group's revenues grew by 27%.

The key performance indicators used by the directors to monitor the progress of the group are set out below:

	2015	2014
	£	£
Total transaction value (TTV)	54,455,333	42,207,806
Turnover	10,642,718	8,370,112
Turnover as a percentage of TTV	19.54%	19.83%
Profit/(loss) on ordinary activities	98,676	(833,892)
Profit/(loss) on ordinary activities as a percentage of turnover	0.93%	(9.96%)

There is also a foreign exchange loss included in the consolidated other comprehensive income for the year amounting to £24,383. This primarily relates to the translation of the balances on the inter-company loans to the overseas subsidiaries at the exchange rates ruling at the year-end.

The directors consider the results to be satisfactory given the growth of the group, the exceptional nature of some of the factors the company has faced during the period and the general economic climate in which the company has and continues to operate.

Research and development

The group continually researches new hotels and villas to publish information on and continuously develops its proprietary booking technology to act as an agent for hotels.

Future developments

The strategic aim of the group for 2016 and 2017 is to consolidate the existing hotel and villa business and focus on driving growth through customer service and retention.

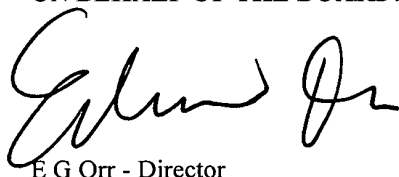
PRINCIPAL RISKS AND UNCERTAINTIES

Financial instrument risk

Up to 31 December 2015, Smith Bonds Plc, one of the group's wholly owned subsidiaries, had issued £2,463,000 of four year unsecured bonds paying an annual interest of 7.5% in cash or 9.5% in Smith loyalty money.

Also, the group is exposed to translation and transaction foreign exchange risk. However, the group has a lot of inbuilt hedging with both revenues and costs in multiple currencies. Revenues include annual fees paid by around 1,000 hotels around the world, paid in currencies of the group's choice (e.g. GBP, EUR, USD, AUD), plus booking prepayments from bookers all over the world and invoiced commissions from the global hotels. Costs include marketing and hotel account management operations in GBP, EUR, USD, AUD and HKD and booking payments to the global hotels, in both cases largely matching with the revenues received.

ON BEHALF OF THE BOARD:



E G Orr - Director

28 October 2016

Smith Global Limited

Report of the Directors for the Year Ended 31 December 2015

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2015.

PRINCIPAL ACTIVITY

The group's principal activity during the year continued to be the publishing of hotel information and acting as a booking agent for hotels.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2015.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2015 to the date of this report.

J A C Lohan
T Lohan
E G Orr
S J Balcombe

Other changes in directors holding office are as follows:

P H Portz - appointed 16 September 2015
M C Witt – resigned 29 February 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

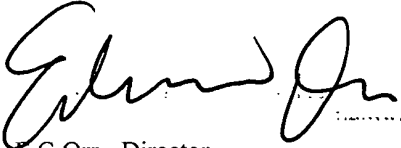
Smith Global Limited

**Report of the Directors
for the Year Ended 31 December 2015**

AUDITORS

The auditors, White Hart Associates (London) Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'E G Orr', is written over a dotted line.

E G Orr - Director

28 October 2016

Report of the Independent Auditors to the Members of Smith Global Limited

We have audited the financial statements of Smith Global Limited for the year ended 31 December 2015 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 December 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Members of
Smith Global Limited**

Matters on which we are required to report by exception

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

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



M S Caldicott ACA FCCA CTA (Senior Statutory Auditor)
for and on behalf of White Hart Associates (London) Limited
Chartered Accountants and Statutory Auditors
East House
109 South Worple Way
London
SW14 8TN

28 October 2016

Note:

The maintenance and integrity of the Smith Global Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Smith Global Limited

**Consolidated Income Statement
for the Year Ended 31 December 2015**

	Notes	2015 £	2014 £
REVENUE	2	10,642,718	8,370,112
Cost of sales		<u>1,473,732</u>	<u>983,241</u>
GROSS PROFIT		9,168,986	7,386,871
Administrative expenses		<u>8,916,002</u>	<u>8,056,675</u>
		252,984	(669,804)
Other operating income		<u>59,375</u>	<u>28,893</u>
OPERATING PROFIT/(LOSS)	5	312,359	(640,911)
Interest receivable and similar income		<u>143</u>	<u>2,530</u>
		312,502	(638,381)
Interest payable and similar charges	6	<u>213,826</u>	<u>195,511</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		98,676	(833,892)
Tax on profit/(loss) on ordinary activities	7	<u>-</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>98,676</u>	<u>(833,892)</u>
Profit/(loss) attributable to: Owners of the parent		<u>98,676</u>	<u>(833,892)</u>

The notes form part of these financial statements

Smith Global Limited

Consolidated Other Comprehensive Income
for the Year Ended 31 December 2015

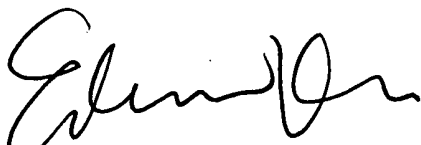
Notes	2015 £	2014 £
PROFIT/(LOSS) FOR THE YEAR	98,676	(833,892)
OTHER COMPREHENSIVE INCOME		
Exchange Gain/(Loss)	(24,383)	70,708
Income tax relating to other comprehensive income	<u>-</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	<u>(24,383)</u>	<u>70,708</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>74,293</u>	<u>(763,184)</u>
Total comprehensive income attributable to: Owners of the parent	<u>74,293</u>	<u>(763,184)</u>

The notes form part of these financial statements

Consolidated Balance Sheet
31 December 2015

	Notes	2015 £	2014 £
FIXED ASSETS			
Intangible assets	9	1,306,432	925,594
Property, plant and equipment	10	105,559	184,069
Investments	11	-	-
		<u>1,411,991</u>	<u>1,109,663</u>
CURRENT ASSETS			
Inventories	12	137,555	158,029
Debtors	13	3,346,378	2,899,618
Cash at bank and in hand		<u>426,160</u>	<u>380,355</u>
		3,910,093	3,438,002
CREDITORS			
Amounts falling due within one year	14	<u>6,914,141</u>	<u>5,842,962</u>
NET CURRENT LIABILITIES		<u>(3,004,048)</u>	<u>(2,404,960)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,592,057)	(1,295,297)
CREDITORS			
Amounts falling due after more than one year	15	<u>2,101,764</u>	<u>2,475,996</u>
NET LIABILITIES		<u>(3,693,821)</u>	<u>(3,771,293)</u>
CAPITAL AND RESERVES			
Called up share capital	19	153,916	150,789
Share premium	20	4,746,655	4,746,603
Other reserves	20	409,540	433,923
Retained earnings	20	<u>(9,003,932)</u>	<u>(9,102,608)</u>
SHAREHOLDERS' FUNDS		<u>(3,693,821)</u>	<u>(3,771,293)</u>

The financial statements were approved by the Board of Directors on 28 October 2016 and were signed on its behalf by:



E G Orr - Director

Company Balance Sheet
31 December 2015

	Notes	2015 £	2014 £
FIXED ASSETS			
Intangible assets	9	1,306,432	925,594
Property, plant and equipment	10	105,559	142,940
Investments	11	<u>13,488</u>	<u>13,488</u>
		1,425,479	1,082,022
CURRENT ASSETS			
Inventories	12	137,555	158,029
Debtors	13	4,715,739	5,956,967
Cash at bank and in hand		<u>325,896</u>	<u>83,936</u>
		5,179,190	6,198,932
CREDITORS			
Amounts falling due within one year	14	<u>8,528,897</u>	<u>7,630,390</u>
NET CURRENT LIABILITIES		<u>(3,349,707)</u>	<u>(1,431,458)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,924,228)	(349,436)
CREDITORS			
Amounts falling due after more than one year	15	<u>15,764</u>	<u>42,996</u>
NET LIABILITIES		<u>(1,939,992)</u>	<u>(392,432)</u>
CAPITAL AND RESERVES			
Called up share capital	19	153,916	150,789
Share premium	20	4,746,655	4,746,603
Retained earnings	20	<u>(6,840,563)</u>	<u>(5,289,824)</u>
SHAREHOLDERS' FUNDS		<u>(1,939,992)</u>	<u>(392,432)</u>

The financial statements were approved by the Board of Directors on 28 October 2016 and were signed on its behalf by:



E G Orr - Director

Smith Global Limited

**Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2015**

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 1 January 2014	147,033	(8,348,242)	4,746,541	442,741	(3,011,927)
Changes in equity					
Issue of share capital	3,756	-	62	-	3,818
Total comprehensive income	-	(754,366)	-	(8,818)	(763,184)
Balance at 31 December 2014	<u>150,789</u>	<u>(9,102,608)</u>	<u>4,746,603</u>	<u>433,923</u>	<u>(3,771,293)</u>
Changes in equity					
Issue of share capital	3,127	-	52	-	3,179
Total comprehensive income	-	98,676	-	(24,383)	74,293
Balance at 31 December 2015	<u>153,916</u>	<u>(9,003,932)</u>	<u>4,746,655</u>	<u>409,540</u>	<u>(3,693,821)</u>

The notes form part of these financial statements

Smith Global Limited

**Company Statement of Changes in Equity
for the Year Ended 31 December 2015**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2014	147,033	(3,302,103)	4,746,541	1,591,471
Changes in equity				
Issue of share capital	3,756	-	62	3,818
Total comprehensive income	<u>-</u>	<u>(1,987,721)</u>	<u>-</u>	<u>(1,987,721)</u>
Balance at 31 December 2014	<u>150,789</u>	<u>(5,289,824)</u>	<u>4,746,603</u>	<u>(392,432)</u>
Changes in equity				
Issue of share capital	3,127	-	52	3,179
Total comprehensive income	<u>-</u>	<u>(1,550,739)</u>	<u>-</u>	<u>(1,550,739)</u>
Balance at 31 December 2015	<u>153,916</u>	<u>(6,840,563)</u>	<u>4,746,655</u>	<u>(1,939,992)</u>

The notes form part of these financial statements

Smith Global Limited

**Consolidated Cash Flow Statement
for the Year Ended 31 December 2015**

	Notes	2015 £	2014 £
Cash flows from operating activities			
Cash generated from operations	1	1,181,218	402,116
Interest paid		(213,826)	(195,511)
Tax paid		(450)	(7,722)
Net cash from operating activities		<u>966,942</u>	<u>198,883</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(754,791)	(416,650)
Purchase of tangible fixed assets		(59,500)	(125,191)
Sale of tangible fixed assets		6,295	4,491
Interest received		<u>143</u>	<u>2,530</u>
Net cash from investing activities		<u>(807,853)</u>	<u>(534,820)</u>
Cash flows from financing activities			
New loans in year		-	68,532
Loan repayments in year		(23,070)	-
Share issue		3,127	3,756
Share premium		<u>52</u>	<u>62</u>
Net cash from financing activities		<u>(19,891)</u>	<u>72,350</u>
Increase/(decrease) in cash and cash equivalents		<u>139,198</u>	<u>(263,587)</u>
Cash and cash equivalents at beginning of year	2	<u>146,335</u>	<u>409,922</u>
Cash and cash equivalents at end of year	2	<u><u>285,533</u></u>	<u><u>146,335</u></u>

The notes form part of these financial statements

Smith Global Limited

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2015**

1. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2015 £	2014 £
Profit/(loss) before taxation	98,676	(833,892)
Depreciation charges	474,563	363,917
Loss on disposal of fixed assets	31,105	362
Translation differences on consolidation	(24,383)	70,708
Finance costs	213,826	195,511
Finance income	<u>(143)</u>	<u>(2,530)</u>
	793,644	(205,924)
Decrease in inventories	20,474	14,125
Increase in trade and other debtors	(446,760)	(514,046)
Increase in trade and other creditors	<u>813,860</u>	<u>1,107,961</u>
Cash generated from operations	<u><u>1,181,218</u></u>	<u><u>402,116</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Consolidated Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2015

	31/12/15 £	1/1/15 £
Cash and cash equivalents	426,160	380,355
Bank overdrafts	<u>(140,627)</u>	<u>(234,020)</u>
	<u><u>285,533</u></u>	<u><u>146,335</u></u>

Year ended 31 December 2014

	31/12/14 £	1/1/14 £
Cash and cash equivalents	380,355	419,647
Bank overdrafts	<u>(234,020)</u>	<u>(9,725)</u>
	<u><u>146,335</u></u>	<u><u>409,922</u></u>

The notes form part of these financial statements

Smith Global Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2015

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Basis of consolidation

The consolidated income statement and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2015. Intra-group sales, profits and inter-company balances are eliminated fully on consolidation.

Turnover

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover represents the commission/margin earned on all hotel and associated arrangements sold, recognised on the date of stay basis, and the publishing of hotel information and invoicing of membership fees, recognised over the period they relate to, net of value added tax.

Turnover is attributable to one continuing activity.

Total transaction value (TTV) is the total gross amount receivable by the hotels in respect of booking arrangements made through the company for the year. Application Note G to FRS 5 requires the statutory turnover to be the net commission/margin earned. TTV for the year ended 31 December 2015 was £54,455,333 (2014 - £42,207,806).

Trade debtors still represent gross amounts receivable in respect of hotel arrangements and publishing and membership sales, and trade creditors still represent gross amounts payable in respect of hotel arrangements and publishing and membership purchases.

Intangible fixed assets

Intangible fixed assets are measured at cost less accumulative amortisation and any accumulative impairment losses.

Website development	20% on cost
Intellectual Property	20% on cost

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	over the lease term
Plant and machinery	25% on cost
Fixtures and fittings	25% on cost
Image library	25% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slowing moving items.

Deferred tax

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

Smith Global Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 December 2015

1. ACCOUNTING POLICIES - continued

Research and development

The company and group has developed a sophisticated booking engine to process information from hoteliers, and a search engine to help customers find the hotels that suit their requirements. Directly attributable and ascertainable research and development costs in respect of this and other related projects have either been expensed in the income statement or capitalised by the company as intangible fixed assets. The intangible fixed assets attributable to the research and development are being amortised over their estimated economic life of 5 years. The amortisation is being charged to the income statement.

Foreign currencies

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

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

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

2. REVENUE

The revenue and profit (2014 - loss) before taxation are attributable to the one principal activity of the group.

An analysis of revenue by geographical market is given below:

	2015 £	2014 £
United Kingdom	9,920,715	7,678,199
United States of America	297,118	273,977
Rest of the world	424,885	417,936
	<u>10,642,718</u>	<u>8,370,112</u>

3. STAFF COSTS

	2015 £	2014 £
Wages and salaries	3,484,841	3,515,549
Social security costs	447,742	336,099
Other pension costs	22,784	7,112
	<u>3,955,367</u>	<u>3,858,760</u>

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

	2015	2014
Administration	54	11
Development	13	21
Marketing	11	14
Sales	27	57
	<u>105</u>	<u>103</u>

Smith Global Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2015**

4. DIRECTORS' EMOLUMENTS

	2015	2014
	£	£
Directors' remuneration	441,513	420,620
Directors' pension contributions to money purchase schemes	<u>3,690</u>	<u>1,230</u>

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

Money purchase schemes	<u>3</u>	<u>3</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2015	2014
	£	£
Emoluments etc	139,895	128,965
Pension contributions to money purchase schemes	<u>1,230</u>	<u>410</u>

5. OPERATING PROFIT/(LOSS)

The operating profit (2014 - operating loss) is stated after charging:

	2015	2014
	£	£
Hire of plant and machinery	14,229	14,137
Depreciation - owned assets	100,610	76,201
Loss on disposal of fixed assets	31,105	362
Development costs amortisation	373,953	287,716
Auditors' remuneration	47,890	23,880
Auditors' remuneration for non-audit work	2,192	3,317
Foreign exchange differences	<u>72,478</u>	<u>68,702</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£	£
Bank interest	14,096	16,810
Bonds interest	199,730	174,704
Finance charges	<u>-</u>	<u>3,997</u>
	<u>213,826</u>	<u>195,511</u>

7. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2015 nor for the year ended 31 December 2014.

Tax effects relating to effects of other comprehensive income

	Gross	2015 Tax	Net
	£	£	£
Exchange Gain/(Loss)	(24,383)	<u>-</u>	(24,383)
	<u>(24,383)</u>	<u>-</u>	<u>(24,383)</u>

Smith Global Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2015**

7. TAXATION - continued

	Gross £	2014 Tax £	Net £
Exchange Gain/(Loss)	<u>70,708</u>	<u>-</u>	<u>70,708</u>
	<u><u>70,708</u></u>	<u><u>-</u></u>	<u><u>70,708</u></u>

8. LOSS OF PARENT COMPANY

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 loss for the financial year was £1,660,724 (2014 - £1,987,721).

9. INTANGIBLE FIXED ASSETS

Group

	Intellectual property £	Development costs £	Totals £
COST			
At 1 January 2015	-	1,566,548	1,566,548
Additions	<u>21,000</u>	<u>733,791</u>	<u>754,791</u>
At 31 December 2015	<u>21,000</u>	<u>2,300,339</u>	<u>2,321,339</u>
AMORTISATION			
At 1 January 2015	-	640,954	640,954
Amortisation for year	<u>-</u>	<u>373,953</u>	<u>373,953</u>
At 31 December 2015	<u>-</u>	<u>1,014,907</u>	<u>1,014,907</u>
NET BOOK VALUE			
At 31 December 2015	<u>21,000</u>	<u>1,285,432</u>	<u>1,306,432</u>
At 31 December 2014	<u>-</u>	<u>925,594</u>	<u>925,594</u>

Smith Global Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2015

9. INTANGIBLE FIXED ASSETS - continued

Company

	Intellectual property £	Development costs £	Totals £
COST			
At 1 January 2015	-	1,566,548	1,566,548
Additions	<u>21,000</u>	<u>733,791</u>	<u>754,791</u>
At 31 December 2015	<u>21,000</u>	<u>2,300,339</u>	<u>2,321,339</u>
AMORTISATION			
At 1 January 2015	-	640,954	640,954
Amortisation for year	<u>-</u>	<u>373,953</u>	<u>373,953</u>
At 31 December 2015	<u>-</u>	<u>1,014,907</u>	<u>1,014,907</u>
NET BOOK VALUE			
At 31 December 2015	<u>21,000</u>	<u>1,285,432</u>	<u>1,306,432</u>
At 31 December 2014	<u>-</u>	<u>925,594</u>	<u>925,594</u>

The intellectual property acquisition of £21,000 relates to the company's purchase of all rights, title and interest in respect of the brand name of www.internationalvillas.net, from DSC Ltd. The cost is to be split equally across five elements of the purchase, namely:

The domain name
The website
The email addresses
The records
The business information

Smith Global Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2015**

10. PROPERTY, PLANT AND EQUIPMENT

Group

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Image library £	Totals £
COST					
At 1 January 2015	91,344	174,573	10,578	54,259	330,754
Additions	-	57,687	-	1,813	59,500
Disposals	-	(82,396)	-	-	(82,396)
At 31 December 2015	<u>91,344</u>	<u>149,864</u>	<u>10,578</u>	<u>56,072</u>	<u>307,858</u>
DEPRECIATION					
At 1 January 2015	5,831	91,111	7,508	42,235	146,685
Charge for year	18,269	70,825	1,583	9,933	100,610
Eliminated on disposal	-	(44,996)	-	-	(44,996)
At 31 December 2015	<u>24,100</u>	<u>116,940</u>	<u>9,091</u>	<u>52,168</u>	<u>202,299</u>
NET BOOK VALUE					
At 31 December 2015	<u>67,244</u>	<u>32,924</u>	<u>1,487</u>	<u>3,904</u>	<u>105,559</u>
At 31 December 2014	<u>85,513</u>	<u>83,462</u>	<u>3,070</u>	<u>12,024</u>	<u>184,069</u>

Company

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Image library £	Totals £
COST					
At 1 January 2015	91,344	89,077	10,578	54,259	245,258
Additions	-	9,218	-	1,813	11,031
At 31 December 2015	<u>91,344</u>	<u>98,295</u>	<u>10,578</u>	<u>56,072</u>	<u>256,289</u>
DEPRECIATION					
At 1 January 2015	5,831	46,744	7,508	42,235	102,318
Charge for year	<u>18,269</u>	<u>18,627</u>	<u>1,583</u>	<u>9,933</u>	<u>48,412</u>
At 31 December 2015	<u>24,100</u>	<u>65,371</u>	<u>9,091</u>	<u>52,168</u>	<u>150,730</u>
NET BOOK VALUE					
At 31 December 2015	<u>67,244</u>	<u>32,924</u>	<u>1,487</u>	<u>3,904</u>	<u>105,559</u>
At 31 December 2014	<u>85,513</u>	<u>42,333</u>	<u>3,070</u>	<u>12,024</u>	<u>142,940</u>

Smith Global Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2015**

11. FIXED ASSET INVESTMENTS

Company

Shares in
group
undertakings
£

COST

At 1 January 2015

and 31 December 2015

13,488

NET BOOK VALUE

At 31 December 2015

13,488

At 31 December 2014

13,488

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Mr & Mrs Smith (Asia Pacific) Pty Ltd

Country of incorporation: Australia

Nature of business: Hotel Agents

	%			
Class of shares:	holding		2015	2014
Ordinary	100.00		£	£

Aggregate capital and reserves

Profit for the year

	5			
		£	£	
		<u>1,687,676</u>	<u>1,687,671</u>	<u>1,190,838</u>

Mr & Mrs Smith (Americas) Inc

Country of incorporation: United States of America

Nature of business: Hotel Agents

	%			
Class of shares:	holding		2015	2014
Ordinary	100.00		£	£

Aggregate capital and reserves

(Loss)/profit for the year

	(1,535,729)			
		£	£	
		<u>(49,089)</u>	<u>(1,486,640)</u>	<u>57,971</u>

Smith Bonds Plc

Nature of business: Finance company to parent Smith Global Limited

	%			
Class of shares:	holding		2015	2014
Ordinary	100.00		£	£

Aggregate capital and reserves

Loss for the year

	(200,983)			
		£	£	
		<u>(4,740)</u>	<u>(196,243)</u>	<u>(10,940)</u>

Smith Global Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2015

12. STOCKS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Stocks	<u>137,555</u>	<u>158,029</u>	<u>137,555</u>	<u>158,029</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	1,950,261	1,663,049	1,766,267	1,636,435
Amounts owed by group undertakings	-	-	1,660,387	3,209,117
Other debtors	1,013,462	1,010,801	906,430	885,647
VAT	15,939	-	15,939	-
Prepayments and accrued income	<u>366,716</u>	<u>225,768</u>	<u>366,716</u>	<u>225,768</u>
	<u>3,346,378</u>	<u>2,899,618</u>	<u>4,715,739</u>	<u>5,956,967</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts (see note 16)	140,627	234,020	140,627	234,020
Other loans (see note 16)	29,698	25,536	29,698	25,536
Trade creditors	1,007,782	854,900	991,977	838,498
Amounts owed to group undertakings	-	-	2,392,203	2,327,222
Tax	-	450	-	450
Social security and other taxes	419,407	374,775	294,261	260,056
VAT	-	97,939	-	97,939
Other creditors	4,348,989	2,981,171	3,717,533	2,770,413
Accruals and deferred income	<u>967,638</u>	<u>1,274,171</u>	<u>962,598</u>	<u>1,076,256</u>
	<u>6,914,141</u>	<u>5,842,962</u>	<u>8,528,897</u>	<u>7,630,390</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Other loans (see note 16)	15,764	42,996	15,764	42,996
Other creditors	<u>2,086,000</u>	<u>2,433,000</u>	<u>-</u>	<u>-</u>
	<u>2,101,764</u>	<u>2,475,996</u>	<u>15,764</u>	<u>42,996</u>

Smith Global Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2015**

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	140,627	234,020	140,627	234,020
Other loans	<u>29,698</u>	<u>25,536</u>	<u>29,698</u>	<u>25,536</u>
	<u>170,325</u>	<u>259,556</u>	<u>170,325</u>	<u>259,556</u>
Amounts falling due between one and two years:				
Other loans - 1-2 years	<u>15,764</u>	<u>42,996</u>	<u>15,764</u>	<u>42,996</u>

17. LEASING AGREEMENTS

Maximum lease payments under non-cancellable operating leases fall due as follows:

Company	2015	2014
	£	£
Between one and five years	<u>715,655</u>	<u>918,842</u>

18. FINANCIAL INSTRUMENTS

Included in other creditors above are 'Bonds 2017' that were issued at various dates between July 2012 and December 2015 at par and carry interest at a rate of 7.5% or 9.5% depending on whether the subscriber opted for cash payment or Mr & Mrs Smith loyalty money respectively. The loyalty money can be redeemed against travel packages booked with the parent company, Smith Global Limited. The bonds are non-transferable, non-convertible and unsecured, to be repaid on 1 July 2016 if the appropriate redemption notice was provided, or rolled forward for a further 12 months on the same terms if not. The repayment is guaranteed by Smith Global Limited.

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2015	2014
			£	£
153,916	Ordinary	1	<u>153,916</u>	<u>150,789</u>

3,049 Ordinary shares of £1 each were allotted and fully paid for cash at par during the year.

78 Ordinary shares of £1 each were allotted and fully paid for cash at a premium of £2 per share during the year.

Smith Global Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2015**

20. RESERVES

Group

	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1 January 2015	(9,102,608)	4,746,603	433,923	(3,922,082)
Profit for the year	98,676			98,676
Cash share issue	-	52	-	52
Unrealised foreign exchange differences	-	-	(24,383)	(24,383)
At 31 December 2015	<u>(9,003,932)</u>	<u>4,746,655</u>	<u>409,540</u>	<u>(3,847,737)</u>

Company

	Retained earnings £	Share premium £	Totals £
At 1 January 2015	(5,289,824)	4,746,603	(543,221)
Deficit for the year	(1,550,739)		(1,550,739)
Cash share issue	-	52	52
At 31 December 2015	<u>(6,840,563)</u>	<u>4,746,655</u>	<u>(2,093,908)</u>

21. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 December 2015 and 31 December 2014:

	2015 £	2014 £
J A C Lohan		
Balance outstanding at start of year	35,623	33,138
Amounts advanced	2,250	2,485
Amounts repaid	(235)	-
Balance outstanding at end of year	<u>37,638</u>	<u>35,623</u>

The loan is unsecured, with interest arising at 7.5% per annum and with no fixed repayment date.

22. RELATED PARTY DISCLOSURES

EDCO Capital UK Limited

Mr E Orr, a director, is also a director/shareholder in EDCO Capital UK Limited.

Consultancy Services were provided to the company by EDCO Capital UK Limited. The amount invoiced by EDCO Capital UK Limited for the year was £16,945 (2014 - £12,505)

	2015 £	2014 £
Amount due to related party at the balance sheet date	<u>10,265</u>	<u>-</u>

Smith Global Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2015**

22. RELATED PARTY DISCLOSURES - continued

Sally Balcombe Consulting Limited

Mrs S Balcombe, a director, is also director/shareholder of Sally Balcombe Consulting Limited.

Non-executive consultancy services were provided to the company by Sally Balcombe Limited. The amount invoiced by Sally Balcombe Consulting Limited for the year was £12,000 (2014 - £20,004).

	2015	2014
	£	£
Amount due to related party at the balance sheet date	<u>7,000</u>	<u>10,002</u>

23. ULTIMATE CONTROLLING PARTY

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

24. SHARE-BASED PAYMENT TRANSACTIONS

Share options were granted as follows:

Share options issued at Par	Unexercised share options B/fwd	Issued in year	Lapsed	Exercised	Unexercised options C/fwd
J A C Lohan	6,772	-	-	-	6,772
T Lohan	4,947	-	-	-	4,947
E G Orr	3,772	-	-	-	3,772
Other staff	8,270	-	104	3,049	5,117
Total number of share options	23,761	-	104	3,049	20,608

Share options issued at £2 exercise price	Unexercised share options B/fwd	Issued in year	Lapsed	Exercised	Unexercised options C/fwd
J A C Lohan	1,142	-	-	-	1,142
T Lohan	1,142	-	-	-	1,142
E G Orr	1,142	-	-	-	1,142
Other staff	2,246	-	530	78	1,638
Total number of share options	5,672	-	530	78	5,064

These options will only lapse if the employee leaves without exercising the option.

Smith Global Limited

Reconciliation of Equity
1 January 2014
(Date of Transition to FRS 102)

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Intangible assets		-	796,660	796,660
Property, plant and equipment		<u>934,949</u>	<u>(796,660)</u>	<u>138,289</u>
		<u>934,949</u>	<u>-</u>	<u>934,949</u>
CURRENT ASSETS				
Inventories		172,154	-	172,154
Debtors		2,385,572	-	2,385,572
Cash at bank and in hand		<u>419,647</u>	<u>-</u>	<u>419,647</u>
		<u>2,977,373</u>	<u>-</u>	<u>2,977,373</u>
CREDITORS				
Amounts falling due within one year		<u>(4,627,230)</u>	<u>-</u>	<u>(4,627,230)</u>
NET CURRENT LIABILITIES		<u>(1,649,857)</u>	<u>-</u>	<u>(1,649,857)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(714,908)	-	(714,908)
CREDITORS				
Amounts falling due after more than one year		<u>(2,298,000)</u>	<u>-</u>	<u>(2,298,000)</u>
NET LIABILITIES		<u>(3,012,908)</u>	<u>-</u>	<u>(3,012,908)</u>
CAPITAL AND RESERVES				
Called up share capital		147,033	-	147,033
Share premium		4,746,541	-	4,746,541
Other reserves		441,760	-	441,760
Retained earnings		<u>(8,348,242)</u>	<u>-</u>	<u>(8,348,242)</u>
SHAREHOLDERS' FUNDS		<u>(3,012,908)</u>	<u>-</u>	<u>(3,012,908)</u>

The notes form part of these financial statements

Smith Global Limited

Reconciliation of Equity - continued
31 December 2014

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Intangible assets		-	925,594	925,594
Property, plant and equipment		<u>1,109,663</u>	<u>(925,594)</u>	<u>184,069</u>
		<u>1,109,663</u>	-	<u>1,109,663</u>
CURRENT ASSETS				
Inventories		158,029	-	158,029
Debtors		2,899,618	-	2,899,618
Cash at bank and in hand		<u>380,355</u>	-	<u>380,355</u>
		<u>3,438,002</u>	-	<u>3,438,002</u>
CREDITORS				
Amounts falling due within one year		<u>(5,855,958)</u>	<u>12,996</u>	<u>(5,842,962)</u>
NET CURRENT LIABILITIES		<u>(2,417,956)</u>	<u>12,996</u>	<u>(2,404,960)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,308,293)	12,996	(1,295,297)
CREDITORS				
Amounts falling due after more than one year		<u>(2,463,000)</u>	<u>(12,996)</u>	<u>(2,475,996)</u>
NET LIABILITIES		<u>(3,771,293)</u>	-	<u>(3,771,293)</u>
CAPITAL AND RESERVES				
Called up share capital		150,789	-	150,789
Share premium		4,746,603	-	4,746,603
Other reserves		433,923	-	433,923
Retained earnings		<u>(9,102,608)</u>	-	<u>(9,102,608)</u>
SHAREHOLDERS' FUNDS		<u>(3,771,293)</u>	-	<u>(3,771,293)</u>

The notes form part of these financial statements

Smith Global Limited

Reconciliation of Loss
for the Year Ended 31 December 2014

	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
REVENUE	8,564,429	(194,317)	8,370,112
Cost of sales	<u>(1,177,558)</u>	<u>194,317</u>	<u>(983,241)</u>
GROSS PROFIT	7,386,871	-	7,386,871
Administrative expenses	(8,056,675)	-	(8,056,675)
Other operating income	<u>28,893</u>	<u>-</u>	<u>28,893</u>
OPERATING LOSS	(640,911)	-	(640,911)
Interest receivable and similar income	2,530	-	2,530
Interest payable and similar charges	<u>(195,511)</u>	<u>-</u>	<u>(195,511)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(833,892)	-	(833,892)
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR	<u>(833,892)</u>	<u>-</u>	<u>(833,892)</u>
Loss attributable to: Owners of the parent	<u>(833,892)</u>	<u>-</u>	<u>(833,892)</u>

The notes form part of these financial statements