

**International Group Management Limited**

**Directors' Report and financial  
statements**

Registered number 05992177

For the year ended 31 December 2017



<b>Contents</b>	<b>Page No.</b>
Directors and Officers	1
Strategic Report	2
Directors' Report	3
Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements	4
Independent auditor's report to the members of International Group Management Limited	5
Profit and Loss Account and Other Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes	10

## **Directors and Officers**

### **Directors**

RM King (Chairman)  
HM King  
WM King  
CM King

### **Company Secretary**

HM King

### **Registered Office**

Stoke Park  
Park Road  
Stoke Poges  
Buckinghamshire  
SL2 4PG

### **Auditor**

KPMG LLP  
58 Clarendon Road  
Watford  
Hertfordshire  
WD17 1DE

## Strategic Report

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

### Review of the business

The Company is a wholly-owned subsidiary of International Group Limited and operates as part of International Group Limited's leisure division.

The Company's principal activities are consultancy and management of leisure facilities. The directors are not, at the date of this report, aware of any likely major changes in the Company's activities in the forthcoming year.

### Results and performance

As shown in the Company profit and loss account on page 7, the Company's turnover was £5,000 (2016: £16,000) and loss after tax was £475,000 (2016: £1,389,000).

The balance sheet on page 8 of the financial statements shows the Company's financial position at the year end.

### Key performance indicators

International Group Limited manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators (other than loss after tax stated above) for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the leisure division of International Group Limited, which includes the Company, is discussed in International Group Limited's Annual Report which does not form part of this Report.

### Principal risks and uncertainties

Foreign exchange fluctuations and payment delays from its major customers are the Company's principal risks. To manage these risks, the Company strives to ensure revenue and costs where possible are in the same currency and through its strong and close relationships with customers it minimises any payment delays.

### Future developments

The Company is developing a number of new projects aimed at exploiting the Company's eGames capabilities that it has invested in over the past 3 years. This could be either licencing the Company's IP or undertaking eGames activities with selected partners. The Company expects to secure at least one of these in the coming year.

By order of the board

H.M. King  
HM King  
Director

Stoke Park  
Park Road  
Stoke Poges  
Buckinghamshire  
SL2 4PG

11 January 2019

## Directors' Report

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

### Proposed dividend

The directors do not recommend the payment of a dividend (2016: *£nil*).

### Directors

The directors who held office during the year were as follows:

RM King (Chairman)  
HM King  
WM King  
CM King

### Charitable contributions

The Company made no charitable contributions during the year (2016: *£nil*).

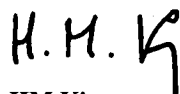
### Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, KPMG LLP will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



HM King  
Director

Stoke Park  
Park Road  
Stoke Poges  
Buckinghamshire  
SL2 4PG

11 January 2019

## **Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP  
58 Clarendon Road  
Watford  
Hertfordshire  
WD17 1DE  
United Kingdom

## **Independent auditor's report to the members of International Group Management Limited**

### **Opinion**

We have audited the financial statements of International Group Management Limited ("the company") for the year ended 31 December 2017 which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Material uncertainty related to going concern**

We draw attention to note 1 to the financial statements which indicates that the company is dependent on support of its parent company to enable it to meet its financial obligations as they fall due. The availability of such support depends on the ability of the parent company to generate sufficient funds either directly or through other group entities by selling their assets, or other means including obtaining milestone payments on contracts signed during 2018 for which the contract employer is currently in the process of arranging the necessary project finance to enable the commencement of the main contract works. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## **Independent auditor report to the members of International Group Management Limited (continued)**

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

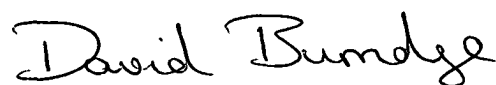
### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



11 January 2019

**David Burridge (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

58 Clarendon Road  
Watford  
Hertfordshire  
WD17 1DE  
United Kingdom



**Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2017*

	<i>Note</i>	<b>2017 £000</b>	<b>2016 £000</b>
<b>Turnover</b>	<b>2</b>	<b>5</b>	<b>16</b>
Cost of sales		-	(396)
		<hr/>	<hr/>
<b>Gross profit / (loss)</b>		<b>5</b>	<b>(380)</b>
Administrative expenses		<b>(480)</b>	<b>(1,009)</b>
		<hr/>	<hr/>
<b>Operating loss and loss before taxation</b>	<b>3</b>	<b>(475)</b>	<b>(1,389)</b>
Taxation	<b>6</b>	-	-
		<hr/>	<hr/>
<b>Loss for the financial year</b>		<b>(475)</b>	<b>(1,389)</b>
		<hr/>	<hr/>

The results for the current and preceding years were derived from continuing operations.

There are no gains or losses to be reflected as Other Comprehensive Income during the current or preceding year.

Notes from pages 10 to 18 form a part of the financial statements.

**Balance Sheet**  
*at 31 December 2017*

	<i>Note</i>	<b>2017</b>	<b>2016</b>
		<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>			
Tangible assets	7	-	1
<b>Current assets</b>			
Debtors	8	53	54
Cash at bank and in hand		-	1
		<u>53</u>	<u>55</u>
<b>Creditors: amounts falling due within one year</b>	9	<b>(8,352)</b>	<b>(7,880)</b>
		<u></u>	<u></u>
<b>Net current liabilities</b>		<b>(8,299)</b>	<b>(7,825)</b>
		<u></u>	<u></u>
<b>Net liabilities</b>		<b>(8,299)</b>	<b>(7,824)</b>
		<u></u>	<u></u>
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account		(8,299)	(7,824)
		<u></u>	<u></u>
<b>Shareholder's deficit</b>		<b>(8,299)</b>	<b>(7,824)</b>
		<u></u>	<u></u>

Notes from pages 10 to 18 form a part of the financial statements.

These financial statements were approved by the board of directors on 11 January 2019 and were signed on its behalf by:

H.M. King

**HM King**  
Director

Registered number 05992177

**Statement of Changes in Equity**  
*for the year ended 31 December 2017*

	<b>Called up share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total Equity £000</b>
At 1 January 2016	-	(6,435)	(6,435)
Loss for the year	-	(1,389)	(1,389)
	<hr/>	<hr/>	<hr/>
At 31 December 2016	-	(7,824)	(7,824)
Loss for the year	-	(475)	(475)
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2017</b>	<b>-</b>	<b>(8,299)</b>	<b>(8,299)</b>
	<hr/>	<hr/>	<hr/>

Notes from pages 10 to 18 form a part of the financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

International Group Management Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### ***Basis of preparation***

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it is a wholly owned subsidiary undertaking of International Group Limited, a Company registered in England and Wales. The financial statements present information about the Company as an individual undertaking and not about its group.

#### ***Going concern***

Notwithstanding the Company's net current liabilities of £8,299,000 (2016: £7,825,000), these financial statements have been prepared on a going concern basis.

The Company is reliant for its working capital on funds provided to it by International Group Limited, (the parent company). International Group Limited has provided a written indication that for at least twelve months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and will additionally not call back the amount currently payable by the company to the parent company. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. However, as with any reliance on other group entities for financial support the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements they have no reason to believe that it will not do so.

However, the ability of the parent company to provide this support is dependent on itself receiving funding from other subsidiary undertakings. The following disclosure has been made within the International Group Limited 31 December 2017 group and parent company financial statements regarding its own going concern:

*The group has a long term loan from a bank with a face value, at the date of this report, amounting to £33.6m (£34.9m as at 31 December 2017). Subsequent to the year end, financial covenants attaching to that loan, were breached. In addition, a further short term loan of £3.7m (£1.5m as at 31 December 2017) and overdraft facility of £2.7m (£1M as at 31 December 2017) from the same bank are due for repayment by 30 June 2019 and 31 March 2019 respectively.*

*Furthermore, at the date of this report, the group also has a 12 month loan of £3.5m from an external financial institution (£2.7M with a different financial institution as at 31 December 2017) which is due to be repaid by June 2019. No formal agreement has been obtained to extend this loan further as the group expects to generate alternative funds as a result of the matters set out below which would allow for this loan to be repaid.*

*Pursuant to the negotiations held by the group with its principal bankers, the group has obtained a written confirmation from the bank to waive off their rights arising under the loan agreement as a result of the breach. Moreover, the bank has also formally agreed to reset more favourable covenant tests and to reduce the quarterly principal payments on the long term loan. However, the bank has required a reduction in the level of loan balance of £8m in two tranches over the next twelve months and the repayment of the short term facilities mentioned above to enable the bank to reduce their exposure.*

## Notes (continued)

### 1 Accounting policies (continued)

#### *Basis of preparation (continued)*

#### *Going concern (continued)*

*The repayments of loan balances mentioned above are expected to be made from cash flows to be generated from the sources mentioned in the following paragraph. Progress against these matters is ongoing, but there can be no certainty that individually or collectively such actions will be completed within the timetable acceptable to the group's bankers. The matters currently being actively pursued by the directors to generate additional funds for loan repayments and working capital support include:*

- *collecting balance payment of £2.6m (following receipt of £2.8m in January 2019) from an overseas Government which is overdue on an overseas long term contract;*
- *collecting it's share from the voluntary liquidation of a joint venture property interest which is expected to amount to approximately £4m - 4.5m;*
- *securing milestone payments on overseas long term contracts which have a combined value of approximately £530m and are expected to financially close in the first quarter of 2019. The group has already commenced works on these contracts under the terms of a "limited notice to proceed" to the value of £14.7m issued and funded by the contract employer, pending the finalization of the financing arrangements on the main contract; and*
- *selling substantial property interests held directly or indirectly under their ownership;*

*Based on the current status of negotiations conducted to date, the directors have a reasonable expectation that they will proceed within the timetable forecast, but there can be no certainty that funds will be received as forecast. Based on the latest available information, the directors have a reasonable expectation that sufficient funds will be realised, but if not the group will need to secure additional finance facilities from its current bank, loan providers, or shareholders, or identify alternative sources of funding to fulfil its working capital requirements.*

*The directors have concluded that the combination of the above circumstances represent a material uncertainty that may cast significant doubt on the ability of the group and each group entity to continue as a going concern and that, therefore each company within the group may be unable to continue realising its assets and discharging its liabilities in the normal course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the directors are confident that the group and the parent company will have adequate resources to continue to operate for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the annual financial statements. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.*

Based on these indications, the directors consider it appropriate to prepare the financial statements on a going concern basis. However, the above circumstances represents a material uncertainty that may cast significant doubt on the ability of the company to continue as a going concern and that, therefore the company may be unable to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

The Company's parent undertaking, International Group Limited includes the Company in its consolidated financial statements. The consolidated financial statements of International Group Limited are prepared in accordance with FRS 102 and are available to the public and can be obtained from the address given in note 14. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

## Notes (continued)

### 1 Accounting policies (continued)

#### *Basis of preparation (continued)*

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

#### *Measurement convention*

These financial statements are prepared on a going concern basis, under the historical cost convention.

#### *Foreign currencies*

Transactions in foreign currencies are translated into the Company's functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the rate of exchange ruling at that date and the gains or losses on translation are included in the profit and loss account.

#### *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account to write off the cost less the estimated residual value of each part of an item of tangible fixed assets on a straight-line basis over their estimated useful economic lives as follows:

Computer equipment	-	3 years
Fixtures and fitting	-	4 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

#### *Basic financial instruments*

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

#### *Impairment*

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

## **Notes** *(continued)*

### **1 Accounting policies** *(continued)*

#### ***Employee benefits***

The Company operates a defined contribution pension scheme providing post-employment benefits. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

#### ***Turnover***

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers. Turnover is recognised when goods and services have been supplied to and accepted by the Company's clients. Turnover on long term construction projects are recognised based on the proportion of cost appropriate to the stage of completion plus attributable profits, less amounts recognised in previous years. Fees are recognised over the period of the relevant assignments or agreements. Rental turnover is recognised in accordance with tenants' rental agreements.

#### ***Operating lease payments***

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

#### ***Taxation***

Tax on profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## Notes (continued)

### 2 Segmental information

In the opinion of the directors, the turnover and loss before tax arose in substantially the same class of business. The geographical analysis of turnover is as follows:

	2017 Turnover £000	2016 Turnover £000
<i>By geographical market</i>		
United Kingdom	5	-
Rest of the world	-	16
	<hr/>	<hr/>
	5	16
	<hr/>	<hr/>

### 3 Expenses and auditor's remuneration

*Profit/loss is stated after charging:*

	2017 £000	2016 £000
Depreciation and other amounts written	1	3
Royalty fee	-	375
Provision for bad debts	201	499
	<hr/>	<hr/>

The royalty fee is payable to Stoke Park Limited, a fellow subsidiary for use of their brand. During the previous year, effective 1 October 2016, both the parties mutually decided to terminate this agreement.

*Auditor's remuneration:*

	2017 £000	2016 £000
Audit of these financial statements	3	3
	<hr/>	<hr/>

### 4 Remuneration of directors

None of the directors received emoluments for their services to the Company during the year (2016: £nil) and instead are borne by the Company's parent company, International Group Limited. Their services to internal company management was limited and inconsequential to attract an internal charge.

Details of the amounts paid to the directors by International Group Limited can be found in the financial statements of that Company. These can be obtained from the address in note 14.



## Notes (continued)

### 5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2017	2016
Directors	4	4
Administration	5	5
	<hr/>	<hr/>
	9	9
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2017 £000	2016 £000
Wages and salaries	238	316
Social security costs	25	35
Pension	8	8
	<hr/>	<hr/>
	271	359
	<hr/>	<hr/>

### 6 Taxation

#### Total tax expense recognised in the profit and loss account, other comprehensive income and equity

##### Analysis of expense in year

	2017 £000	2016 £000
Current tax		
Current UK tax on income for the year	-	-
	<hr/>	<hr/>
Total tax	-	-
	<hr/>	<hr/>

##### Reconciliation of effective tax rate

The total tax expense for the year is higher (2016: higher) than the standard rate of corporation tax in the UK 19.25% (2016: 20.00%). The differences are explained below.

	2017 £000	2016 £000
Total tax reconciliation		
Loss before tax	(475)	(1,389)
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19.25% (2016: 20.00%)	(91)	(278)
Effects of:		
Effect of change in tax rates	10	98
Additional tax losses arising in the year	81	180
	<hr/>	<hr/>
Total tax expense (see above)	-	-
	<hr/>	<hr/>

In the 2016 Budget, the Chancellor announced additional planned reductions to 17% from 1 April 2020. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2017 has been calculated based on the rates of 17% substantively enacted at the balance sheet date.

## Notes (continued)

### 7 Tangible fixed assets

	Computer equipment £000	Total £000
<b>Cost</b>		
At beginning of year	10	10
	<hr/>	<hr/>
At end of year	10	10
	<hr/>	<hr/>
<b>Depreciation</b>		
At beginning of year	9	9
Charge for year	1	1
	<hr/>	<hr/>
At end of year	10	10
	<hr/>	<hr/>
<b>Net book value</b>		
At 31 December 2017	-	-
	<hr/>	<hr/>
At 31 December 2016	1	1
	<hr/>	<hr/>

### 8 Debtors

	2017 £000	2016 £000
Prepayments	-	1
Amounts owed by group undertaking	53	53
	<hr/>	<hr/>
	53	54
	<hr/>	<hr/>

All debtors are due within one year.

## Notes (continued)

### 9 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	26	42
Amounts owed to group undertakings	8,313	7,835
Accruals and deferred income	3	3
Bank Overdraft	10	-
	<u>8,352</u>	<u>7,880</u>

There are no creditors falling due after one year.

### 10 Deferred tax

A deferred tax asset of £1,288,000 (2016: £1,208,000) has arisen. The directors do not feel that it is appropriate to recognise this deferred tax asset in the light of current trading conditions. The elements of deferred taxation are as follows:

	2017 £000	2016 £000 restated
Difference between accumulated depreciation and amortisation and capital allowances	1	1
Tax losses	1,202	1,122
Other timing differences	85	85
	<u>1,288</u>	<u>1,208</u>
Undiscounted deferred tax asset	<u>1,288</u>	<u>1,208</u>

### 11 Called up share capital

	2017 £	2016 £
<i>Allotted, called up and fully paid</i>		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Shares classified in shareholders' deficit	<u>100</u>	<u>100</u>

### 12 Commitments

There are no unprovided capital commitments at the end of the financial year (2016: £nil).

### 13 Pension scheme

#### Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £8,000 (2016: £8,000). There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

## **Notes** *(continued)*

### **14 Ultimate parent company and parent undertaking of largest and smallest group of which the Company is a member**

The Company is a subsidiary undertaking of International Group Limited which is the ultimate parent company incorporated in the UK.

The largest and smallest group in which the results of the Company are consolidated is that headed by International Group Limited, a company incorporated in the UK. No other group financial statements include the results of the Company. The consolidated financial statements of the group is available to the public and may be obtained from Stoke Park, Park Road, Buckinghamshire, SL2 4PG.

### **15 Related party transactions**

The Company is controlled by International Group Limited, the immediate parent undertaking, which controls 100% of the Company's voting rights.

### **16 Litigation and claims**

During November 2017, the company's wholly owned subsidiary, International Group Management (Shanghai) Limited was successful in the arbitration court in Beijing and received an arbitral award for RMB72m (equivalent to £8m) in damages and compensation against a former client. Subsequent to the year end, in November 2018, an amount of RMB34m (equivalent to £3.9m) has been collected by the subsidiary undertaking and legal proceedings have commenced to collect the remaining amount of the arbitration award. The revenue and costs in relation to the RMB34m collected have been reflected in the consolidated financial statements of the ultimate parent company, International Group Limited.