

REGISTERED NUMBER: 06680571 (England and Wales)

AYIMA CREATIVE LIMITED

Report of the Directors and

Financial Statements

For The Year Ended 31 December 2017

**Contents of the Financial Statements
For The Year Ended 31 December 2017**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	3
Statement of Profit or Loss	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Statement of Cash Flows	10
Notes to the Financial Statements	11

AYIMA CREATIVE LIMITED
Company Information
For The Year Ended 31 December 2017

DIRECTORS:

M Nott
J D Galsworthy

REGISTERED OFFICE:

1 Nelson Street
Southend on Sea
Essex
SS1 1EG

REGISTERED NUMBER:

06680571 (England and Wales)

AUDITORS:

Wilkins Kennedy Audit Services
Registered Auditors
1 - 5 Nelson Street
Southend on Sea
Essex
SS1 1EG

**Report of the Directors
For The Year Ended 31 December 2017**

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of Website Design and Management.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2017.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

M Nott
J D Galsworthy

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 International Financial Reporting Standards 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 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 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 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 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.

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 company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Wilkins Kennedy Audit Services, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

M Nott - Director

12 February 2018

Report of the Independent Auditors to the Members of Ayima Creative Limited

Opinion

We have audited the financial statements of Ayima Creative Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Profit or Loss, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company 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, 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 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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

Opinion 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Ayima Creative Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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, 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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 Report of the Auditors.

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.

Julian Golding (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy Audit Services
Registered Auditors
1 - 5 Nelson Street
Southend on Sea
Essex
SS1 1EG

12 February 2018

Statement of Profit or Loss
For The Year Ended 31 December 2017

		2017	2016
	Notes	£	£
CONTINUING OPERATIONS			
Revenue		56,086	36,695
Cost of sales		<u>(45,516)</u>	<u>(31,713)</u>
GROSS PROFIT		10,570	4,982
Administrative expenses		<u>(3,447)</u>	<u>(4,862)</u>
OPERATING PROFIT		7,123	120
PROFIT BEFORE INCOME TAX	4	7,123	120
Income tax	5	<u>2,343</u>	<u>-</u>
PROFIT FOR THE YEAR		<u>9,466</u>	<u>120</u>

The notes form part of these financial statements

AYIMA CREATIVE LIMITED (REGISTERED NUMBER: 06680571)

**Statement of Profit or Loss and Other Comprehensive Income
For The Year Ended 31 December 2017**

	2017	2016
	£	£
PROFIT FOR THE YEAR	9,466	120
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>9,466</u>	<u>120</u>

The notes form part of these financial statements

Statement of Financial Position
31 December 2017

	Notes	2017 £	2016 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	<u>-</u>	<u>1</u>
CURRENT ASSETS			
Trade and other receivables	7	17,080	6,014
Tax receivable		2,343	-
Cash and cash equivalents	8	<u>401</u>	<u>6,471</u>
		<u>19,824</u>	<u>12,485</u>
TOTAL ASSETS		<u>19,824</u>	<u>12,486</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	9	100	100
Retained earnings	10	<u>14,709</u>	<u>5,243</u>
TOTAL EQUITY		<u>14,809</u>	<u>5,343</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	<u>5,015</u>	<u>7,143</u>
TOTAL LIABILITIES		<u>5,015</u>	<u>7,143</u>
TOTAL EQUITY AND LIABILITIES		<u>19,824</u>	<u>12,486</u>

The financial statements were approved by the Board of Directors on 12 February 2018 and were signed on its behalf by:

M Nott - Director

**Statement of Changes in Equity
For The Year Ended 31 December 2017**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2016	100	5,123	5,223
Changes in equity			
Total comprehensive income	-	120	120
Balance at 31 December 2016	100	5,243	5,343
Changes in equity			
Total comprehensive income	-	9,466	9,466
Balance at 31 December 2017	100	14,709	14,809

The notes form part of these financial statements

Statement of Cash Flows
For The Year Ended 31 December 2017

		2017	2016
		£	£
Cash flows from operating activities			
Cash generated from operations	1	<u>(11,595)</u>	<u>5,307</u>
Net cash from operating activities		<u>(11,595)</u>	<u>5,307</u>
Cash flows from financing activities			
Amounts introduced by group companies		<u>5,525</u>	<u>-</u>
Net cash from financing activities		<u>5,525</u>	<u>-</u>
(Decrease)/increase in cash and cash equivalents		<u>(6,070)</u>	<u>5,307</u>
Cash and cash equivalents at beginning of year	2	<u>6,471</u>	<u>1,164</u>
Cash and cash equivalents at end of year	2	<u><u>401</u></u>	<u><u>6,471</u></u>

The notes form part of these financial statements

Notes to the Statement of Cash Flows
For The Year Ended 31 December 2017

1. **RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

	2017	2016
	£	£
Profit before income tax	7,123	120
Depreciation charges	<u>1</u>	<u>182</u>
	7,124	302
(Increase)/decrease in trade and other receivables	(16,591)	962
(Decrease)/increase in trade and other payables	<u>(2,128)</u>	<u>4,043</u>
Cash generated from operations	<u>(11,595)</u>	<u>5,307</u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2017

	31/12/17	1/1/17
	£	£
Cash and cash equivalents	<u>401</u>	<u>6,471</u>

Year ended 31 December 2016

	31/12/16	1/1/16
	£	£
Cash and cash equivalents	<u>6,471</u>	<u>1,164</u>

**Notes to the Financial Statements
For The Year Ended 31 December 2017**

1. STATUTORY INFORMATION

Ayima Creative Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standards and IFRIC interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to Companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in the final section of Note 2.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Revenue recognition:

Revenue is recognised according to the accounting policies set out below and is recognised depending upon the type of income. Where contracts include different elements of revenue, these elements are recognised in line with these policies, with fair values being attributed to each component part.

Judgement is used in the recognition of project income.

Recognition of deferred tax assets:

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits.

Changes in accounting policies

IAS 12 Deferred Tax

Further to the amendments made to IAS 12 in 2015, the Group has adopted the updated standard. As a result the Group has recognised a deferred tax asset in the financial reports for 2017 which arose from losses incurred during 2017.

This asset will be used in future years to offset against taxes on anticipated profits. The deferred tax asset can only be used within the financial statements of the entity in which the loss was incurred so these will not be available for group relief.

IAS 7 Disclosure Initiative

The amendments to IAS 7 'Statements of Cash Flows', effective 1 January 2017, require the Group to provide disclosures about the changes in liabilities from financing activities.

Notes to the Financial Statements - continued
For The Year Ended 31 December 2017

2. **ACCOUNTING POLICIES - continued**

Revenue recognition

Revenue represents the fair value of services provided during the period and is stated net of value added tax.

SEO Consulting:

SEO consulting revenue is recognised on a monthly basis in line with the contractual agreement, contracts are usually for a minimum period of 12 months.

Media Link Development:

Media link development is charged either at a fixed rate per link acquired on behalf of the client or on a monthly basis in line with the contractual agreement with an average number of links acquired over the contract period of 12 months.

Paid Media Spend:

Paid media spend is charged to the client and recognised on a monthly basis as the service is delivered.

Paid Media Consulting:

Paid media consulting is calculated in one of the following ways

1. A basic contracted retainer in line with the contractual agreement charged on a monthly basis
2. A percentage of the monthly media spend
3. A combination of the above, for example if the client's media spend reaches an agreed threshold within a month.

Creative and Content:

Creative work is undertaken either on an ongoing retainer basis which is billed according to the monthly billing schedule, or a specific project which is quoted in advance and agreed with the client, with a project specific contract or Statement of Work which defines the work to be carried out, the schedule for the work to be completed and the schedule or project milestones for billing. Revenue is recognised each month as the work is completed and agreed with the client.

Any ad hoc creative work carried out for existing clients is recognised as revenue during the monthly billing cycle, work completed is billed on an hourly basis according to the agreed rate card.

The above policy is compliant with IFRS 15 and will therefore not be impacted by adoption of the new standard on 1 January 2018.

Property, plant and equipment

Property, plant and equipment are initially recognised at cost.

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

Computer equipment - 25% on cost

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation are reviewed at each financial period end and adjusted prospectively, if appropriate.

Notes to the Financial Statements - continued
For The Year Ended 31 December 2017

2. ACCOUNTING POLICIES - continued

Financial instruments

Financial assets and liabilities are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument. The company's financial instruments comprise trade and other receivables and trade and other payables.

Loans and receivables:

Loans and receivables are initially stated at their fair value plus transaction costs, then subsequently at amortised cost using the effective interest method, if applicable, less impairment losses. Provisions against trade receivables are made when there is objective evidence that the company will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write down is determined as the difference between the asset's carrying amount and the present value of the estimated future cash flows.

Trade payables:

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the company becomes a party to the contractual provisions of the instrument. All financial liabilities are recorded at amortised cost using the effective interest method, with interest related charges recognised as an expense in finance cost in the statement of comprehensive income.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Taxation

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Notes to the Financial Statements - continued
For The Year Ended 31 December 2017

2. ACCOUNTING POLICIES - continued

New standards, amendments and interpretations

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

IFRS 9 - Financial Instruments:

The new standard for financial instruments (IFRS 9) replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

IFRS 9 also contains a new requirement on the application of hedge accounting. The new requirements look to align hedge accounting more closely with entities' risk management activities by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles-based approach to assessing hedge effectiveness.

Management have considered the implications and IFRS 9 and concluded that the impact on the Company is relatively low and no changes are required to accounting policies to comply with the requirement of the new standard. This has been based on the following assessments.

- The Company only holds basic financial instruments.
- They do not engage in currency hedging, hedge accounting or derivatives.
- The business model is classified as "Hold to collect contractual cash flows".

IFRS 15 Revenue from Contracts with Customers:

The standard sets out at what point and how revenue is recognised and also requires enhanced disclosures. Revenue contracts should be recognised in accordance with a single principles based five-step plan. The standard is effective for accounting periods beginning on or after 1 January 2018, subject to adoption by the European Union.

The impact of this has been assessed in the revenue recognition policy.

IFRS 16 Leases:

IFRS 16 will replace IAS 17 'Leases' and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability.

IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. Management is yet to fully assess the impact of the Standard and therefore is unable to provide quantified information. However, in order to determine the impact, the Company is in the process of:

- performing a full review of all agreements to assess whether any additional contracts will become lease contracts under IFRS 16's new definition
- assessing the current disclosures for operating leases as these are likely to form the basis of the amounts to be capitalised as right-of-use assets.
- assessing the additional disclosures that will be required.

Notes to the Financial Statements - continued
For The Year Ended 31 December 2017

2. ACCOUNTING POLICIES - continued

Cash and cash equivalents

Cash and cash equivalents comprises solely cash on hand. There are no other short-term, highly liquid investments within the Company.

Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Other components of equity include the capital redemption reserve which comprises non-distributable amounts from a redemption or purchase of the Company's own shares.

Retained earnings include all current and prior period retained profits.

3. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 December 2017 nor for the year ended 31 December 2016.

The employees were transferred to Ayima Limited at the end of August 2015.

	2017	2016
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

4. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging:

	2017	2016
	£	£
Depreciation - owned assets	<u>1</u>	<u>182</u>

5. INCOME TAX

Analysis of tax income

	2017	2016
	£	£
Deferred tax	<u>(2,343)</u>	<u>-</u>
Total tax income in statement of profit or loss	<u>(2,343)</u>	<u>-</u>

Notes to the Financial Statements - continued
For The Year Ended 31 December 2017

5. INCOME TAX - continued

Factors affecting the tax expense

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2017 £	2016 £
Profit before income tax	<u>7,123</u>	<u>120</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.250% (2016 - 20%)	1,371	24
Effects of:		
Depreciation in excess of capital allowances	-	36
Prior year trading losses utilised	(1,371)	(60)
Brought forward losses capitalised as deferred tax asset	<u>(2,343)</u>	-
Tax income	<u>(2,343)</u>	<u>-</u>

6. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment £
COST	
At 1 January 2017 and 31 December 2017	<u>8,931</u>
DEPRECIATION	
At 1 January 2017	8,930
Charge for year	<u>1</u>
At 31 December 2017	<u>8,931</u>
NET BOOK VALUE	
At 31 December 2017	-
At 31 December 2016	<u>1</u>

7. TRADE AND OTHER RECEIVABLES

	2017 £	2016 £
Current:		
Trade debtors	43	489
Amounts owed by group undertakings	-	5,525
Other debtors	15	-
Prepayments	<u>17,022</u>	-
	<u>17,080</u>	<u>6,014</u>

Notes to the Financial Statements - continued
For The Year Ended 31 December 2017

8. CASH AND CASH EQUIVALENTS

	2017	2016
	£	£
Bank accounts	<u>401</u>	<u>6,471</u>

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2017	2016
Number:	Class:	Nominal value:	£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

10. RESERVES

Refer to Statement of Changes in Equity on page 8.

11. TRADE AND OTHER PAYABLES

	2017	2016
	£	£
Current:		
Trade creditors	3,562	1,740
Accruals and deferred income	1,450	1,450
VAT	<u>3</u>	<u>3,953</u>
	<u>5,015</u>	<u>7,143</u>

Notes to the Financial Statements - continued
For The Year Ended 31 December 2017

12. FINANCIAL INSTRUMENTS

The financial instrument accounting policy provides a description of each category of financial asset and financial liability and the related accounting policies. The carrying amounts for each category are as follows:

	Note	2017 £	2016 £
Financial assets at fair value through profit or loss		-	-
Financial assets that are debt instruments measured at amortised cost			
- Trade receivables		43	489
- Other receivables		15	5,525
- Prepayments		17,022	-
- Cash and cash equivalents		401	6,471
		<u>17,481</u>	<u>12,485</u>
Financial assets that are equity instruments measured at cost less impairment		-	-
Financial liabilities measured at amortised cost			
- Trade payables		3,562	1,740
- Other loans		-	-
- Other payables		-	-
- Accruals and deferred income		1,450	3,953
		<u>5,012</u>	<u>5,693</u>

A description of the Company's financial instrument risks, including risk management objectives and policies is given in a later note.

The methods use to measure financial assets and liabilities reported at fair value are described in Note 15.

13. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Ayima Group AB.

14. ULTIMATE CONTROLLING PARTY

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

Notes to the Financial Statements - continued
For The Year Ended 31 December 2017

15. **FINANCIAL INSTRUMENTS RISK**

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised in Note 12. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated at its head office, in close cooperation with the board of directors, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure volatile financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

Market risk analysis

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk.

Most of the Company's transactions are carried out in GBP. Exposures to currency exchange rates arise from Company's overseas sales and purchases, which are primarily denominated in USD and GBP.

The Company does not enter into currency contracts to mitigate the exposure to foreign currency.

Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits etc. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 December as summarised in Note 19.

The Company's management considers that all financial assets are not impaired or past due at 31 December and are of good credit quality.

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Liquidity risk analysis

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. Liquidity needs are monitored on a week-to-week basis.

16. **FAIR VALUE MEASUREMENT**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

Notes to the Financial Statements - continued
For The Year Ended 31 December 2017

17. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are:

To ensure the Company's ability to continue as a going concern.

To provide an adequate return to shareholders by pricing services in a way that reflects the level of risk involved in providing those services.

The Company monitors capital on the basis of the carrying amount of equity, less cash and cash equivalents as presented in the statement of financial position.

The Company's goal in capital management is to maintain a capital to overall financing ratio of 1:5 to 1:2.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustment to it in the light of changes in economic conditions and the Characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The amounts managed as capital by the Company for the reporting periods under review are summarised as follows:

	2017	2016
Total equity	14,809	5,243
Cash and cash equivalents	401	6,471
Capital	15,210	11,714
Total equity	14,809	5,243
Borrowings	5,015	7,143
Overall financing	19,824	12,386
Capital to overall financing ratio	0.77	0.95

The ratio reduction in 2017 is primarily as a result of financing the growth of the business.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.