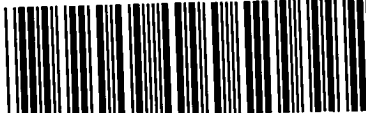


Ve Interactive Limited  
REPORT AND FINANCIAL STATEMENTS  
31 December 2015

AMENDING

COMPANIES HOUSE

FRIDAY

  
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A13      20/01/2017      #158  
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\*A5XJLI9C\*  
A13      06/01/2017      #359  
COMPANIES HOUSE

Company Registration No. 06956893

# **Ve Interactive Limited**

## **COMPANY DIRECTORS AND ADVISERS**

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### **Ve Interactive Reports and Accounts 2015**

#### **Directors**

D. J. Brown, Chairman  
M. D. Tikaram  
K. R. Brown  
C. L. Clarke  
S. M. Hargreaves  
A. Lynch  
K. Selby King

#### **Secretary**

M. D. Tikaram

#### **Registered Office**

15-19 Bakers Row, London, EC1R 3DG

#### **Company Number**

06956893

#### **Bankers**

Barclays Bank Plc, Churchill Place, Canary Wharf, London, E14 5RB

#### **Solicitors**

Taylor Wessing, 5 New Street Square, London, EC4A 3TW

#### **Auditor**

Menzies LLP, Ashcombe House, 5 The Crescent, Leatherhead, Surrey, KT22 8DY

# **Ve Interactive Limited**

## **DIRECTORS AND MANAGEMENT TEAM**

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13	Company statement of changes in equity
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# **Ve Interactive Limited**

## **STRATEGIC REPORT**

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### **INTRODUCTION**

2015 was a transformational year for Ve Interactive. Significant investment continued into key areas as the company aimed to scale the business further. This included significant infrastructure investment and work as the company migrated to become a cloud company, integrated acquisitions and opened further international offices around the world. Additionally the core technology was expanded to consolidate the company's position as a market leader and generate new revenue potential for the years ahead. As part of the migration to a cloud infrastructure which was carried out during 2015 and into the following year the company has now been able to develop its data infrastructure. This is enabling more data intelligence to drive greater efficiency within its software platform and thus providing increased performance results for our clients. Consequently, the company's Research and Development division is able to better understand our ultimate customers and create more value going forward.

Overall, the company has been committed on its growth path and has successfully come through another significant period of evolution. It is clear that, although the investment made to date in the company may have pushed profitability out to 2017, the business is much better positioned now for even more significant growth than had originally been anticipated.

### **PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

The principal activity of the Group during the year was the continued development of its proprietary software platform, VePlatform and resultant service delivery focusing on online efficiency, digital consultancy and digital advertising.

The technology offering and platform has been continually expanded allowing the company to deliver to its website customers a combination of online traffic generation, on-site real-time engagement and follow up with consumers after a successful or unsuccessful purchase. All of this has a clear aim of creating a greater number of online conversions. The offering will continue to expand as the company looks to extend the product functionality and develop greater integration between its core service and social media channels as well as harness the value of its data.

The company also generates revenue by charging an administration fee on secondary share sales between shareholders and expects this practice to continue whilst the company remains private and where the company has facilitated such a sale by introducing the buyer.

### **BUSINESS RISKS AND UNCERTAINTIES**

The key risks and uncertainties of the business have been around growing its technology cloud infrastructure to cope with the company's growth. Complete migration in order to become a complete cloud solution has taken place and will continue to be expanded in order to ensure consistency of service as the business continues to scale.

The company has expanded across multiple international markets, some of which are relatively embryonic such as Asian territories (notably Japan, China, Singapore, Vietnam, and India) and some less developed such as Spain, Italy, Poland and across Latin America so the company will be managing its exposure in these markets carefully, but they are considered important markets and will be properly resourced.

Competition was a key risk previously as similar solutions to the groups original Apps started to emerge, but the Directors are committed to developing key differentiation by breadth of offering and a unique economic efficiency in the market place by the different technologies being consolidated in one platform, most notably digital advertising and online engagement technologies.

# **Ve Interactive Limited**

## **STRATEGIC REPORT**

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### **KEY PERFORMANCE INDICATORS**

Deployment of Apps from within its proprietary software platform is a key performance indicator and this has grown by 106% in 2014 compared to 2013 and by 83% in 2015 compared to 2014.

App deployment is significantly growing due to 1) integration with ecommerce platforms and 2) by increased automation features within the platform.

It is difficult to assess the revenue potential from a site until already live with the platform so App deployment is a clearer indicator of growth in the short term versus revenue in the longer term. The company is now deploying its VePanel technology which consolidates all Apps into a single offering with the Apps now referred to as VePanel features.

### **THE GROUP'S STRATEGY**

The core focus of the Group's strategy is four fold. 1) The broadening of the core software offering in order to service all areas of online performance and understanding is crucial for the company as it strives to develop the best consolidated offering in the market place. 2) Increased Automation; in order to reach a larger client base more easily end-to-end automation is necessary and thus creates vastly increased scale for the business. 3) Continued Internationalisation; the group now has (at time of writing this report) over 30 offices around the world and will continue to grow each infrastructure and thus market share in those territories. More territories will be added over the course of the coming months and years as the group aims to provide a truly international solution for internationally minded Tier 1 clients and 4) Acquisitions; management feels that the breadth of its offering and the consolidation of online engagement and digital advertising brings a challenge to the market and that it is market leader in this regard. As a result, many other digital advertising companies, agencies and smaller technology companies may not enjoy as much growth and market dominance compared to Ve, so the market conditions for Ve to acquire companies are favourable. The management have embarked on an acquisition strategy in order to buy profitable companies with its own equity and some cash, focusing on a) companies with complimentary technology that can help grow the features of its service quickly, b) digital advertising companies and agencies with a good client roster that would benefit from Ve's technology enabling Ve to grow its client base quicker.

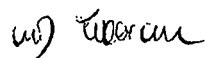
The acquisitions will provide inorganic growth initially, but it is expected with the deployment of Ve's technology across the acquired companies that significant organic growth will be generated.

The Directors are committed to grow the group organically as the company's depth of offering, automation ease and international capability all improve. Its acquisition strategy contributes to its long-term organic growth strategy. The significant equity value that the group has attained will be key in providing the directors a vehicle to acquire businesses with less cash than is normally required.

### **Data**

A significant focus on the company's data is now being made in order to a) power its own technology more intelligently for more effective deployment b) organise it for deep analysis enabling market trend prediction c) monetize it on an anonymised basis and in accordance with its client agreements d) to share it, enabling clients to enrich their data and to receive further data from them to enrich the company's core data and e) to explore further data driven opportunities.

On behalf of the board



M. D. Tikaram  
Director

23/12/16

# Ve Interactive Limited

## DIRECTORS' REPORT

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The Directors submit their report and the audited financial statements of Ve Interactive Limited for the year ended 31 December 2015. These financial statements also include the audited revenue figure for the eight months ended 31 August 2016 which is subject to a separate audit report prepared by Menzies LLP.

### RESULTS AND DIVIDENDS

The results for the year are set out on page 11.

The Directors are precluded from recommending the payment of a dividend.

### FINANCIAL RISK MANAGEMENT

Financial risks are considered and disclosed in note 2 on page 25 onwards.

### DIRECTORS

The following Directors have held office since 1 January 2015, except where indicated;

D. J. Brown,  
M. D. Tikaram  
K. R. Brown  
M. A. King (resigned 9 September 2016)  
C. L. Clarke  
S. M. Hargreaves  
A. Lynch  
K. Selby King (appointed 1 May 2015)

### DIRECTORS' INTERESTS IN ORDINARY SHARES

Directors who held office as at 31 December 2015 were as follows:

	As at 31 December 2015 Ordinary shares of 0.001p each	As at 31 December 2014 Ordinary shares of 0.001p each
D. J. Brown	653,307	630,896
K. R. Brown	30,000	30,000
C. L. Clarke	30,000	30,000
S. M. Hargreaves	40,000	30,000
M. A. King (resigned 9 September 2016)	311,208	311,308
A. Lynch	-	-
M. D. Tikaram	30,000	30,000
K. Selby King (appointed 1 May 2015)	35,939	35,939

### GOING CONCERN

The Directors regularly review detailed forecasts of sales, costs and cash flows, and regularly project forwards 12 months or more. The assumptions underlying the forecasts are challenged, modified and tested to establish the likelihood of a range of possible outcomes including reasonable cash flow sensitivities. The expected figures are carefully monitored against actual outcomes each month.

The Directors have reviewed cash flow forecasts for the period to 31 December 2017 for the purposes of approving these financial statements. The Directors are confident that the combination of further equity transactions, private and commercial borrowings and existing facilities, will provide sufficient funding through to positive cash flows in the second half of 2017.

The company is continuing to receive working capital support from its existing shareholder base but is also currently negotiating with several institutional investment funds. There is significant confidence that one or more transactions in that regard will be closed in the next few months based on the time of writing. In addition, the company has successfully placed some convertible debt as well as commercial debt for the first time.

# Ve Interactive Limited

## DIRECTORS' REPORT

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### GOING CONCERN (continued)

A key feature of the company's ability to attract the capital required is based on the clarity of its recent technological platform upgrade and strategic positioning. Substantial investment has been made to build the core elements of the company such that costs have significantly plateaued and revenue growth drives profitability in the company's forecasts. It has been difficult for the company to forecast accurately in the past due to the uncertain nature of continued infrastructure investment required, technology effectiveness, commercial operation predictability and the arrival of automation for the company's products and services. Significant development in all these areas has made the forecasting more reliable, predictable and understandable. As such the company is able to project a much clearer image of its current economic position and future outlook which is giving both the management and institutional investors renewed confidence.

As such, the company has set up a new investment division in order to be better prepared to enter the new phase of growth and to ensure the company can provide institutional investors materials and information required. There will therefore be less reliance on 'High Net Worth' investment and support and more focus on institutional funding going forward. This suits the company's prior mantra of remaining non-institutional whilst significant performance flexibility was required, but now a much more regularised and stable business that institutional capital for growth is more appropriate and essential. To that end, the company, at the time of writing, is talking to several investment banks about one or more of them potentially representing the company going forward. The company expects to make an investment bank appointment in the near term.

Based on the working cashflow model and post balance sheet investment, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### DONATIONS

During the year the company made the following contributions:

	2015	2014
	£	£
Charitable	83	900

### DISABLED EMPLOYEES

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

### EMPLOYEES

The Group recognises the importance of its employees and encourages internal communications with all staff. The Group has regular updates to advise employees regarding the Group's objectives and performance. The Group operates an open-door policy to encourage all staff to discuss with management any concerns they may have relating to the business.

### CORPORATE GOVERNANCE

The Board recognises the importance of sound corporate governance and are adopting policies and procedures which reflect the principles of the UK Corporate Governance Code that are consistent with the Corporate Governance Guidelines for Smaller Quoted Companies published by the Quoted Companies Alliance in September 2010.

# **Ve Interactive Limited**

## **DIRECTORS' REPORT**

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### **DIRECTORS' RESPONSIBILITY STATEMENT**

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 group and company financial statements for each financial year. The directors are required to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the group and the company and the financial performance of the group. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing the group and company financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with IFRS adopted by the EU;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company 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 Ve Interactive Limited website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR**

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **AUDITOR**

Menzies LLP are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

On behalf of the board



M. D. Tikaram

Director

23/12/16



# **Ve Interactive Limited**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VE INTERACTIVE LIMITED**

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We have audited the financial statements of Ve Interactive Limited for the year ended December 2015 which comprise of the Consolidated statement of comprehensive income, Consolidated statement of financial position, Company statement of financial position, Consolidated statement of the changes in equity, Company statement of changes in equity, Consolidated statement of cash flows, Company statement of cash flows and the related notes.

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

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.

### **Respective responsibilities of directors and auditor**

As more fully explained in the Directors' Responsibilities Statement on page 8, 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statement**

#### **In our opinion**

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2015 and of the group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter – Going Concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the director's report and note 1 to the financial statements concerning the group's ability to continue as a going concern.

The group incurred a loss of £15,136,409 during the year ended 31 December 2015. This along with the uncertainty in respect to the group's ability to raise future funding mentioned in the director's report indicates the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern.

The directors have reviewed the cash flow forecasts, trading projections and financing arrangements in detail and on an ongoing basis and believe that the group is able to continue to meet its debts as they fall due. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern and our opinion is not qualified in this respect.

# Ve Interactive Limited

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VE INTERACTIVE LIMITED

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### Opinion on other matter prescribed by the Companies Act 2006

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

### 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.

*Menzies LLP.*

Andrew M Hookway (Senior Statutory Auditor)  
For and on behalf of Menzies LLP, Statutory Auditor  
Chartered Accountants  
Ashcombe House  
5 The Crescent  
Leatherhead  
Surrey  
KT22 8DY

*23 December 2016*

# Ve Interactive Limited

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2015

	Notes	8 months to 31 August 2016 £	2015 £	2014 £
Revenue		23,175,703	25,589,721	19,662,344
Cost of sales			(9,086,237)	(1,959,532)
Gross profit			16,503,484	17,702,812
Administrative expenses	5		(31,266,094)	(20,642,920)
Other operating income	3		549,408	662
Operating loss	4		(14,213,202)	(2,939,446)
Interest receivable			5,754	2,123
Finance costs	7		(369,202)	(292,563)
Exceptional costs	8		(1,950,000)	-
Loss before tax			(16,526,650)	(3,229,886)
Income tax	9		1,747,608	273,488
Minority interests			(357,367)	86,085
Loss for the year and total comprehensive income for the year attributable to owners of the parent			(15,136,409)	(2,870,313)

The notes on pages 18 to 48 are an integral part of these consolidated financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company statement of comprehensive income. The loss and total comprehensive income for the parent company for the year was £13,604,739 (2014: loss of £1,670,310).

All activities of the Group are classed as continuing.

# Ve Interactive Limited

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2015

	Share capital £	Share premium £	Retained earnings £	Total £
<i>As at 1 January 2014</i>	2,899	11,778,789	(11,025,821)	755,867
Loss for the year	-	-	(1,670,310)	(1,670,310)
Retranslation reserve			(11,154)	(11,154)
Total comprehensive loss for the year	-	-	(1,681,464)	(1,681,464)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Issue of share capital	814	23,849,441	-	23,850,255
Total transactions with owners in their capacity as owners	814	23,849,441	-	23,580,255
<i>As at 31 December 2014</i>	3,713	35,628,230	(12,707,285)	22,924,658
Loss for the year	-	-	(15,136,409)	(15,136,409)
Retranslation reserve			98,379	98,379
Total comprehensive loss for the year	-	-	(15,038,030)	(15,038,030)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Issue of share capital	79	8,832,046	-	8,832,125
Total transactions with owners in their capacity as owners	79	8,832,046	-	8,832,125
<i>As at 31 December 2015</i>	3,792	44,460,276	(27,745,315)	16,718,753

# Ve Interactive Limited

## COMPANY STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2015

	Share capital £	Share premium £	Retained earnings £	Total £
<i>As at 1 January 2014</i>	2,899	11,778,789	(10,690,796)	1,090,892
Loss for the year	-	-	(866,997)	(866,997)
Total comprehensive loss for the year	-	-	(866,997)	(866,997)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Issue of share capital	814	23,848,441	-	23,850,255
Total transactions with owners in their capacity as owners	814	23,848,441	-	23,850,255
<i>As at 31 December 2014</i>	3,713	35,628,230	(11,557,793)	24,074,150
Loss for the year	-	-	(13,604,739)	(13,604,739)
Total comprehensive loss for the year	-	-	(13,604,739)	(13,604,739)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Issue of share capital	79	8,832,046	-	8,832,125
Total transactions with owners in their capacity as owners	79	8,832,046	-	8,832,125
<i>As at 31 December 2015</i>	3,792	44,460,276	(25,162,532)	19,301,536

# Ve Interactive Limited

Company Registration No. 06956893

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2015

	Notes	2015 £	2014 £
<b>NON-CURRENT ASSETS</b>			
Intangible assets	10	17,542,328	12,057,836
Tangible assets	11	1,878,995	1,139,009
		<u>19,421,323</u>	<u>13,196,845</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	13	15,275,637	17,883,194
Cash and cash equivalents	14	1,642,068	913,945
		<u>16,917,705</u>	<u>18,797,139</u>
<b>TOTAL ASSETS</b>		<u><b>36,339,028</b></u>	<u><b>31,993,984</b></u>
<b>EQUITY</b>			
Share capital	15	3,792	3,713
Share premium account	15	44,460,276	35,628,230
Retained earnings		(27,745,315)	(12,707,285)
Minority Interest		(287,711)	(138,881)
		<u>16,431,042</u>	<u>22,785,777</u>
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>			
<b>NON CURRENT LIABILITIES</b>			
Other payables	18	189,236	193,881
Deferred taxation		-	65,953
		<u>189,236</u>	<u>259,834</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	9,771,341	7,345,472
Borrowings	16	9,947,409	1,602,901
		<u>19,718,750</u>	<u>8,948,373</u>
<b>TOTAL LIABILITIES</b>		<u><b>19,907,986</b></u>	<u><b>9,208,207</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>36,339,028</b></u>	<u><b>31,993,984</b></u>

The financial statements on pages 11 to 48 were approved by the Board of Directors and authorised for issue on

*M. D. Tikaram* 23/12/16

They were signed on its behalf by

M. D. Tikaram, Director

# Ve Interactive Limited

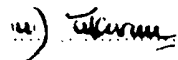
Company Registration No: 06956893

## COMPANY STATEMENT OF FINANCIAL POSITION

at 31 December 2015

	Notes	2015 £	2014 £
<b>NON-CURRENT ASSETS</b>			
Intangible	10	17,491,075	12,043,089
Tangible assets	11	1,458,627	961,675
Investments	12	876,121	128,647
		<u>19,825,823</u>	<u>13,133,411</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	13	14,860,588	16,807,561
Cash and cash equivalents	14	720,862	189,107
		<u>15,581,450</u>	<u>16,996,668</u>
<b>TOTAL ASSETS</b>		<u>35,407,273</u>	<u>30,130,079</u>
<b>EQUITY</b>			
Share capital	15	3,792	3,713
Share premium account	15	44,460,276	35,628,230
Retained earnings		(25,162,532)	(11,557,792)
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<u>19,301,536</u>	<u>24,074,151</u>
<b>NON-CURRENT LIABILITIES</b>			
Other payables	18	119,891	175,501
Deferred taxation		-	65,953
		<u>119,891</u>	<u>241,454</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	6,365,861	4,584,423
Borrowings	16	9,619,985	1,230,051
		<u>15,985,846</u>	<u>5,814,474</u>
<b>TOTAL LIABILITIES</b>		<u>16,105,737</u>	<u>6,055,928</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>35,407,273</u>	<u>30,130,079</u>

The financial statements on pages 11 to 48 were approved by the Board of Directors and authorised for issue on



23/12/16

They were signed on its behalf by

M. D. Tikaram,  
Director

# Ve Interactive Limited

## CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2015

	<i>Notes</i>	2015 £	2014 £
CASH FLOWS GENERATED (USED IN) OPERATIONS	19	(9,470,116)	(11,258,075)
NET CASH GENERATED (USED IN) OPERATING ACTIVITIES		<u>(9,470,116)</u>	<u>(11,258,075)</u>
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(1,328,277)	(769,901)
Purchases of intangible assets		(5,664,492)	(1,459,405)
Cash paid to acquire trade/business		-	(5,770,920)
Net cash acquired with trade/business		-	1,505,279
Sale of assets		21,605	-
NET CASH USED IN INVESTING ACTIVITIES		<u>(6,971,164)</u>	<u>(6,494,947)</u>
TAXATION		584,589	(123,408)
FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		8,300,022	18,261,080
Proceeds from short term borrowing		8,389,985	-
Capital element of hire purchase		(59,716)	211,751
NET CASH GENERATED FROM FINANCING ACTIVITIES		<u>16,630,291</u>	<u>18,472,831</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	20	773,600	596,401
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	20	541,044	(55,357)
CASH AND CASH EQUIVALENTS AT END OF YEAR	20	<u>1,314,644</u>	<u>541,044</u>



# Ve Interactive Limited

## COMPANY STATEMENT OF CASH FLOWS for the year ended 31 December 2015

	<i>Notes</i>	2015 £	2014 £
CASH FLOWS USED IN OPERATIONS	19	(9,228,087)	(11,823,256)
NET CASH USED IN OPERATING ACTIVITIES		<u>(9,228,087)</u>	<u>(11,823,256)</u>
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(1,006,667)	(641,159)
Purchases of intangible assets		(5,447,986)	(1,359,265)
Sale of assets		17,440	-
Purchase of investments		(747,474)	(90,903)
Payments to acquire trade/business		-	(5,770,920)
Net cash acquired with trade/business		-	1,505,279
NET CASH USED IN INVESTING ACTIVITIES		<u>(7,184,687)</u>	<u>(6,356,968)</u>
TAXATION		<u>314,289</u>	<u>(123,063)</u>
FINANCING ACTIVITIES			
Proceeds from issue of share capital		8,300,022	18,26,080
Capital element of hire purchase		(59,716)	211,751
Proceeds from short term borrowings		8,389,985	-
NET CASH GENERATED FROM FINANCING ACTIVITIES		<u>16,630,291</u>	<u>18,472,831</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	20	531,806	169,544
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	20	<u>189,056</u>	<u>19,512</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	20	<u><u>720,862</u></u>	<u><u>189,056</u></u>

# **Ve Interactive Limited**

## **NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 December 2015**

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Ve Interactive Limited is a company incorporated in the United Kingdom. The Company is domiciled in the United Kingdom and its principal place of business is 15-19 Bakers Row, London, EC1R 3DG.

The consolidated financial statements represent the year to 31 December 2015 and comprise the financial statements of the Company and its subsidiaries ('Group'). The comparative period represents the year to 31 December 2014. The Group's principal activities are that of the continued development of its proprietary software platform and resultant service delivery focusing on online efficiency, digital consultancy and digital advertising.

The presentational currency of the consolidated financial statements is GBP. The level of rounding used in presenting amounts in the financial statements was Nil.

### **1. SIGNIFICANT ACCOUNTING POLICIES**

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

#### **BASIS OF ACCOUNTING**

The financial statements of Ve Interactive Limited have been prepared in accordance with EU Endorsed International Financial Reporting Standards and IFRIC interpretations (IFRS) and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are noted below.

#### **JUDGEMENTS AND ESTIMATES**

The Group makes judgements and assumptions concerning the future that impact the application of policies and reported amounts. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below.

##### *Going concern*

The directors' process for monitoring forecasts and cash flows on an ongoing basis is set out on pages 6-7.

##### *Goodwill*

The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement.

##### *Impairment of assets*

Financial and non-financial assets including goodwill are subject to impairment reviews based on whether events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on the present value of expected future cash flows which include management assumptions and estimates of future performance.

If there is an indication that impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which this asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. Details can be found in note 9.

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

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### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of the future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### ADOPTION OF INTERNATIONAL ACCOUNTING STANDARDS

No standards or interpretations adopted in the year had any material impact on the financial statements.

Interpretations to existing standards and new standards that are not yet effective and have not been early adopted by the Group.

The following standards, amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning after 1 January 2016 or later periods, but they have not been early adopted by the Group:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: 1 January 2016
- IFRS 7 Financial instruments: Disclosure : 1 January 2016/IFRS 9 effective date
- IFRS 9 Financial Instruments (issued October 2010) : 1 January 2018
- IFRS 10 Consolidated Financial Statements : 1 January 2016
- IFRS 11 Joint Arrangements : 1 January 2016
- IFRS 12 Disclosure of Interests in Other Entities : 1 January 2016
- IFRS 14 Regulatory Deferral Accounts : 1 January 2016
- IFRS 15 Revenue from Contracts with Customers : 1 January 2018
- IFRS 16 Leases : 1 January 2019
- IFRS for Small and Medium-sized Entities : 1 January 2017
- IAS 1 Presentation of Financial Statements : 1 January 2016
- IAS 7 Statement of Cash Flows : 1 January 2017
- IAS 12 Income Taxes : 1 January 2017
- IAS 16 Property plant and equipment : 1 January 2016
- IAS 19 Employee benefits : 1 January 2016
- IAS 27 Separate Financial Statements : 1 January 2016
- IAS 28 Investments in Associates and Joint Ventures : 1 January 2016
- IAS 34 Interim Financial Reporting : 1 January 2016
- IAS 38 Intangible assets : 1 January 2016
- IAS 39 Financial instruments: IFRS 9 effective date
- IAS 41 Agriculture : 1 January 2016

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

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### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

It is not anticipated that the adoption of the above standards, amendments and interpretations of existing standards will have a material impact on the Group or Company financial statements in the period of initial application.

#### CONSOLIDATION

The Group's financial statements include the results and financial position of the Company and all of its subsidiaries.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions under IFRS3 (revised) are recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

All subsidiaries have an accounting reference date of 31 December.

#### *Subsidiaries*

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The results of subsidiaries are included in the consolidated statement of comprehensive income from the date of acquisition.

#### OPERATING LOSS

Operating loss is defined as loss for the year before taxation, finance costs and exceptional costs.

#### REVENUE

Ve generates revenue primarily from the provision of conversion enhancing technology (software) and digital advertising services to online businesses. Revenue is primarily priced either on a cost per acquisition ("CPA") basis or by using a cost per mille (thousand) ("CPM") model.

Revenue is recognised at the point when services are delivered and therefore, for any given period, includes invoiced revenue relating to that period and accrued revenue generated in that period where subsequent invoicing and recoverability is expected. Specifically for travel customers, the service is delivered either at the date of booking or at the date of consumption depending on contractual agreements with customers.

Revenue is stated net of discounts and rebates and excludes value added tax.

Revenue is invoiced to customers either directly or through agencies or affiliate networks. For the majority of CPA revenue and, in particular, revenue generated through affiliate networks, there is a period after the date of the transaction until the revenue is invoiced. This is typically due to return periods for online purchases and the time taken for affiliate networks to attribute transactions. This gives rise to an accrued revenue balance.

The company has also generated revenue by charging an administration fee on secondary share sales between shareholders and expects this practice to continue whilst the company remains private and where the company has facilitated such a sale by introducing the buyer

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

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### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### GOODWILL IMPAIRMENT

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment charge is recognised in administrative expenses within the statement of comprehensive income in the year in which it occurs. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Goodwill is allocated to cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

#### DEVELOPMENT COSTS

Development costs are accounted for in accordance with IAS38. Costs incurred on development projects relating to developing new products and significant enhancement of existing products are recognised as intangible assets when it is probable that the project will be a success, considering its commercial and technical feasibility, and costs can be measured reliably. Only direct costs are capitalised, representing development employee costs.

#### IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset, which is the higher of its fair value less costs to sell and its value in use, is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount to which the asset belongs.

Any impairment charge is recognised in profit or loss in the year in which it occurs for assets carried at cost if recoverable amount is less than the carrying value. Where an impairment loss, other than an impairment loss on goodwill, subsequently reverses due to a change in the original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount.

#### INVESTMENTS

Investments are stated at cost less any provision for impairment in value.

#### PROPERTY, PLANT, EQUIPMENT AND MOTOR VEHICLES

Items of property, plant, equipment and motor vehicles are stated at cost of acquisition or production cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the reducing balance method, on the following bases:

Fixtures, fittings and equipment	25% reducing balance basis
Short leasehold improvements	25% reducing balance basis
Motor vehicles	25% reducing balance basis
Equipment	25% reducing balance basis

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

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### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### CURRENT AND DEFERRED TAXATION

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

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

Deferred tax liabilities are generally recognised for all taxable temporary differences. Where there are taxable temporary differences arising on subsidiaries, deferred tax liabilities are recognised except where the Group is able to control the reversal of temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Where there are deductible temporary differences arising on subsidiaries, deferred tax assets are recognised only where it is probable that they will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based upon tax rates that have been enacted or substantively enacted by the reporting date.

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

#### DEFERRED INCOME

Deferred income is recognised in the financial statements in accordance with the Group's accounting policy for revenue recognition.

#### LEASED ASSETS AND OBLIGATIONS

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

##### *Finance leases*

Assets funded through finance leases are capitalised as property, plant, equipment and motor vehicles and depreciated over their estimated useful lives or the lease term, whichever is shorter. The amount capitalised is the lower of the fair value of the asset or the present value of the minimum lease payments during the lease term determined at the inception of the lease. The resulting lease obligations are included in liabilities.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs on finance leases are charged directly to profit or loss.

##### *Operating leases*

Assets leased under operating leases are not recorded in the statement of financial position. Rental payments are charged directly to profit or loss on a straight line basis over the lease term.

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

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### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated. Where the effect of the time value of money is material, the provision is based on the present value of future outflows, discounted at the pre-tax discount rate that reflects the risks specific to the liability.

#### FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group has become party to the contractual provisions of the instrument.

#### TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. A provision for impairment is made where there is objective evidence of impairment (including customers in financial difficulty or seriously in default against agreed payment terms). There is no material variance between carrying and fair values.

Significant financial difficulties of the customer, probability that the customer will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the statement of comprehensive income.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

#### TRADE PAYABLES

Trade payables are initially recognised at cost and subsequently measured at amortised cost using the effective interest method. There is no material variance between book and fair values.

#### BORROWINGS

Bank loans and overdrafts are recorded initially at their fair value, net of direct transaction costs and finance charges are recognised in profit or loss over the term of the instrument. Note 2 – Interest Rate Risk provides details of the applicable interest rates. There is no material variance between book and fair values.

#### EQUITY INSTRUMENTS

Equity instruments are recorded as the proceeds received, net of direct issue costs.

#### COMPOUND FINANCIAL INSTRUMENTS

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability without an equity conversion option with the difference recognised as a component in equity. The fair value of the liability component of the directors' convertible loans approximates to the proceeds received so no adjustment has been made for the equity conversion option.

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

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### 2. FINANCIAL RISK MANAGEMENT

As well as short-term trade receivables, accrued income, trade payables and accruals, as detailed in the notes that arise directly from operations, the Group's financial instruments comprise cash, bank borrowings and payables. The fair values of these instruments are not materially different to their book values. The objective of holding financial instruments is to raise finance for the Group's operations and manage related risks. The Group's activities expose the Group to a number of risks including interest rate risk, credit risk and liquidity risk. The Group manages these risks by regularly monitoring the business and providing ongoing forecasts of the impact on the business.

#### LIQUIDITY RISK

The Group closely monitors its bank overdraft and other credit facilities in comparison to its outstanding commitments to ensure it has sufficient funds to meet its obligations as they fall due. The Group's finance function produces regular forecasts that estimate the cash inflows and outflows for the next 12 months, so that management can ensure that sufficient financing is in place as it is required. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loan, private and commercial borrowings.



# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

### 2. FINANCIAL RISK MANAGEMENT (continued)

#### MATURITY ANALYSIS

The table below analyses the Group's and the Company's financial liabilities based on the contractual gross undiscounted cash flows for amounts outstanding at the reporting date up to maturity date:

Maturity analysis at 31 December 2015	Less than 6 months £	Between 6 months and 1 year £	Between 1 year and 5 years £	Total £
<b>GROUP</b>				
Borrowings	9,947,409	-	-	327,424
Trade and other payables	8,778,428	16,072	1,166,087	19,580,572
Total liabilities	<u>18,725,837</u>	<u>16,072</u>	<u>1,166,087</u>	<u>19,907,996</u>
<b>COMPANY</b>				
Borrowings	9,619,985	-	-	9,619,985
Trade and other payables	5,183,702	16,072	1,166,087	6,365,861
Total liabilities	<u>14,803,687</u>	<u>16,072</u>	<u>1,166,087</u>	<u>15,985,846</u>

Maturity analysis at 31 December 2014	Less than 6 months £	Between 6 months and 1 year £	Between 1 year and 5 years £	Total £
<b>GROUP</b>				
Borrowings	372,901	-	-	372,901
Trade and other payables	8,557,347	18,125	193,881	8,769,353
Total liabilities	<u>8,930,248</u>	<u>18,125</u>	<u>193,881</u>	<u>9,142,254</u>
<b>COMPANY</b>				
Borrowings	51	-	-	51
Trade and other payables	5,796,298	18,125	175,501	5,989,924
Total liabilities	<u>5,796,349</u>	<u>18,125</u>	<u>175,501</u>	<u>5,989,975</u>

Trade and other payables consist of trade payables, other payables and accruals as shown in note 16.

The Group would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows as disclosed above through effective cash management.

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

### 2. FINANCIAL RISK MANAGEMENT (continued)

#### INTEREST RATE RISK

The Group's interest rate exposure arises mainly from its interest-bearing borrowings. Contractual agreements entered into at floating rates expose the Group to cash flow risk, while fixed-rate borrowings expose the Group to fair value risk.

The Group regularly reviews its funding arrangements to ensure they are competitive with the marketplace.

The table below shows the Group's and Company's financial assets and liabilities split by those bearing fixed and floating rates and those that are non-interest bearing:

31 December 2015

	Fixed Rate £	Floating rate £	Non-interest bearing £	Total asset £	Total liability £
<b>GROUP</b>					
Cash and cash equivalents	-	-	1,642,068	1,642,068	-
Trade & other receivables	-	-	15,275,637	15,275,637	-
<b>Total financial assets</b>	-	-	16,917,705	16,917,705	-
<b>Borrowings</b>	9,772,020	327,424	-	-	10,099,444
Trade and other payables	-	-	9,808,552	-	9,808,552
<b>Total liabilities at amortised cost</b>	9,739,876	327,424	9,808,552	-	19,907,996
	Fixed Rate £	Floating rate £	Non-interest bearing £	Total Asset £	Total Liability £
<b>COMPANY</b>					
Cash and cash equivalents	-	-	720,864	720,864	-
Trade & other receivables	-	-	14,860,588	14,860,588	-
<b>Total financial assets</b>	-	-	15,581,452	15,581,452	-
<b>Borrowings</b>	9,772,020	-	-	-	9,772,020
Trade and other payables	-	-	6,333,717	-	6,333,717
<b>Total liabilities at amortised cost</b>	9,772,020	-	15,953,702	-	16,105,737

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

### 2. FINANCIAL RISK MANAGEMENT (continued)

31 December 2014

GROUP	Fixed Rate £	Floating rate £	Non-interest bearing £	Total asset £	Total Liability £
Cash and cash equivalents	-	-	913,945	913,945	-
Trade & other receivables	-	-	17,883,194	17,883,194	-
Total financial assets	-	-	18,797,139	18,797,139	-
Borrowings	211,751	372,901	-	-	584,652
Trade and other payables	-	-	8,557,602	-	8,557,602
Total liabilities at amortised cost	211,751	372,901	8,557,602	-	9,142,254
COMPANY	Fixed Rate £	Floating Rate £	Non-interest bearing £	Total Asset £	Total Liability £
Cash & cash equivalents	-	-	189,107	189,107	-
Trade & other receivables	-	-	16,807,561	16,807,561	-
Total financial assets	-	-	16,996,668	16,996,668	-
Borrowings	211,751	51	-	-	211,802
Trade and other payables	-	-	5,778,173	-	5,778,173
Total liabilities at amortised cost	211,751	51	5,778,173	-	5,989,975

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

### 2. FINANCIAL RISK MANAGEMENT (continued)

#### CREDIT RISK EXPOSURE

Credit risk predominantly arises from trade receivables, cash and cash equivalents and deposits with banks. Credit risk is managed on a group basis. External credit checks are obtained for larger customers. In addition, the credit quality of each customer is assessed internally before accepting any terms of trade. Internal procedures take into account the customer's financial position, their reputation in the industry and past trading experience. As a result the Group's exposure to bad debts is not significant. Cash and cash equivalents are held with banks with a minimum rating of 'A'.

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade receivables	7,421,190	2,343,635	3,496,503	767,958
Estimated irrecoverable amounts	(950,000)	-	(950,000)	-
	<u>6,471,190</u>	<u>2,343,635</u>	<u>2,546,503</u>	<u>767,958</u>

There were no provisions for impairment of trade receivables.

The maximum exposure is the carrying amount as disclosed in note 12. The average credit period taken on the sale of services is 91 days (2014: 45 days). The allowance for estimated irrecoverable amounts has been made based upon the knowledge of the financial circumstances of individual trade customers at the reporting date. The Group holds no collateral against these receivables at the reporting date.

The following table provides an analysis of trade and other receivables that were past due at 31 December 2015 and 31 December 2014 but against which no provision has been made. The Group believes that the balances are ultimately recoverable based on a review of past payment history and the current financial status of the customers.

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Up to 3 months overdue	3,163,185	1,860,902	-	488,128
3 to 6 months overdue	646,252	270,403	-	73,259
Over 6 months	3,361,753	212,330	3,246,503	206,372
	<u>7,171,190</u>	<u>2,343,633</u>	<u>3,246,503</u>	<u>767,758</u>

#### CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital (i.e. equity and borrowings) are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

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### 2. FINANCIAL RISK MANAGEMENT (continued)

#### FOREIGN CURRENCY RISK

The Group's policy is not to use forward contracts and therefore none were outstanding at the year end (2014: £Nil). The Group has no foreign currency exposures at 31 December 2015 or 31 December 2014 so no numerical disclosures have been provided.

### 3. OTHER OPERATING INCOME

	2015 £	2014 £
Rent receivable	272,579	662
Management fees	47,359	-
Miscellaneous income	229,470	-
	<u>          </u>	<u>          </u>

### 4. OPERATING LOSS

(a) Operating loss for the year has been arrived at after charging the following items within administrative expenses:

	2015 £	2014 £
Depreciation of property, plant and equipment		
- owned assets	844,064	281,035
- held under hire purchase	51,839	71,230
Impairment of software & website development costs	-	-
Operating lease rentals		
- land and buildings	1,750,619	1,201,897
- other	-	309
Net profit/(loss) on foreign currency translation	11,002	(31,059)
	<u>          </u>	<u>          </u>

#### (b) AUDITOR'S REMUNERATION

During the year, the following services were obtained from the Group's auditor as detailed below:

	2015 £	2014 £
Audit services		
Fees payable to Company auditor for the audit of parent Company and consolidated accounts	65,000	40,000
Fees payable to the Company's auditor and its associates for other services:		
- Corporation Tax Services	27,912	20,375
	<u>          </u>	<u>          </u>

The disclosure of auditor's remuneration stated above relates to the Company's auditor, Menzies LLP.

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

### 5. STAFF COSTS

	2015 £	2014 £
Staff costs (excluding directors)		
- wages and salaries	15,731,075	9,261,237
- social security costs	2,841,158	1,228,079
- Pension cost	69,916	40,278
	<u>18,642,149</u>	<u>10,529,594</u>

These costs are disclosed within administrative expenses in the income statement.

	2015 Number	2014 Number
Average monthly number of persons (including Directors and part-time employees) employed by the group		
Operations	282	141
Administration	44	13
Management	8	11
	<u>334</u>	<u>165</u>

### 6. DIRECTORS' REMUNERATION

	2015 £	2014 £
Aggregate emoluments	832,575	733,216
Value of company pension contributions to money purchase scheme	22,257	4,600
	<u>854,832</u>	<u>737,816</u>

The remuneration of the highest paid director was £162,500 (2014:£92,500)

The number of directors who accrued benefits under company pensions schemes was as follows:

	2015 £	2014 £
Money purchase scheme	2	2

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

7.	FINANCE COSTS	2015 £	2014 £
	Interest payable on borrowings	9,313	4,444
	Other interest payable	359,889	288,119
		<u>369,202</u>	<u>292,563</u>
8.	EXCEPTIONAL COSTS	2015 £	2014 £
	Provision against trade and other debtors	1,950,000	-
9.	INCOME TAX	2015 £	2014 £
(a)	Current taxation		
	UK corporation tax	(1,747,608)	(273,488)
		<u></u>	<u></u>
	<b>Taxation on ordinary activities</b>	2015 £	2014 £
(a)	<b>Analysis of charge in the year</b>		
	Current tax:		
	<b>UK Taxation</b>		
	In respect of the year:		
	UK Corporation tax based on the results for the year at 20% (2014 – 20%)	(1,532,753)	(250,000)
	(Over)/under provision in prior year	-	(99,991)
		<u>(1,532,753)</u>	<u>(349,991)</u>
	<b>Foreign tax</b>		
	Current tax on income for the year	(148,903)	61,088
		<u>(1,681,656)</u>	<u>(288,903)</u>
	Total current tax		
	Deferred tax:		
	Origination and reversal of timing difference		
	Capital allowances	(65,952)	15,415
		<u>(65,952)</u>	<u>15,415</u>
	Tax on loss on ordinary activities	(1,747,608)	(273,488)
		<u></u>	<u></u>

The company has estimated losses of £21m (2014:£9m) available for carry forward against future trading profits.

No deferred tax asset has been recognised in respect of these losses due to there being uncertainty as to whether sufficient taxable profits will be generated by the company in the near future.

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

### 9. INCOME TAX (continued)

#### (b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 20% (2014 - 20%).

	2015 £	2014 £
Loss on ordinary activities before taxation	(16,526,650)	(3,229,886)
Effects of:		
Loss on ordinary activities by rate of tax	(3,305,330)	(645,977)
Expenses not deductible for tax purposes	34,857	41,133
Capital allowances for period in excess of depreciation	26,613	108,129
Utilisation of tax losses	-	17,110
Tax refund	(141,327)	-
Unrelieved tax losses	3,302,434	190,702
Research and development credit	(1,450,000)	-
Total current tax (note 8(a))	(1,532,753)	(288,903)

### 10. INTANGIBLE ASSETS

GROUP	Development costs £	Goodwill £	Total £
<b>COST</b>			
1 January 2014	319	-	319
Additions	1,360,080	10,697,437	12,057,517
31 December 2014	1,360,399	10,697,437	12,057,836
Additions	5,317,825	166,667	5,484,492
31 December 2015	6,678,224	10,864,104	17,542,328
<b>AMORTISATION AND IMPAIRMENT</b>			
1 January 2014	-	-	-
Amortisation charge for the year not on goodwill	-	-	-
31 December 2014	-	-	-
Impairment	-	-	-
31 December 2015	-	-	-
<b>NET BOOK VALUE</b>			
31 December 2015	6,678,224	10,864,104	17,542,328
31 December 2014	1,360,390	10,697,437	12,057,836
1 January 2014	136	-	136



# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

### 10. INTANGIBLE ASSETS (continued)

COMPANY	Development costs £	Goodwill £	Total £
<b>COST</b>			
1 January 2014	-	-	-
Additions	1,359,265	-	1,359,265
Transferred from investments	-	10,683,824	10,683,824
31 December 2014	1,359,265	10,683,824	12,043,089
Additions	5,281,319	166,667	5,447,986
31 December 2015	6,640,584	10,850,491	17,491,075
<b>AMORTISATION AND IMPAIRMENT</b>			
1 January 2014	-	-	-
Amortisation charge for the year	-	-	-
31 December 2014	-	-	-
Impairment	-	-	-
31 December 2015	-	-	-
<b>NET BOOK VALUE</b>			
31 December 2015	6,640,584	10,850,491	17,491,075
31 December 2014	1,359,265	10,683,824	12,043,089
1 January 2014	-	-	-

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

### 11. PROPERTY, PLANT AND EQUIPMENT

GROUP	Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
<b>COST</b>					
At 1 January 2014	539,467	246,467	30,525	235,145	1,051,604
Additions	19,457	235,025	284,920	277,310	816,712
31 December 2014	558,924	481,492	315,445	512,455	1,868,316
At 1 January 2015	558,924	481,492	315,445	512,455	1,868,316
Additions	878,100	269,573		180,604	1,328,277
Disposals	(5,900)		(31,342)		(37,242)
31 December 2015	1,431,124	751,065	284,103	693,059	3,159,351
<b>DEPRECIATION</b>					
1 January 2014	172,249	92,867	7,631	104,295	377,042
Charge for the year	94,901	94,324	76,953	86,087	352,265
31 December 2014	267,150	187,191	84,584	190,382	729,307
1 January 2015	267,150	187,191	84,584	190,382	729,307
Charge for the year	293,565	102,916	51,839	112,039	560,359
Depreciation on disposals	(1,475)		(7,835)		(9,310)
31 December 2015	559,240	290,107	128,588	302,421	1,280,356
<b>NET BOOK VALUE</b>					
31 December 2015	871,884	460,958	155,515	390,638	1,878,995
31 December 2014	291,774	294,301	230,861	322,073	1,139,009
1 January 2014	367,218	153,600	22,894	130,850	674,562

#### Hire purchase agreements

Included within net book value of £1,878,995 is £142,638 (2014 - £213,690) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £47,546 (2014 - £71,230).

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

### 11. PROPERTY, PLANT AND EQUIPMENT (Continued)

COMPANY	Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
<b>COST</b>					
At 1 January 2014	538,352	211,662	30,525	225,092	1,005,631
Additions	-	160,323	284,920	195,916	641,159
31 December 2014	<u>538,352</u>	<u>371,985</u>	<u>315,445</u>	<u>421,008</u>	<u>1,646,790</u>
At 1 January 2015	538,352	371,985	315,445	421,008	1,646,790
Additions	878,100	23,584		104,983	1,006,667
Disposals			(31,342)		(31,342)
31 December 2015	<u>1,416,452</u>	<u>395,569</u>	<u>284,103</u>	<u>525,991</u>	<u>2,622,115</u>
<b>DEPRECIATION</b>					
1 January 2014	172,201	82,461	7,631	102,263	364,556
Charge for the year	91,538	72,381	76,953	79,686	320,559
31 December 2014	<u>263,739</u>	<u>154,842</u>	<u>84,584</u>	<u>181,950</u>	<u>685,115</u>
1 January 2015	263,739	154,842	84,584	181,950	685,115
Charge for the year	288,178	60,181	51,839	86,010	486,208
Depreciation on disposals			(7,835)		(7,835)
31 December 2015	<u>551,917</u>	<u>215,023</u>	<u>128,588</u>	<u>267,960</u>	<u>1,163,488</u>
<b>NET BOOK VALUE</b>					
31 December 2015	<u>864,535</u>	<u>180,546</u>	<u>155,515</u>	<u>258,031</u>	<u>1,458,627</u>
31 December 2014	<u>274,613</u>	<u>217,143</u>	<u>230,861</u>	<u>239,058</u>	<u>961,675</u>
1 January 2014	<u>366,151</u>	<u>129,201</u>	<u>22,894</u>	<u>122,829</u>	<u>641,075</u>
<b>Hire purchase agreements</b>					

Included within net book value of £1,458,627 is £142,638 (2014 - £213,690) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £47,546 (2014 £71,230).

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

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### 12. INVESTMENTS

#### COMPANY

Subsidiary  
undertakings  
£

#### COST

1 January 2014

37,744

Additions

10,774,727

Transferred to goodwill

(10,683,824)

31 December 2014

128,647

At 1 January 2015

128,647

Additions

747,474

At 31 December 2015

876,121

#### AMORTISATION

At 1 January 2014 and 1 January 2015

-

Impairment

-

31 December 2014 and 31 December 2015

-

#### NET BOOK VALUE

1 January 2014

37,744

31 December 2014

128,647

31 December 2015

876,121

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

### 12. INVESTMENTS (continued)

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
<b>Subsidiary undertakings</b>				
<b>Held by Ve Interactive Limited Directly:</b>				
Ve Interactive Pty Limited	Australia	Ordinary shares	67.5%	Software consultancy and supply
Ve Interactive Dach GmbH	Germany	Ordinary shares	62.5%	Software consultancy and supply
Ve Interactive Nordic AB	Sweden	Ordinary shares	62.5%	Software consultancy and supply
Ve Interactive Solucoes de Software LTDA	Brazil	Ordinary shares	90%	Software consultancy and supply
Ve Interactive France SARL EN	France	Ordinary shares	95%	Software consultancy and supply
Ve Interactive Benelux B.V.	Amsterdam	Ordinary shares	95%	Software consultancy and supply
Ve Interactive Espana SL	Spain	Ordinary shares	100%	Software consultancy and supply
The Genie Group Limited	United Kingdom	Ordinary shares	100%	Software consultancy and supply
Global Digital Markets Limited	United Kingdom	Ordinary shares	100%	Software consultancy and supply
Ve Interactive Russia	Russia	Ordinary shares	95%	Software consultancy and supply
Ve Interactive Italia S.R.L.	Italy	Ordinary shares	95%	Software consultancy and supply
Ve Interactive Japan Co., Limited	Japan	Ordinary shares	67.5%	Software consultancy and supply
Ve Interactive (Singapore) Pte Limited	Singapore	Ordinary shares	67.5%	Software consultancy and supply
Ve Interactive Vietnam Limited	Vietnam	Ordinary shares	67.5%	Software consultancy and supply
SAS QUNB	France	Ordinary shares	100%	Software consultancy and supply
Ve Interactive LLC	United States	Ordinary shares	50.10%	Software consultancy and supply

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

### 13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Current:				
Trade receivables	7,421,190	2,343,635	3,496,503	767,758
Impairment of trade receivables	(950,000)	-	(950,000)	-
	<u>6,471,190</u>	<u>2,343,635</u>	<u>2,546,503</u>	<u>767,758</u>
Amounts due from group companies	-	-	4,912,314	2,343,737
Other receivables	1,410,332	5,195,331	526,023	3,738,461
Corporation tax recoverable	1,964,217	844,140	1,921,275	844,140
Prepayments and accrued income	5,429,898	9,500,088	4,954,473	9,113,465
	<u>15,275,637</u>	<u>17,883,194</u>	<u>14,860,588</u>	<u>16,807,561</u>

The Group's financial assets are fairly short term in nature. In the opinion of the directors the carrying values equate to their fair value.

Included in trade receivables above is an amount of £250,000 considered recoverable in more than one year.

### 14. CASH AND CASH EQUIVALENTS

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Cash and cash equivalents	1,642,068	913,945	720,862	189,107
Bank overdrafts (note 15)	(327,424)	(372,901)	-	(51)
	<u>1,314,644</u>	<u>541,044</u>	<u>720,862</u>	<u>189,056</u>

Cash and cash equivalents comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

### 15. CALLED UP SHARE CAPITAL

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Authorised: 3,792,499 Ordinary shares of 0.001p each	3,792	3,713	3,792	3,713
	Number	£	Number	£
Issued and fully paid ordinary shares of 0.001p each				
As at 1 January 2015	3,713,129	3,713	3,713,129	3,713
Shares issued during the year	79,370	79	79,370	79
As at 31 December 2015	3,792,499	3,792	3,792,499	3,792

	Share capital £	Share premium £	Total £
Issued and fully paid			
As at 1 January 2014	2,899	11,778,789	11,781,688
Shares issued during the year	814	23,849,441	23,850,255
As at 31 December 2014	3,713	35,628,230	35,631,943
Shares issued during the year	79	8,832,046	8,832,125
As at 31 December 2015	3,792	44,460,276	44,464,068

### Rights of shares

Dividends and income. Ordinary shares are entitled to receive dividends as approved by the Board of Directors.

Voting rights – Ordinary shares are entitled to one vote per share at General Meetings.

Distribution – Upon the liquidation of the company, once all liabilities have been met, ordinary shareholders will receive the value paid up per share. Any remaining funds will be shared amongst ordinary shareholders.

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

### 16. BORROWINGS

	Group		Company	
	2015	2014	2015	2014
Current:	£	£	£	£
Bank overdraft	327,424	372,901	-	51
Short-term loans				
Convertible loan	9,619,985	1,230,000	9,619,985	1,230,000
	<u>9,947,409</u>	<u>1,602,901</u>	<u>9,619,985</u>	<u>1,230,051</u>

The bank overdraft is at floating rates, exposing the group to cash flow interest rate risk.

### 17. TRADE AND OTHER PAYABLES DUE LESS THAN 1 YEAR

	Group		Company	
	2015	2014	2015	2014
Current:	£	£	£	£
Trade payables	3,115,652	1,684,236	2,193,517	937,909
Hire purchase agreements	32,144	36,250	32,144	36,250
Amounts owed to group undertakings	-	-	86,958	-
Taxation and social security	1,623,100	795,313	924,149	575,019
Other payables	3,705,183	4,352,222	1,992,178	2,606,755
Accruals and deferred income	1,295,262	477,451	1,136,915	428,490
	<u>9,771,341</u>	<u>7,345,472</u>	<u>6,365,861</u>	<u>4,584,423</u>

The Group's financial liabilities are fairly short term in nature. In the opinion of the directors the carrying values equate to their fair value.

### 18. TRADE AND OTHER PAYABLES DUE MORE THAN 1 YEAR

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Hire purchase agreements	119,891	175,501	119,891	175,501
Other payables	69,345	18,380	-	-
	<u>189,236</u>	<u>193,881</u>	<u>119,891</u>	<u>175,501</u>



# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

### 19. NOTES TO THE CASH FLOW STATEMENT

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Loss before tax	(14,213,202)	(2,939,446)	(14,131,011)	(1,268,448)
Adjustments for:				
Finance costs	(369,202)	(292,563)	(399,954)	(284,348)
Interest received	5,754	2,123	951	1,667
Amortisation	-	-	-	-
Impairment	-	-	-	-
Depreciation and loss on sale	566,686	352,265	492,275	320,559
Operating cash flows before movements in working capital	(14,009,964)	(2,877,621)	(14,037,739)	(1,230,570)
Decrease/(Increase) in receivables	1,820,576	(10,085,823)	3,024,108	(10,002,505)
(Decrease)/Increase in payables	2,719,272	1,705,369	1,785,544	(590,181)
CASH FLOWS (USED) IN OPERATIONS	(9,470,116)	(11,258,075)	(9,228,087)	(11,823,256)

### 20. RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET FUNDS AND ANALYSIS OF NET FUNDS

Group	At 1 January	Cash	At 31
	2015	flow	December
	£	£	2015
			£
Cash & cash equivalents	541,044	773,600	1,314,644
	<u>541,044</u>	<u>773,600</u>	<u>1,314,644</u>
Company	At 1 January	Cash	At 31
	2015	flow	December
	£	£	2015
			£
Cash & cash equivalents	189,056	531,806	720,862
	<u>189,056</u>	<u>531,806</u>	<u>720,862</u>

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

### 21. OPERATING LEASE COMMITMENTS

Total of future minimum operating lease payments under non-cancellable operating leases:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Land and buildings				
Less than 1 year	2,440,111	2,493,362	2,015,033	1,956,663
Between 1-2 years	7,886,095	8,138,855	7,142,839	6,971,719
Between 2-5 years	3,415,673	5,069,047	3,415,673	5,069,047
	<u>13,741,879</u>	<u>15,701,264</u>	<u>12,573,546</u>	<u>13,997,429</u>

The leases are in respect of the property used by the Group in its business.

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Other				
Less than 1 year	18,007	36,793	-	-
Between 1-2 years	11,528	29,535	-	-
Between 2-5 years	-	-	-	-
	<u>29,535</u>	<u>66,328</u>	<u>-</u>	<u>-</u>

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

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### 22. RELATED PARTY TRANSACTIONS

#### GROUP

#### ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.

#### RELATED PARTY TRANSACTIONS

During the year there were transactions with Companies under common control. The companies involved are The Perfect Cellar Limited, Bespoke HQ Limited, The Clerkenwell Collection Limited, Thinkers HQ Limited, Thinkers Live! Limited, Thinkers PR Limited, Thinkers Images Limited, Guirado Design Limited, Tree Couture Limited, Purple Cow Productions Limited and KMGI Limited.

Total sales in the period to the above companies were:

	2015	2014
	£	£
The Perfect Cellar Limited	46,154	215
Bespoke HQ Limited	576	12,200
The Clerkenwell Collection Limited	1,356	110,259
Thinkers HQ Limited	274,880	3,794
Thinkers Live! Limited	13,412	8,150
Thinkers Connect Limited	1,225	Nil
Thinkers PR Limited	1,190	3,750
Guirado Design Limited	8,825	20,306
Tree Couture Limited	250	(266)
Purple Cow Productions Limited	Nil	Nil

During the year Ve supplied web development, design and our core technology platform to all of the above companies.

Total purchases from these related companies were:

	2015	2014
	£	£
The Perfect Cellar Limited	24,274	45,653
Bespoke HQ Limited	749	67,335
The Clerkenwell Collection Limited	7,007	5,441
Thinkers HQ Limited	1,980,521	2,407,262
Thinkers Live! Limited	7,325	4,005
Thinkers Connect Limited	285,781	Nil
Thinkers PR Limited	744	Nil
Thinkers Images Limited	250	850
Guirado Design Limited	Nil	294
Tree Couture Limited	16,640	54,157
Purple Cow Productions Limited	574	574

Description of material purchases from related companies:

- Thinkers HQ Limited supplied Ve with contract technology staff and all building maintenance/refurbishment
- Thinkers Connect Limited also supplied contract technology staff

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

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### 22. RELATED PARTY TRANSACTIONS (continued)

Included within trade debtors are the following balances due from these related companies:

	2015	2014
	£	£
The Perfect Cellar Limited	56,369	392
Bespoke HQ Limited	Nil	14,394
The Clerkenwell Collection Limited	32,852	122,015
Thinkers HQ Limited	311,428	8,750
Thinkers Live! Limited	450	9,780
Thinkers Connect Limited	1,682	Nil
Thinkers PR Limited	114	9,780
Guirado Design Limited	Nil	24,367
Tree Couture Limited	841	292
Purple Cow Productions Limited	16,928	Nil

Included within trade creditors are the following balances due to these related companies:

	2015	2014
	£	£
The Perfect Cellar Limited	23,441	8,086
Bespoke HQ Limited	Nil	70,205
The Clerkenwell Collection Limited	1,225	1,663
Thinkers HQ Limited	372	125,301
Thinkers Live! Limited	Nil	
Thinkers Connect Limited	29,150	Nil
Thinkers PR Limited	Nil	1,020
Tree Couture Limited	Nil	41,400

Included within other recoverables and prepayments are balances due from these related companies:

	2015	2014
	£	£
Bespoke HQ Limited	Nil	4,089
The Clerkenwell Collection Limited	7,783	51,174
Thinkers HQ Limited	3,027,039	Nil
Purple Cow Productions Limited	36,663	Nil

Included within other creditors are balances due to these related companies:

	2015	2014
	£	£
KMGI Limited	386,175	768,699
The Clerkenwell Collection Limited	Nil	1,300
Thinkers HQ Limited	121,728	Nil

At the year end, the directors owed the company the following amounts:

	2015	2014
	£	£
C. L. Clarke	Nil	252,004
M. D. Tikaram	Nil	329,842
S. M. Hargreaves	Nil	214,404
K. R. Brown	Nil	347,317
D. J. Brown	Nil	1,193,184

The amounts outstanding at 31 December 2014 were the maximum amounts outstanding during the year.

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

### 23. BUSINESS COMBINATIONS

These business combinations both occurred post year end.

	Principal activity	Date of acquisition	Proportion of voting equity interests acquired	Consideration transferred £'000
Crave & Lamb Ltd	The creation and generation of online marketing campaigns	09/12/2016	100%	2,820
Optomaton UG	The development of demand side platforms	24/08/2016	100%	4,380

### 23.a CONSIDERATION TRANSFERRED

	Crave & Lamb Ltd £	Optomaton UG £
Cash	95,000	127,692
Shares	916,500	4,251,900
Deferred consideration	398,500	
Contingent consideration arrangement		
Cash	493,500	
Shares	916,500	
	<u>2,820,000</u>	<u>4,379,592</u>

Under the contingent consideration arrangement, the Group is required to pay the vendors an additional £1,410,000 if Crave & Lamb Ltd generate specific turnover figures during 2017.

### 23.b ASSETS ACQUIRED AND LIABILITIES RECOGNISED AT THE DATE OF ACQUISITION

	Crave & Lamb Ltd £	Optomaton UG £
<b>Current assets</b>		
Cash and cash equivalents	574,951	23,429
Trade and other receivables	608,329	313,191
Inventories		
<b>Non-current assets</b>		
Plant & Equipment	7,671	1,050
<b>Current liabilities</b>		
Trade & other payables	(730,132)	(300,431)
Contingent liabilities		
<b>Non-current liabilities</b>		
Deferred tax liabilities		
	<u>460,819</u>	<u>37,239</u>

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

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### 23.b ASSETS ACQUIRED AND LIABILITIES RECOGNISED AT THE DATE OF ACQUISITION (continued)

The initial accounting for the acquisition of Crave & Lamb Ltd has only been provisionally determined at the end of the reporting period. For tax purposes, the tax values of Crave & Lamb Ltd assets are required to be reset based on market values of the assets. At the date of finalisation of these consolidated financial statements, the necessary market valuations and other calculations had not been finalised and they have therefore only been provisionally determined based on the director's best estimates of the likely tax values.

### 23.c GOODWILL ARISING ON ACQUISITION

	Crave & Lamb	Optomaton UG
Consideration transferred	2,820,000	4,379,592
Less: fair value of identifiable net assets acquired	(460,819)	(37,239)
Goodwill arising on acquisition	<u>2,359,181</u>	<u>4,342,353</u>

Goodwill arose on the acquisitions because the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable assets.

### 23.d NET CASH OUTFLOW ON ACQUISITION OF SUBSIDIARIES

	Year ended 31/12/15 £
Consideration paid in cash	222,692
Less: Cash and cash equivalent balances acquired	(551,522)
	<u>(328,830)</u>

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

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### 24. EXPLANATION OF TRANSITION TO IFRS

This is the first year that the Company has presented its financial statements under IFRS. The following disclosures are required in the year to transition to IFRS. The last financial statements under UK GAAP were for the year ended 31 December 2014 and the date of transition to IFRS was therefore 1 January 2014.

#### First-time adoption of IFRS

IFRS 1 First-time Adoption of International Financial Reporting Standards' allows companies adopting IFRS for the time to take certain exemptions from the full requirements of IFRS in the year of transition (i.e. the year to 31 December 2014).

#### The group has elected to take the following key exemptions:

##### (i) IFRS 3 – Business combinations

The Group has elected not to apply IFRS 3 'Business Combinations' retrospectively to acquisitions that took place before the date of transition. As a result, the carrying amount of goodwill in the UK GAAP balance sheet at 1 January 2014 is brought forward to the IFRS opening balance sheet without adjustment.

#### CAPITAL AND RESERVES

##### GROUP

#### RECONCILIATION OF EQUITY AT 31 DECEMBER 2014 (DATE OF LAST UK GAAP FINANCIAL STATEMENTS)

	31 December 2014	1 January 2014
Capital and reserves according to UK GAAP	21,724,655	755,867
Effect of adopting IFRS	1,200,003	-
Equity according to IFRS	<u>22,924,658</u>	<u>755,867</u>

Following the transition to IFRS the amortisation charged on intangible assets has been reversed as such assets are not amortised under IFRS. Total assets, equity and liabilities reported under UK GAAP are adjusted to be reported under IFRS.

##### COMPANY

#### RECONCILIATION OF EQUITY AT 31 DECEMBER 2014 (DATE OF LAST UK GAAP FINANCIAL STATEMENTS) AND 1 JANUARY 2014

	31 December 2014	1 January 2014
Capital and reserves according to UK GAAP	22,962,457	1,090,892
Effect of adopting IFRS	1,111,694	-
Equity according to IFRS	<u>24,074,151</u>	<u>1090,892</u>

Following the transition to IFRS the amortisation charged on intangible assets has been reversed as such assets are not amortised under IFRS. Total assets, equity and liabilities reported under UK GAAP are adjusted to be reported under IFRS.

# Ve Interactive Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

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### 24. EXPLANATION OF TRANSITION TO IFRS (continued)

#### RECONCILIATION OF PROFIT OR LOSS FOR 2014

##### GROUP COMPANY

The loss for the year has been adjusted for the reversal of amortisation charged on intangible assets in the sum of £1,200,003 and therefore the resulting loss for the year ended 31 December 2014 has been adjusted accordingly.

##### COMPANY

The loss for the year has been adjusted for the reversal of amortisation charged on intangible assets in the sum of £1,111,694 and therefore the resulting loss for the year ended 31 December 2014 has been adjusted accordingly.

#### CASH FLOW STATEMENTS

Explanation of material adjustments to the Group and Company cash flow statements.

Following the implementation of IFRS the cash flow statements have been re-stated. The restatement is in relation to the amortisation charge on intangible assets although this has not affected the total cash flows used in operations figures.

A cash flow statement is presented for the Company under IFRS, whereas it was not required under UK GAAP.

There is no other material differences between the cash flow statement presented under IFRS and the cash flow statement presented under UK GAAP.