

Registered number: 08297181

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**ADBRAIN LIMITED**

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**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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COMPANIES HOUSE

**ADBRAIN LIMITED**  
**REGISTERED NUMBER:08297181**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	4	9,291	17,682
Investments	5	1	1
		<u>9,292</u>	<u>17,683</u>
<b>Current assets</b>			
Debtors	6	732,944	339,803
Cash at bank		733,641	796,781
		<u>1,466,585</u>	<u>1,136,584</u>
Creditors: amounts falling due within one year	7	(1,030,092)	(493,800)
<b>Net current assets</b>		<u>436,493</u>	<u>642,784</u>
<b>Total assets less current liabilities</b>		<u>445,785</u>	<u>660,467</u>
Creditors: amounts falling due after more than one year	8	(1,101,367)	-
<b>Net (liabilities)/assets</b>		<u>(655,582)</u>	<u>660,467</u>
<b>Capital and reserves</b>			
Called up share capital	10	701	611
Share premium account		13,182,106	9,483,446
Profit and loss account		(13,838,389)	(8,823,590)
		<u>(655,582)</u>	<u>660,467</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 September 2017.

DocuSigned by:  
  
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**G Davies**  
 Director

The notes on pages 4 to 12 form part of these financial statements.

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**ADBRAIN LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2016	611	9,483,446	(8,823,590)	660,467
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(5,014,799)	(5,014,799)
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	(5,014,799)	(5,014,799)
Shares issued during the year	90	3,698,660	-	3,698,750
<b>Total transactions with owners</b>	90	3,698,660	-	3,698,750
<b>At 31 December 2016</b>	<b>701</b>	<b>13,182,106</b>	<b>(13,838,389)</b>	<b>(655,582)</b>

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**ADBRAIN LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2015	514	5,426,645	(4,477,550)	949,609
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(4,346,040)	(4,346,040)
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	(4,346,040)	(4,346,040)
Shares issued during the year	97	4,056,801	-	4,056,898
<b>Total transactions with owners</b>	97	4,056,801	-	4,056,898
<b>At 31 December 2015</b>	<b>611</b>	<b>9,483,446</b>	<b>(8,823,590)</b>	<b>660,467</b>

The notes on pages 4 to 12 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. General information**

Adbrain Limited is a private limited company limited by shares, incorporated in England and Wales. The address of the registered office is 201 Borough High Street, London, England, SE1 1JA. The registered number is 08297181.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

**2.2 Going concern**

The Directors have adopted a going concern basis for the preparation of the financial statements based upon the company securing additional financing of debt and/or equity during 2017. The Directors consider that the company's plans to raise additional financing is feasible based upon current discussions with existing and potential partners and that for these reasons the financial statements should be prepared on the going concern basis.

**2.3 Exemption from preparing consolidated financial statements**

The Company, and the Group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and Group are considered eligible for the exemption to prepare consolidated accounts.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**2. Accounting policies (continued)**

**2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Contract income is recognised based on the delivery of collated data to the customer in accordance with the terms of the contract. Once the contract terms have been satisfied revenue is recognised.

Advertising services revenue is recognised based upon the daily amount of customer's activity on the company's technology platform.

Rents receivable are recognised as income based upon tenants use of the property in accordance with the terms of the rent arrangements. Rents receivable are presented in the statement of comprehensive income within other operating income.

**2.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	- 25%
Computer equipment	- 50% and 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**2. Accounting policies (continued)**

**2.6 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.7 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.8 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.9 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**2. Accounting policies (continued)**

**2.10 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.11 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

**2.12 Finance costs**

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.13 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

**2.14 Interest income**

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

**2.15 Borrowing costs**

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**2. Accounting policies (continued)****2.16 Taxation**

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

**3. Employees**

The average monthly number of employees, including directors, during the year was 24 (2015 - 32).

**4. Tangible fixed assets**

	<b>Other fixed assets £</b>
<b>Cost</b>	
At 1 January 2016	70,195
Additions	9,840
Disposals	(50,229)
At 31 December 2016	<u>29,806</u>
<b>Depreciation</b>	
At 1 January 2016	52,513
Charge for the year on owned assets	13,767
Disposals	(45,765)
At 31 December 2016	<u>20,515</u>
<b>Net book value</b>	
At 31 December 2016	<u><u>9,291</u></u>
At 31 December 2015	<u><u>17,682</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**5. Fixed asset investments**

	Investment in subsidiary company £
<b>Cost</b>	
At 1 January 2016	386,688
At 31 December 2016	<u>386,688</u>
<b>Impairment</b>	
At 1 January 2016	386,687
At 31 December 2016	<u>386,687</u>
<b>Net book value</b>	
At 31 December 2016	<u>1</u>
At 31 December 2015	<u>1</u>

**6. Debtors**

	2016 £	2015 £
Trade debtors	130,382	189,500
Other debtors	540,128	104,662
Prepayments and accrued income	62,434	45,641
	<u>732,944</u>	<u>339,803</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**7. Creditors: Amounts falling due within one year**

	2016 £	2015 £
Loans	520,417	-
Trade creditors	276,534	272,306
Taxation and social security	28,096	70,336
Other creditors	10,338	6,633
Accruals	194,707	144,525
	<u>1,030,092</u>	<u>493,800</u>

**8. Creditors: Amounts falling due after more than one year**

	2016 £	2015 £
Loans	1,101,367	-
	<u>1,101,367</u>	<u>-</u>

**Secured loans**

The loan referred to in notes 7 and 8 is secured by a fixed and a floating charge over all of the company's assets, except for £144,327 of bank balances at the year end.

**9. Loans**

Analysis of the maturity of loans is given below:

	2016 £	2015 £
<b>Amounts falling due within one year</b>		
Loans	520,417	-
	<u>520,417</u>	<u>-</u>
<b>Amounts falling due 2-5 years</b>		
Loans	1,101,367	-
	<u>1,101,367</u>	<u>-</u>
	<u>1,621,784</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**10. Share capital**

	2016 £	2015 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
2,466,664 (2015 - 2,835,800) A Shares shares of £0.0001 each	247	284
1,031,400 Ordinary shares of £0.0001 each	103	103
3,143,755 (2015 - 2,243,351) A1 Ordinary shares of £0.0001 each	314	224
3,692 Deferred shares of £0.01 each	37	-
	<u>701</u>	<u>611</u>

During the year 369,136 A Shares of £0.0001 were reclassified as 3,692 Deferred shares of £0.01.

During the year 900,404 A1 Ordinary Shares of £0.0001 each were allotted for a total consideration of £3,835,721.

**11. Commitments under operating leases**

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	<u>81,900</u>	<u>260,100</u>
	<u>81,900</u>	<u>260,100</u>

**12. Post balance sheet events**

Subsequent to the year end the company issued £2,046,833 of convertible loan notes in A1 ordinary shares which will be converted pursuant to the company securing fundraising of US \$4M.

During April 2017 the company issued 2,817 A1 ordinary shares for total consideration of £12,000.

**13. First time adoption of FRS 102**

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**14. Auditors' information**

The Independent Auditors' Report was unqualified but the audit report included an emphasis of matter as follows:

"In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure in note 2.2 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a loss of £5,014,799 during the year ended 31 December 2016 which along with the planned budget for the next year will require further fundraising. *These conditions, along with the other matters explained in note 2.2 of the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern*".

The name of the Senior Statutory Auditor who signed the audit report was John Coverdale Bsc (FCA) who signed for and on behalf of MHA MacIntyre Hudson.