

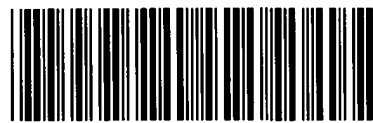
# Cornerstone Brands Ltd

Registered number: 08367949

## Annual report

For the year ended 31 December 2017

FRIDAY



\*A776NESJ\*

A13

01/06/2018

#117

COMPANIES HOUSE

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017

	Note	2017 £	Unaudited 2016 £
<b>Fixed assets</b>			
Tangible assets	6	208,170	202,811
<b>Current assets</b>			
Stocks	7	638,880	690,892
Debtors: amounts falling due within one year	8	894,910	175,039
Cash at bank and in hand	9	1,005,114	1,371,142
		<u>2,538,904</u>	<u>2,237,073</u>
Creditors: amounts falling due within one year	10	(1,073,598)	(749,223)
<b>Net current assets</b>		<u>1,465,306</u>	<u>1,487,850</u>
<b>Total assets less current liabilities</b>		<u>1,673,476</u>	<u>1,690,661</u>
Creditors: amounts falling due after more than one year	11	(148,344)	(146,820)
<b>Net assets</b>		<u><u>1,525,132</u></u>	<u><u>1,543,841</u></u>
<b>Capital and reserves</b>			
Called up share capital	13	286	223
Share premium account		8,186,968	4,687,123
Profit and loss account		(6,662,122)	(3,143,505)
<b>Shareholders' funds</b>		<u><u>1,525,132</u></u>	<u><u>1,543,841</u></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.

---

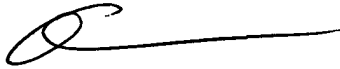
**CORNERSTONE BRANDS LTD**  
**REGISTERED NUMBER: 08367949**

---

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2017**

---

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**O Bridge**  
Director

Date: 25/5/2018

The notes on pages 4 to 17 form part of these financial statements.

---

**CORNERSTONE BRANDS LTD**

---

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>At 1 January 2016 (unaudited)</b>	160	1,544,984	(729,438)	815,706
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(2,414,067)	(2,414,067)
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	(2,414,067)	(2,414,067)
Shares issued during the year	63	3,142,139	-	3,142,202
<b>Total transactions with owners</b>	63	3,142,139	-	3,142,202
<b>At 1 January 2017 (unaudited)</b>	223	4,687,123	(3,143,505)	1,543,841
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(3,552,349)	(3,552,349)
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	(3,552,349)	(3,552,349)
Shares issued during the year	63	3,499,845	-	3,499,908
Share based payment	-	-	33,732	33,732
<b>Total transactions with owners</b>	63	3,499,845	33,732	3,533,640
<b>At 31 December 2017</b>	286	8,186,968	(6,662,122)	1,525,132

The notes on pages 4 to 17 form part of these financial statements.

---

## CORNERSTONE BRANDS LTD

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

---

#### 1. General information

Cornerstone Brands Ltd is a private company limited by shares incorporated in the United Kingdom. The address of its principal place of business is 86-90 Paul Street, London, EC2A 4NE.

The principal activity of the company continued to be that of an e-commerce, subscription retailer of men's toiletry products.

The financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the company operates and is rounded to the nearest pound.

#### 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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

Prior year comparatives were unaudited.

The following principal accounting policies have been applied:

##### 2.2 Going concern

The company incurred losses of £3.6million during the year as it continues to invest in building its customer base, funded by additional equity investment of £3.5million. The directors have analysed the projected cashflows of the company including various scenarios and sensitivities to the trading forecast. Based on the company's track record of successful equity funding, the directors conclude that the company should be able to secure additional funding should further funds be required. On the basis of this analysis, the directors have concluded that it is reasonable to expect the business to be able to meet its liabilities as they fall due for a period in excess of twelve months from the date of signing the financial statements, and therefore that it is appropriate to prepare the financial statements on a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**2. Accounting policies (continued)**

**2.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Prior year turnover and cost of sales have been restated to show turnover net of discounts, which had previously been treated as a cost of sale. There is no impact of this restatement on the prior year net loss.

**2.4 Interest income**

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

**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:

Leasehold improvements	- 5 years
Plant and machinery	- 2-5 years
Computer equipment	- 2 years

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 2017**

---

**2. Accounting policies (continued)**

**2.6 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible 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 is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of 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 future cash flows have not been adjusted.

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, 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.

**2.7 Stocks**

Stocks are stated at the lower of cost and estimated selling price.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

**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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**2. Accounting policies (continued)**

**2.9 Financial instruments**

The company only enters into basic financial instrument 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 the 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 reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.10 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.

**2.11 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**2. Accounting policies (continued)**

**2.12 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**2.13 Leased assets: the company as lessee**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**2.14 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.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.15 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 reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**2. Accounting policies (continued)**

**2.16 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**2.17 Share based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the statement of comprehensive income is charged with fair value of goods and services received.

**2.18 Foreign currency translation**

**Functional and presentation currency**

The company's functional and presentational currency is Pounds Sterling.

**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.

---

**CORNERSTONE BRANDS LTD**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**2. Accounting policies (continued)****2.19 Pensions****Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

**3. Employees**

The average monthly number of employees, including directors, during the year was 33 (2016 unaudited - 19).

**4. Directors' remuneration**

Key management personnel comprise the directors of the company. Emoluments of key management personnel are:

	<b>2017</b>	<b>Unaudited</b>
	<b>£</b>	<b>2016</b>
		<b>£</b>
Directors' emoluments	<u>57,333</u>	<u>40,000</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

5. Taxation

	2017 £	Unaudited 2016 £
<b>Corporation tax</b>		
Current tax on loss for the year	(99,424)	(49,008)
<b>Total current tax</b>	<u>(99,424)</u>	<u>(49,008)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	23,816
<b>Total deferred tax</b>	<u>-</u>	<u>23,816</u>
<b>Taxation credit on loss on ordinary activities</b>	<u>(99,424)</u>	<u>(25,192)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	Unaudited 2016 £
Loss on ordinary activities before tax	<u>(3,651,773)</u>	<u>(2,439,259)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(702,841)	(487,852)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	49,161	2,099
Enhanced tax deduction for R&D expenditure	(74,592)	(38,207)
Surrender of tax losses for R&D tax credit refund	32,547	18,590
Deferred tax not recognised on tax losses carried forward	596,301	480,178
<b>Total tax credit for the year</b>	<u>(99,424)</u>	<u>(25,192)</u>

---

**CORNERSTONE BRANDS LTD**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**5. Taxation (continued)****Factors that may affect future tax charges**

A reduction in the UK corporation tax rate from 20% to 19% was substantively enacted in July 2015 and took effect from 1 April 2017. A further reduction in the UK corporation tax rate to 17% from 1 April 2020, was substantively enacted in September 2016.

The deferred tax asset not recognised is £1.0m (2016: £0.5m).

**6. Tangible fixed assets**

	Short-term leasehold property £	Plant and machinery £	Computer equipment £	Total £
<b>Cost</b>				
At 1 January 2017 (unaudited)	-	209,336	8,762	218,098
Additions	11,987	31,080	20,656	63,723
At 31 December 2017	11,987	240,416	29,418	281,821
<b>Depreciation</b>				
At 1 January 2017 (unaudited)	-	13,349	1,938	15,287
Charge for the year	-	49,033	9,331	58,364
At 31 December 2017	-	62,382	11,269	73,651
<b>Net book value</b>				
At 31 December 2017	11,987	178,034	18,149	208,170
At 31 December 2016 (unaudited)	-	195,987	6,824	202,811

---

**CORNERSTONE BRANDS LTD**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**7. Stocks**

	<b>2017</b>	<b>Unaudited</b>
	<b>£</b>	<b>2016</b>
		<b>£</b>
Finished goods and goods for resale	638,880	690,892

**8. Debtors**

	<b>2017</b>	<b>Unaudited</b>
	<b>£</b>	<b>2016</b>
		<b>£</b>
Trade debtors	203,715	91,583
Corporation tax recoverable	99,424	49,008
Other debtors	267,489	20,882
Prepayments and accrued income	324,282	13,566
	894,910	175,039

**9. Cash and cash equivalents**

	<b>2017</b>	<b>Unaudited</b>
	<b>£</b>	<b>2016</b>
		<b>£</b>
Cash at bank and in hand	1,005,114	1,371,142

**10. Creditors: amounts falling due within one year**

	<b>2017</b>	<b>Unaudited</b>
	<b>£</b>	<b>2016</b>
		<b>£</b>
Trade creditors	842,044	510,233
Net obligations under finance leases and hire purchase contracts	36,867	41,665
Other taxation and social security	41,229	82,853
Other creditors	28,620	450
Accruals and deferred income	124,838	114,022
	1,073,598	749,223

---

**CORNERSTONE BRANDS LTD**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**11. Creditors: amounts falling due after more than one year**

	2017 £	Unaudited 2016 £
Net obligations under finance leases and hire purchase contracts	148,344	146,820

**12. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2017 £	Unaudited 2016 £
Within one year	36,867	41,665
Between 1-5 years	148,344	146,820
Over 5 years	-	-
	185,211	188,485

**13. Share capital**

	2017 £	Unaudited 2016 £
<b>Issued and fully paid</b>		
18,271,107 (2016: 15,592,702) ordinary A shares of £0.00001 each	183	156
175,823 Investment B shares of £0.00001 each	2	2
5,619,999 ordinary C shares of £0.00001 each	56	56
959,104 ordinary D shares of £0.00001 each	9	9
3,571,429 ordinary E shares of £0.00001 each	36	-
	286	223

---

**CORNERSTONE BRANDS LTD**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**13. Share capital (continued)**

On 28 April 2017 the company issued 2,678,405 ordinary A shares of £0.00001 each for consideration of £1,499,907. The difference between the total consideration received and the nominal value, being £1,499,881, has been credited to the share premium account.

On 2 August 2017 the company issued 3,571,429 ordinary E shares of £0.00001 each for consideration of £2,000,000. The difference between the total consideration received and the nominal value, being £1,999,964, has been credited to the share premium account.

All classes of share rank pari passu and have voting, AGM attendance, pre-emption and dividend rights with the exception of the following:

B shares hold no voting, AGM attendance or pre-emption rights;

E shares have a non-participating liquidity preference;

Holders of C shares above 5% of share capital have a right to a board seat.



---

**CORNERSTONE BRANDS LTD**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**14. Share based payments**

The following table summarises the stock option activity during the years ended 31 December 2017 and 31 December 2016 under the Cornerstone Stock Option Plan:

	Weighted average exercise price (pence) 2017	Number 2017	Weighted average exercise price (pence) Unaudited 2016	Number Unaudited 2016
Outstanding at the beginning of the year	0.33	641,867	-	-
Granted during the year	0.56	640,500	0.33	641,867
<b>Outstanding at the end of the year</b>	<b>0.44</b>	<b>1,282,367</b>	<b>0.33</b>	<b>641,867</b>

The aggregate of the estimated fair values of the options granted was £114,329 (2016 unaudited: £80,195). The options outstanding at the year-end had a weighted average remaining contractual life of 9.1 years (2016 unaudited: 9.4 years).

The company recognised a share based payment of £33,732 during the year (2016 unaudited: £nil) related to the Share Option Plan.

The inputs into the Black-Scholes model were as follows:

	2017	Unaudited 2016
Weighted average share price (pence)	0.56	0.26 to 0.50
Exercise price (pence)	0.56	0.26 to 0.50
Weighted average contractual life (years)	9.1	9.4
Expected volatility	45%	45%
Risk-free interest rate	1.34%	1.30%

The expected volatility was determined based on the volatility of comparable listed companies' share prices, and the expected life has been based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

The company did not enter into any share-based payment transactions with parties other than employees during the current or prior year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

---

**15. Reserves**

**Share premium account**

This reserve represents the amount above the nominal value received for issued share capital, less transaction costs.

**Profit and loss account**

This reserve represents the cumulative profits and losses.

**16. Pension commitments**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £2,205 (2016: £nil) at the balance sheet date.

**17. Post balance sheet events**

There have been no significant events affecting the company since the year end.

**18. Controlling party**

The directors consider there to be no ultimate controlling party of the company.

**19. Auditor's information**

The auditor's report on the financial statements for the year ended 31 December 2017 was unqualified.

The audit report was signed by Neale Bussey (Senior statutory auditor) on behalf of Mazars LLP.