

Urban Massage Ltd

Unaudited Financial Statements

Year Ended

30 November 2018

Company Number 08771289



Urban Massage Ltd

Company Information

Director	C Tang
Registered number	08771289
Registered office	Annex - Friars Bridge Court 41-43 Blackfriars Road London SE1 8NZ
Accountants	BDO LLP Chartered Accountants 55 Baker Street London W1U 7EU

Urban Massage Ltd

Contents

	Page
Statement of financial position	1 - 2
Statement of changes in equity	3
Notes to the financial statements	4 - 14

Urban Massage Ltd
Registered number: 08771289

**Statement of Financial Position
as at 30 November 2018**

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	10		101,557		144,939
			<u>101,557</u>		<u>144,939</u>
Current assets					
Stocks	11	13,360		6,110	
Debtors	12	2,147,297		1,298,196	
Cash and cash equivalents		122,292		127,948	
		<u>2,282,949</u>		<u>1,432,254</u>	
Creditors: amounts falling due within one year	13	(5,699,246)		(2,079,299)	
Net current liabilities			<u>(3,416,297)</u>		<u>(647,045)</u>
Net liabilities			<u>(3,314,740)</u>		<u>(502,106)</u>
Capital and reserves					
Called up share capital	14		19,130		19,130
Share premium	15		5,022,489		5,022,489
Profit and loss account	15		(8,356,359)		(5,543,725)
Total equity			<u>(3,314,740)</u>		<u>(502,106)</u>

The director considers that the company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The director acknowledges his responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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.

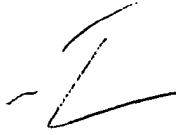
Urban Massage Ltd
Registered number: 08771289

Statement of Financial Position (continued)
as at 30 November 2018

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 by:



.....
C Tang
Director

Date: 26.04.19

The notes on pages 4 to 14 form part of these financial statements.

Urban Massage Ltd

Statement of Changes in Equity for the Year Ended 30 November 2018

	Share capital £	Share premium £	Profit and loss account £	Total equity £
At 1 December 2017	19,130	5,022,489	(5,543,725)	(502,106)
Comprehensive income for the year				
Loss for the year	-	-	(2,849,309)	(2,849,309)
Total comprehensive income for the year	-	-	(2,849,309)	(2,849,309)
Capital contribution - Share based payment	-	-	36,675	36,675
Total transactions with owners	-	-	36,675	36,675
At 30 November 2018	19,130	5,022,489	(8,356,359)	(3,314,740)

Statement of Changes in Equity for the Year Ended 30 November 2017

	Share capital £	Share premium £	Profit and loss account £	Total equity £
At 1 December 2016	19,130	5,022,489	(2,586,238)	2,455,381
Comprehensive income for the year				
Loss for the year	-	-	(2,957,487)	(2,957,487)
At 30 November 2017	19,130	5,022,489	(5,543,725)	(502,106)

The notes on pages 4 to 14 form part of these financial statements.

Urban Massage Ltd

Notes to the Financial Statements for the Year Ended 30 November 2018

1. General information

Urban Massage Ltd is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is stated on the company information page and the nature of the company's operations and its principal activities are set out in the director's report.

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 (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

Urban Massage Holding Limited has given its assurance it will continue to support Urban Massage Limited for 12 months following the approval of these accounts. The directors believe that it is appropriate to prepare the financial statements on a going concern basis. These financial statements do not include the adjustments that would be necessary if the company was unable to continue as a going concern.

2.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT. The total turnover of the company for the year has been derived from its principal activities.

Urban Massage Ltd

Notes to the Financial Statements for the Year Ended 30 November 2018

2. Accounting policies (continued)

2.4 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.

The estimated useful lives range as follows:

Fixtures and fittings	- 33%
Office equipment	- 20%
Computer equipment	- 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.

2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.6 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.

2.7 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.

Urban Massage Ltd

Notes to the Financial Statements for the Year Ended 30 November 2018

2. Accounting policies (continued)

2.8 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.

2.9 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.

Urban Massage Ltd

Notes to the Financial Statements for the Year Ended 30 November 2018

2. Accounting policies (continued)

2.10 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 that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'administrative expenses'.

2.11 Operating leases

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.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 December 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.12 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.

2.13 Interest income

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

Urban Massage Ltd

Notes to the Financial Statements for the Year Ended 30 November 2018

2. Accounting policies (continued)

2.14 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.

2.15 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.

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Urban Massage Ltd

Notes to the Financial Statements for the Year Ended 30 November 2018

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the director has had to make the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 10)
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Urban Massage Ltd

Notes to the Financial Statements for the Year Ended 30 November 2018

4. Turnover

All turnover arose within the United Kingdom.

5. Other operating income

	2018 £	2017 £
Other income	17,209	697
	<u>17,209</u>	<u>697</u>

6. Operating loss

The operating loss is stated after charging:

	2018 £	2017 £
Depreciation of tangible assets	52,301	24,676
Exchange differences	9,911	5,478
Defined contribution pension cost	18,248	3,562
	<u>18,248</u>	<u>3,562</u>

7. Employees

The average monthly number of employees, including directors, during the year was 52 (2017 - 48).

8. Director's remuneration

	2018 £	2017 £
Director's emoluments	158,667	98,000
	<u>158,667</u>	<u>98,000</u>

Urban Massage Ltd

Notes to the Financial Statements for the Year Ended 30 November 2018

9. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	-	-
Adjustments in respect of previous periods	(199,493)	(81,796)
Deferred tax		
Origination and reversal of timing differences	254	-
Adjustments in respect of prior periods	(254)	-
Total deferred tax	-	-
Taxation on loss on ordinary activities	(199,493)	(81,796)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.33%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	(3,048,802)	(3,039,283)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.33%)	(579,272)	(587,539)
Effects of:		
Fixed asset differences	1,390	-
Expenses not deductible for tax purposes	14,776	9,089
Additional reduction for R&D expenditure	(193,370)	-
Surrender of tax losses for R&D tax credit refund	81,028	-
Adjustments to tax charge in respect of prior periods	(199,493)	(81,796)
Adjustments to tax charge in respect of previous periods - deferred tax	(254)	-
Adjustment closing deferred tax to average rate of 19.00%	136,531	-
Adjustment opening deferred tax to average rate of 19.00%	(92,915)	-
Deferred tax not recognised	632,086	578,450
Tax credit for the year	(199,493)	(81,796)

Urban Massage Ltd

Notes to the Financial Statements for the Year Ended 30 November 2018

9. Taxation (continued)

Factors that may affect future tax charges

A reduction in the UK corporation tax 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 on 6 September 2016.

10. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 December 2017	75,823	51,604	52,792	180,219
Additions	2,119	4,035	2,765	8,919
At 30 November 2018	<u>77,942</u>	<u>55,639</u>	<u>55,557</u>	<u>189,138</u>
Depreciation				
At 1 December 2017	3,582	8,953	22,745	35,280
Charge for the year on owned assets	25,747	9,946	16,608	52,301
At 30 November 2018	<u>29,329</u>	<u>18,899</u>	<u>39,353</u>	<u>87,581</u>
Net book value				
At 30 November 2018	<u>48,613</u>	<u>36,740</u>	<u>16,204</u>	<u>101,557</u>
At 30 November 2017	<u>72,241</u>	<u>42,651</u>	<u>30,047</u>	<u>144,939</u>

11. Stocks

	2018 £	2017 £
Inventory	<u>13,360</u>	<u>6,110</u>

Stock recognised in cost of sales during the year as an expense was £17,877 (2017 - £12,057) .

Urban Massage Ltd

Notes to the Financial Statements for the Year Ended 30 November 2018

12. Debtors

	2018 £	2017 £
Trade debtors	31,641	14,236
Amounts owed by group undertakings	1,881,836	1,093,096
Other debtors	110,963	66,252
Prepayments	122,857	124,612
	<u>2,147,297</u>	<u>1,298,196</u>

Amounts owed by group undertakings are interest free and payable on demand.

13. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	286,241	247,092
Amounts owed to group undertakings	5,150,475	1,555,475
Other taxation and social security	144,808	93,625
Other creditors	51,427	111,796
Accruals	66,295	71,311
	<u>5,699,246</u>	<u>2,079,299</u>

Amounts owed to group undertakings are interest free and payable on demand.

A bank loan in the parent company Urban Massage Holding Limited is secured via a debenture comprising fixed and floating charges over all the assets of the group and the company.

14. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
19,130,193 (2017 - 19,130,193) ordinary shares of £0.001 each	<u>19,130</u>	<u>19,130</u>

Urban Massage Ltd

Notes to the Financial Statements for the Year Ended 30 November 2018

15. Reserves

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

16. Share based payments

The parent company of Urban Massage Ltd, Urban Massage Holding Limited, operated a Company Share Option Plan under which directors and employees of the company were granted share options. In the absence of observable market prices and market data, share options granted were valued at fair value on the grant date using the Black Scholes valuation model and vest over a period of 4 years.

During the year, the total share based payment expense recognised in the statement of comprehensive income was £36,675 (2017: Nil). At 30 November 2018, 888,054 share options were granted (2017: Nil).

17. 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 £18,248 (2017 - £3,562). Contributions totalling £5,400 (2017 - £3,921) were payable to the fund at the reporting date and are included in creditors.

18. Related party transactions

During the year, the company received a loan amounting to £10,000 from the director. The loan is interest free and repayable on demand. At the balance sheet date, the loan was still outstanding and is presented within creditors: amount falling due within one year.

The company has taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the group.

19. Post balance sheet events

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

20. Controlling party

Urban Massage Holding Limited through its ownership of 100% shares is the immediate and ultimate parent company.