

Acuutech Select Ltd

Directors' Report and Unaudited

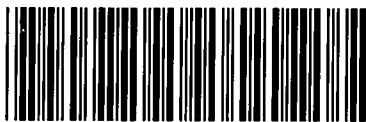
Financial Statements

Year Ended

31 December 2017

Company Number 09656761

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Acuutech Select Ltd

Company Information

Directors	P Mehta B Mehta
Registered number	09656761
Registered office	Acuutech Unit 5-6 York House Loughton England IG10 3TQ
Accountants	BDO LLP 55 Baker Street London W1U 7EU

Acuutech Select Ltd

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Acuutech Select Ltd

Directors' Report For the Year Ended 31 December 2017

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

Principal activity

The company's principal activity during the year was the research and development into cloud-based computing services on behalf of its ultimate parent company, Acuutech Limited.

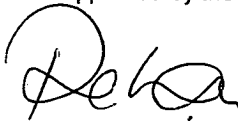
Directors

The directors who served during the year were:

P Mehta
B Mehta

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 26 September 2018 and signed on its behalf.



P Mehta
Director

Acuutech Select Ltd

Statement of Income and Retained Earnings For the Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover		4,887	36,488
Cost of sales		(262,590)	(285,973)
Gross loss		(257,703)	(249,485)
Administrative expenses		(80,344)	(111,923)
Operating loss	4	(338,047)	(361,408)
Tax on loss	6	68,989	80,044
Loss after tax		(269,058)	(281,364)
Retained earnings at the beginning of the year		(338,947)	(57,583)
Loss for the year		(269,058)	(281,364)
Retained earnings at the end of the year		(608,005)	(338,947)

All amounts relate to continuing operations.

The notes on pages 4 to 11 form part of these financial statements.

Acuutech Select Ltd
Registered number: 09656761

Statement of Financial Position
As at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	7	2,667	4,331
Current assets			
Debtors: amounts falling due within one year	8	145,966	91,420
Cash at bank and in hand		4,944	19,132
		<u>150,910</u>	<u>110,552</u>
Creditors: amounts falling due within one year	9	(761,482)	(453,730)
Net current liabilities		<u>(610,572)</u>	<u>(343,178)</u>
Net liabilities		<u>(607,905)</u>	<u>(338,847)</u>
Capital and reserves			
Called up share capital	11	100	100
Profit and loss account	12	(608,005)	(338,947)
Total equity		<u>(607,905)</u>	<u>(338,847)</u>

The directors consider 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 directors acknowledge their responsibilities 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.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
26 September 2018

P Mehta
Director



The notes on pages 4 to 11 form part of these financial statements.

Acuutech Select Ltd

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

1. General information

Acuutech Select 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 given on the company information page and the nature of the company's operations and its principal activity is given in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historic 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 Section 1A of 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

The statement of financial position discloses that the company had net liabilities of £607,905 (2016: £338,847) at the year end. The parent undertaking has confirmed that it will provide support to the company to enable it to meet its liabilities as they fall due. Given this, the directors consider that the financial statements should be prepared on the going concern basis.

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

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, as shown below.

Depreciation is provided on the following bases:

Plant and machinery	-	25% Straight line
Office equipment	-	25% Straight line

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 income and retained earnings.

Acuutech Select Ltd

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

2. Accounting policies (continued)

2.5 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.

2.6 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.

2.7 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 income and retained earnings.

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 statement of financial position 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.

Acuutech Select Ltd

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

2. Accounting policies (continued)

2.8 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.

2.9 Operating leases: lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

2.10 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of income and retained earnings in the year that the company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of income and retained earnings, 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.

Acuutech Select Ltd

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

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

In preparing these financial statements, the directors have made the following judgements:

- **Leases**
Determine whether leases entered into by the company either as a lessor or a lessee are operating 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.
- **Taxation**
The company provides for future liabilities in respect of uncertain tax positions where additional tax may become payable in future periods and such provisions are based on management's assessment of exposures.

Deferred tax liabilities are generally provided for in full and deferred tax assets are recognised to the extent that it is judged probable that future taxable profit will arise against which the temporary differences will be utilised.

4. Operating loss

The operating loss is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	1,664	1,590
Other operating lease rentals	1,692	-
	<u>1,692</u>	<u>-</u>

5. Employees

The average monthly number of employees, including directors, during the year was 3 (2016 - 3).

During the year, no director received any emoluments (2016 - £Nil).

Acuutech Select Ltd

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

6. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	(68,706)	(73,095)
Total current tax	<u>(68,706)</u>	<u>(73,095)</u>
Deferred tax		
Origination and reversal of timing differences	(283)	(6,949)
Total deferred tax	<u>(283)</u>	<u>(6,949)</u>
Taxation on loss on ordinary activities	<u><u>(68,989)</u></u>	<u><u>(80,044)</u></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 - 20.00%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	<u><u>(338,047)</u></u>	<u><u>(361,408)</u></u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%)	(65,062)	(72,282)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	86	-
Additional deduction in R&D expenditure	(61,656)	(71,592)
Surrender of tax losses for R&D tax credit refund	22,490	27,725
Group relief surrendered/(claimed)	35,115	34,458
Adjustments to tax charge in respect of previous periods - deferred tax	-	1,233
Changes in tax rates	38	414
Total tax charge for the year	<u><u>(68,989)</u></u>	<u><u>(80,044)</u></u>

Factors that may affect future tax charges

Acuutech Select Ltd

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

6. Taxation (continued)

Reductions in the UK Corporate tax rate from 20% to 17% (19% effective from 1 April 2017 and 17% effective from 1 April 2020) have been substantively enacted. This will impact the company's future tax charge accordingly. The deferred tax asset at 31 December 2017 has been calculated based on the rates substantively enacted at the date of the statement of financial position.

7. Tangible fixed assets

	Plant and machinery £	Office equipment £	Total £
Cost or valuation			
At 1 January 2017	5,272	1,381	6,653
At 31 December 2017	5,272	1,381	6,653
Depreciation			
At 1 January 2017	1,977	345	2,322
Charge for the year	1,318	346	1,664
At 31 December 2017	3,295	691	3,986
Net book value			
At 31 December 2017	1,977	690	2,667
At 31 December 2016	3,295	1,036	4,331

8. Debtors

	2017 £	2016 £
Trade debtors	-	9,000
Other debtors	138,683	73,305
Prepayments and accrued income	51	2,166
Deferred taxation	7,232	6,949
	145,966	91,420

The impairment loss recognised in profit or loss for the year in respect of bad and doubtful trade debtors was £Nil (2016 - £Nil).

Acuutech Select Ltd

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

9. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	1,292	-
Amounts owed to group undertakings	746,271	438,441
Other taxation and social security	11,581	15,289
Other creditors	538	-
Accruals and deferred income	1,800	-
	<u>761,482</u>	<u>453,730</u>

10. Deferred taxation

	2017 £
At beginning of year	6,949
Charged to profit or loss	283
At end of year	<u><u>7,232</u></u>

The deferred tax asset is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	7,232	371
Tax losses carried forward	-	6,578
	<u>7,232</u>	<u>6,949</u>

11. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
100 ordinary shares shares of £1 each	<u>100</u>	<u>100</u>

Acuutech Select Ltd

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

12. Reserves

The company's capital and reserves are as follows:

Share capital

Called up share capital represents the nominal value of the shares issued.

Profit and loss account

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

13. Related party transactions

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

14. Controlling party

Acuutech Select Ltd is a subsidiary of Acuutech Limited, a company incorporated within the UK (company number 03174610), which is the ultimate parent company by virtue of its shareholding.

The ultimate controlling parties are Mr B Mehta and Mrs P Mehta through their controlling shareholding in Acuutech Limited.