

Registered number: 09798040

IPAT HOLDINGS ACQUISITION LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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IPAT HOLDINGS ACQUISITION LIMITED

COMPANY INFORMATION

Directors Bruce Hernandez (resigned 13 January 2017)
David K Schaible (resigned 13 January 2017)
Anthony Cassano (resigned 13 January 2017)
Stephen Tapp (appointed 20 January 2017)
Jeffrey E Moxie (appointed 20 January 2017)

Registered number 09798040

Registered office 2nd Floor Clarendon House
Suite 13
52 Cornmarket Street
Oxford
OX1 3HJ

Independent auditor Mazars LLP
Chartered Accountants & Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

IPAT HOLDINGS ACQUISITION LIMITED

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IPAT HOLDINGS ACQUISITION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who served during the year were:

Bruce Hernandez (resigned 13 January 2017)
David K Schaible (resigned 13 January 2017)
Anthony Cassano (resigned 13 January 2017)

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

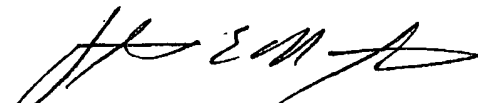
IPAT HOLDINGS ACQUISITION LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

Small companies note

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 28 September 2017 and signed on its behalf.



Jeffrey E Moxie
Director

IPAT HOLDINGS ACQUISITION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF IPAT HOLDINGS ACQUISITION LIMITED

We have audited the financial statements of IPAT Holdings Acquisition Limited for the year ended 31 December 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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 Ethical Standards for Auditors. 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.

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.

Opinion on the financial statements

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 2016 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

IPAT HOLDINGS ACQUISITION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF IPAT HOLDINGS ACQUISITION LIMITED

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime, take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.



Stephen Brown (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date: 29 September 2010

IPAT HOLDINGS ACQUISITION LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Year ended 31 December 2016 \$	Period ended 31 December 2015 \$
Turnover	4	854,056	55,205
Cost of sales		(208,840)	(864)
Gross profit		645,216	54,341
Administrative expenses		(1,076,587)	(145,929)
Impairment charge		(35,579)	-
Operating loss	5	(466,950)	(91,588)
Interest receivable and similar income	9	278	31
Interest payable and expenses	10	(78,750)	-
Loss before taxation		(545,422)	(91,557)
Tax on loss	11	(6,133)	4,459
Loss for the year		(551,555)	(87,098)
Other comprehensive income for the year			
Currency translation differences		(210,895)	10,195
Total comprehensive income for the year		(762,450)	(76,903)

The notes on pages 11 to 28 form part of these financial statements.

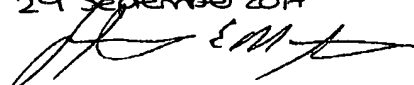
IPAT HOLDINGS ACQUISITION LIMITED**REGISTERED NUMBER: 09798040**

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

	Note	2016 \$	2015 \$
Fixed assets			
Intangible assets	13	2,004,897	2,747,145
Tangible assets		11,437	-
		<u>2,016,334</u>	<u>2,747,145</u>
Current assets			
Debtors: amounts falling due within one year	16	2,892,427	85,659
Current asset investments	17	-	16,360,000
Cash at bank and in hand	18	261,905	377,515
		<u>3,154,332</u>	<u>16,823,174</u>
Creditors: amounts falling due within one year	19	(66,292)	(16,584,363)
Net current assets		<u>3,088,040</u>	<u>238,811</u>
Total assets less current liabilities		<u>5,104,374</u>	<u>2,985,956</u>
Creditors: amounts falling due after more than one year		(2,878,750)	-
Deferred taxation	21	(2,118)	-
		<u>(2,118)</u>	<u>-</u>
Net assets		<u><u>2,223,506</u></u>	<u><u>2,985,956</u></u>
Capital and reserves			
Called up share capital	23	3,062,859	3,062,859
Profit and loss account	24	(839,353)	(76,903)
		<u>2,223,506</u>	<u>2,985,956</u>

The Company's financial statements have been prepared in accordance with the 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
29 September 2017



Jeffrey E Moxie
Director

The notes on pages 11 to 28 form part of these financial statements.

IPAT HOLDINGS ACQUISITION LIMITED
REGISTERED NUMBER: 09798040

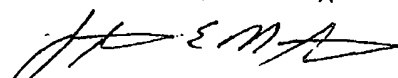
COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 \$	2015 \$
Fixed assets			
Investments	15	3,202,759	3,202,859
		<u>3,202,759</u>	<u>3,202,859</u>
Current assets			
Debtors: amounts falling due within one year	16	2,660,000	-
Current asset investments	17	-	16,360,000
		<u>2,660,000</u>	<u>16,360,000</u>
Creditors: amounts falling due within one year	19	-	(16,500,000)
Net current assets/(liabilities)		<u>2,660,000</u>	<u>(140,000)</u>
Total assets less current liabilities		<u>5,862,759</u>	<u>3,062,859</u>
Creditors: amounts falling due after more than one year		(2,878,750)	-
Net assets		<u><u>2,984,009</u></u>	<u><u>3,062,859</u></u>
Capital and reserves			
Called up share capital	23	3,062,859	3,062,859
Profit and loss account	24	(78,850)	-
		<u><u>2,984,009</u></u>	<u><u>3,062,859</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The loss for the parent Company for the year was \$78,850 (2015: \$nil).

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


Jeffrey E Moxie
 Director

29 September 2017

IPAT HOLDINGS ACQUISITION LIMITED

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

	Called up share capital	Profit and loss account	Total equity
	\$	\$	\$
Comprehensive income for the period			
Loss for the period	-	(87,098)	(87,098)
Currency translation differences	-	10,195	10,195
Other comprehensive income for the period	-	10,195	10,195
Total comprehensive income for the period	-	(76,903)	(76,903)
Shares issued during the period	3,062,859	-	3,062,859
Total transactions with owners	3,062,859	-	3,062,859
At 1 January 2016	3,062,859	(76,903)	2,985,956
Comprehensive income for the year			
Loss for the year	-	(551,555)	(551,555)
Currency translation differences	-	(210,895)	(210,895)
Other comprehensive income for the year	-	(210,895)	(210,895)
Total comprehensive income for the year	-	(762,450)	(762,450)
Total transactions with owners	-	-	-
At 31 December 2016	3,062,859	(839,353)	2,223,506

IPAT HOLDINGS ACQUISITION LIMITED

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

	Called up share capital	Profit and loss account	Total equity
	\$	\$	\$
Profit for the period	-	-	-
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	-	-
Contributions by and distributions to owners			
Shares issued during the period	3,062,859	-	3,062,859
Total transactions with owners	3,062,859	-	3,062,859
At 1 January 2016	3,062,859	-	3,062,859
Comprehensive income for the period			
Loss for the year	-	(78,850)	(78,850)
Total comprehensive income for the year	-	(78,850)	(78,850)
At 31 December 2016	3,062,859	(78,850)	2,984,009

IPAT HOLDINGS ACQUISITION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 \$	2015 \$
Cash flows from operating activities		
Loss for the financial year	(551,555)	(87,098)
Adjustments for:		
Amortisation of intangible assets	569,806	96,732
Depreciation of tangible assets	4,512	-
Impairment of intangible assets	35,579	-
Currency exchange difference on translation	(74,322)	7,757
Interest paid	78,750	-
Interest received	(278)	(31)
Taxation charge	6,133	(4,425)
Increase in debtors	(45,023)	(3,760)
Increase in amounts owed by groups	(2,766,170)	(53,446)
(Decrease)/increase in creditors	(17,266)	32,946
(Decrease)/increase in amounts owed to groups	(13,622,055)	16,504,823
Net cash generated from operating activities	(16,381,889)	16,493,498
Cash flows from investing activities		
Cash acquired from subsidiaries	-	383,986
Purchase of tangible fixed assets	(15,249)	-
Sale of short term unlisted investments	16,360,000	-
Purchase of fixed asset investments	-	(19,562,859)
Interest received	278	31
Net cash from investing activities	16,345,029	(19,178,842)
Cash flows from financing activities		
Issue of ordinary shares	-	3,062,859
Interest paid	(78,750)	-
Net cash used in financing activities	(78,750)	3,062,859
Net (decrease)/increase in cash and cash equivalents	(115,610)	377,515
Cash and cash equivalents at beginning of year	377,515	-
Cash and cash equivalents at the end of year	261,905	377,515
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	261,905	377,515
	261,905	377,515

IPAT HOLDINGS ACQUISITION LIMITED

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

1. General information

IPAT Holdings Acquisition Limited is a private company limited by shares, domiciled and incorporated in England and Wales. Company number 09798040. The registered office and principal place of business is Clarendon Business Centre, Clarendon House, 52 Cornmarket Street, Oxford, OX1 3HJ.

The principal activity is that of a holding company.

The financial statements are prepared in US dollars, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest \$. The rate used at 31 December was \$1.23570 to £1 (2015: \$1.4833 to £1).

The prior accounting period was for the period from incorporation to the group's year end and therefore is shorter than the current accounting period.

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 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 Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

These financial statements have been prepared on a going concern basis.

IPAT HOLDINGS ACQUISITION LIMITED

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

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 Group 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 Group 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.

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	5 years
Patents	-	4 - 5 years

2.6 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.

IPAT HOLDINGS ACQUISITION LIMITED

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

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

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:

Computer equipment	-	25% straight line
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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 Consolidated Statement of Comprehensive Income.

2.7 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.9 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.

2.10 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

IPAT HOLDINGS ACQUISITION LIMITED

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

2. Accounting policies (continued)

2.11 Financial instruments

The Group 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 Consolidated 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 Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

2.12 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.

IPAT HOLDINGS ACQUISITION LIMITED

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

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD.

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 Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Dollars at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.14 Finance costs

Finance costs are charged to the Consolidated 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.

2.15 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

IPAT HOLDINGS ACQUISITION LIMITED

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

2. Accounting policies (continued)

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet 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 Balance Sheet.

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated 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 and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 balance sheet date.

2.18 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

IPAT HOLDINGS ACQUISITION LIMITED

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

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

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgments, estimates and assumptions are based on the best and most reliable evidence at the time when the decisions are made, and based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgments, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects both current and future periods.

Critical judgments in applying the company's accounting policies

The critical judgments that the directors have made in the process of applying the company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Amortisation of intangibles

The company amortises its intangible assets over their estimated useful live of 4-5 years which is based upon the judgement applied for the performance of the intangible asset.

Impairment of investments and intangibles

Impairment testing is carried out for all investments at the period end date or where there is an indication that impairment exists. For the purposes of impairment testing, the carrying amounts of the investments are reviewed and an impairment loss is recognised where the carrying amounts exceed the assets' recoverable amount.

Determining residual values and useful economic lives of fixed assets

The company depreciate tangible assets over their estimate useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

4. Turnover

An analysis of turnover by class of business is as follows:

	Year ended 31 December 2016 \$	Period ended 31 December 2015 \$
Rendering of services	854,056	55,205

All turnover arose within the United Kingdom.

IPAT HOLDINGS ACQUISITION LIMITED

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

5. Operating loss

The operating loss is stated after charging:

	Year ended 31 December 2016 \$	Period ended 31 December 2015 \$
Depreciation of tangible fixed assets	4,152	-
Amortisation of intangible assets, including goodwill	569,806	96,732
Exchange differences	(18,846)	(7,390)
Other operating lease rentals	51,150	-
	<u>51,150</u>	<u>-</u>

6. Auditor's remuneration

	Year ended 31 December 2016 \$	Period ended 31 December 2015 \$
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	15,476	9,713
	<u>15,476</u>	<u>9,713</u>
Fees payable to the Group's auditor in respect of:		
All other services	14,803	16,437
	<u>14,803</u>	<u>16,437</u>

7. Employees

The average monthly number of employees, including the directors, during the year was as follows:

Year ended 31 December 2016 No.	Period ended 31 December 2015 No.
4	-
<u>4</u>	<u>-</u>

The average monthly number of employees of the Company, including directors, during the year was nil (2015: nil).

IPAT HOLDINGS ACQUISITION LIMITED

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

8. Key management personnel

The key management personnel is considered to be the Board of Directors. The directors received no remuneration in the year (2015: £nil).

9. Interest receivable

	Year ended 31 December 2016 \$	Period ended 31 December 2015 \$
Other interest receivable	278	31

10. Interest payable and similar charges

	Year ended 31 December 2016 \$	Period ended 31 December 2015 \$
Other loan interest payable	78,750	-

11. Taxation

	Year ended 31 December 2016 \$	Period ended 31 December 2015 \$
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	6,133	(4,459)
Total deferred tax	6,133	(4,459)
Taxation on profit/(loss) on ordinary activities	6,133	(4,459)

IPAT HOLDINGS ACQUISITION LIMITED

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

11. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	Year ended 31 December 2016 \$	Period ended 31 December 2015 \$
Loss on ordinary activities before tax	(545,422)	(91,557)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	(109,084)	(18,311)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	75,086	10,450
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6,396	3,402
Adjustment to deferred tax	3,724	-
Deferred tax not recognised	30,011	-
Total tax charge for the year/period	6,133	(4,459)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Exceptional items

	31 December 2016 \$	Period ended 31 December 2015 \$
Impairment of intangible assets	35,579	-

IPAT HOLDINGS ACQUISITION LIMITED

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

13. Intangible assets

Group

	Patents \$	Goodwill \$	Total \$
Cost			
At 1 January 2016	1,055,730	1,877,156	2,932,886
Foreign exchange movement	(176,228)	-	(176,228)
At 31 December 2016	879,502	1,877,156	2,756,658
Amortisation			
At 1 January 2016	123,169	62,572	185,741
Charge for the year	194,375	375,431	569,806
Impairment charge	35,579	-	35,579
Foreign exchange movement	(39,365)	-	(39,365)
At 31 December 2016	313,758	438,003	751,761
Net book value			
At 31 December 2016	565,744	1,439,153	2,004,897
At 31 December 2015	932,561	1,814,584	2,747,145

Amortisation charged during the year has been included within administrative expenses and impairment has been disclosed separately on the face of the Statement of Comprehensive Income.

IPAT HOLDINGS ACQUISITION LIMITED

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

14. Tangible fixed assets

Group

	Computer equipment \$
Cost or valuation	
Additions	15,249
At 31 December 2016	<u>15,249</u>
Depreciation	
Charge for the year on owned assets	4,512
Foreign exchange movement	(700)
At 31 December 2016	<u>3,812</u>
Net book value	
At 31 December 2016	<u>11,437</u>
At 31 December 2015	<u>-</u>

IPAT HOLDINGS ACQUISITION LIMITED

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

15. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
IPAT Holdings Limited	United Kingdom	Ordinary	100 %	Distributor of 16pf assessments
Clover Ventures Limited	United Kingdom	Ordinary	100 %	Supplier of career assessments

Name	Registered office
IPAT Holdings Limited	Clarendon Business Centre, Clarendon House, 52 Cornmarket Street, Oxford, OX1 3HJ
Clover Ventures Limited	Clarendon Business Centre, Clarendon House, 52 Cornmarket Street, Oxford, OX1 3HJ

The aggregate of the share capital and reserves as at 31 December 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
IPAT Holdings Limited	966,973	(8,531,482)
Clover Ventures Limited	(155,065)	(40,801)
	<u>811,908</u>	<u>(8,572,283)</u>

Following the year end, Clover Ventures Limited has become dormant and no longer carries out the principal activity stated above.

IPAT HOLDINGS ACQUISITION LIMITED

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

15. Fixed asset investments (continued)

Company

	Investments in subsidiary companies \$
Cost or valuation	
At 1 January 2016	3,202,859
At 31 December 2016	3,202,859
Impairment	
Impairment	100
At 31 December 2016	100
Net book value	
At 31 December 2016	3,202,759
At 31 December 2015	3,202,859

IPAT HOLDINGS ACQUISITION LIMITED

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

16. Debtors

	Group 2016 \$	Group 2015 \$	Company 2016 \$	Company 2015 \$
Amounts owed by group undertakings	2,819,616	53,446	2,660,000	-
Other debtors	66,864	27,788	-	-
Prepayments and accrued income	5,947	-	-	-
Deferred taxation	-	4,425	-	-
	<u>2,892,427</u>	<u>85,659</u>	<u>2,660,000</u>	<u>-</u>

The amounts owed by group undertakings are interest free and recoverable upon demand.

17. Current asset investments

	Group 2016 \$	Group 2015 \$	Company 2016 \$	Company 2015 \$
Shares in group undertakings	-	16,360,000	-	16,360,000

18. Cash and cash equivalents

	Group 2016 \$	Group 2015 \$	Company 2016 \$	Company 2015 \$
Cash at bank and in hand	<u>261,905</u>	<u>377,515</u>	<u>-</u>	<u>-</u>

19. Creditors: Amounts falling due within one year

	Group 2016 \$	Group 2015 \$	Company 2016 \$	Company 2015 \$
Trade creditors	14,178	33,762	-	-
Amounts owed to group undertakings	4,018	16,504,823	-	16,500,000
Other creditors	20,609	19,132	-	-
Accruals and deferred income	27,487	26,646	-	-
	<u>66,292</u>	<u>16,584,363</u>	<u>-</u>	<u>16,500,000</u>

The amounts owed to group undertakings are interest free and repayable upon demand.

IPAT HOLDINGS ACQUISITION LIMITED

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

20. Creditors: Amounts falling due after more than one year

	Group 2016 \$	Group 2015 \$	Company 2016 \$	Company 2015 \$
Amounts owed to group undertakings	2,878,750	-	2,878,750	-

Included in amounts owed by group undertakings is \$2,800,000 with interest charged at 3.75% per annum and repayable on 1 November 2025.

21. Deferred taxation

Group

	2016 \$	2015 \$
At beginning of year	4,425	-
Charged to profit or loss	(6,543)	4,425
At end of year	(2,118)	4,425

	Group 2016 \$	Group 2015 \$
Accelerated capital allowances	(2,118)	-
Tax losses carried forward	-	4,425
	(2,118)	4,425

IPAT HOLDINGS ACQUISITION LIMITED

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

22. Financial instruments

	Group 2016 \$	Group 2015 \$	Company 2016 \$	Company 2015 \$
Financial assets				
Financial assets measured at fair value through profit or loss	261,905	377,515	-	-
Financial assets that are debt instruments measured at amortised cost	2,886,480	16,441,235	2,660,000	-
	<u>3,148,385</u>	<u>16,818,750</u>	<u>2,660,000</u>	<u>-</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(2,945,042)	(16,584,363)	(2,878,750)	(16,500,000)
	<u>(2,945,042)</u>	<u>(16,584,363)</u>	<u>(2,878,750)</u>	<u>(16,500,000)</u>

Financial assets that are debt instruments measured at amortised cost comprise intercompany and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, intercompany and other creditors and accruals.

23. Share capital

	2016 \$	2015 \$
Shares classified as equity		
Allotted, called up and fully paid		
2,004,961 Ordinary shares of \$1.52764 each	<u>3,062,859</u>	<u>3,062,859</u>

The ordinary shares carry one voting right per share and no right to fixed income.

24. Reserves

Profit and loss account

This reserve represents the cumulative profits and losses of the company after the payment of dividends.

IPAT HOLDINGS ACQUISITION LIMITED

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

25. Commitments under operating leases

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

	Group 2016 \$	Group 2015 \$	Company 2016 \$	Company 2015 \$
Not later than 1 year	39,222	-	-	-

26. Related party transactions

The company has taken advantage of the exemption available in accordance within Section 33 of FRS 102 'Related party disclosures' not to disclose transactions entered into between two or more members of the group that are wholly owned.

27. Controlling party

The ultimate controlling party is Performance Assessment Network, Inc., a company incorporated in the USA. Its registered address is Suite 200, 11590 North Meridian Street, Carmel, Indiana.