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# Directors' report and financial statements

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## **VE Global UK Ltd**

For the year ended: 31 December 2019

Company registration number: 10706696

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**VE GLOBAL UK LTD**

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**COMPANY INFORMATION**

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<b>Directors</b>	C Delamain (resigned 27 May 2020) J W F Wearne (appointed 28 May 2020)
<b>Registered number</b>	10706696
<b>Registered office</b>	7 Bell Yard London WC2A 2JR
<b>Independent auditors</b>	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Pennant House 1-2 Napier Court Reading RG1 8BW

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**VE GLOBAL UK LTD**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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The director presents his strategic report for the year ended 31 December 2019.

**Business review**

The principal activity of the Company during the year was the development of its proprietary software platform, Ve Platform and resultant service delivery focusing on online efficiency, digital consultancy and digital advertising.

The Company has two revenue streams:

**Software:**

Revenues generated primarily through success-based fees (% of sale value) achieved through demonstrable added value to customers through the customers use of internally developed software solutions: Digital Assistant and Remarketing.

**Digital advertising including:**

Programmatic Display Advertising - Powerful, sophisticated and efficient prospecting and retargeting campaigns drive high intent website traffic from new and existing audiences.

Programmatic Video Advertising - Dynamic, interactive and engaging brand awareness and retargeting campaigns that spark interest and action from new and existing audiences.

Revenue for year ended 31st December 2019 is £4.1m (2018 - £8.9m) with a gross margin of 64.2% (2018 - 51.8%) and an operating loss before exceptional items and impairment losses of £9.3m (2018 - £10.8m). The loss before tax of the Company is £11.1m (2018 - £18.1m) which includes net exceptional costs and impairment losses amounting to £1.2m (2018 - £6.8m).

**Future Developments**

Ve will continue to pursue its two main sources of revenue, in October 2019 it launched Digital Assistant 2.0 and 2.1 will follow within a short time frame.

The Group continues to rationalise its operations and look for efficiencies wherever possible, this may involve the closure of offices in the future or the creation of regional hubs, as appropriate.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Principal risks and uncertainties**

The director assesses the risks and uncertainties facing the business on a regular basis with principal risks identified as follows:

**(i) Competition risks**

Developments in technology and a constantly evolving programmatic advertising market provides new challenges and competition.

The Company mitigates these risks by:

- seeking continuous customer feedback on product performance and making enhancements to channel its Research & Development efforts; and
- building strong customer relationships with clients.

**(ii) Cyber security, regulation and resilience**

Changes to regulation or legislation could impact the Company.

The company mitigates these risks by:

- having teams, systems and processes to mitigate cyber threats
- having up to date policies in place to ensure effective data management and processing of customer data, in accordance with GDPR, including monitoring of business changes taking place through integration and acquisition.

**(iii) Compliance with General Data Protection Regulation (GDPR)**

Non-compliance with GDPR laws could result in the Company having to pay hefty fines, incurring damage to its reputation and potential loss of customers. The Company has mitigated this risk as follows:

- The Company undertook a comprehensive Group wide review of all information management systems including their governance methodologies prior to GDPR laws taking effect;
- The Company completed comprehensive Data Privacy and Awareness Training to staff at all levels and this is supported on an ongoing basis with alignment of security policy and best practice across the Company focused on embedding data privacy by design where appropriate. This has resulted in an increased focus on a "security by design" approach in all aspects of product design and use of shared technologies across the Company; and
- The Company completed a review of the contractual terms in place with all relevant parties and executed a unilateral set of terms ensuring compliance with the General Data Protection Regulation and the local variants of the Regulation in the relevant territories.

**(iv) Revenue concentration**

There is a risk of loss of significant programmatic advertising contracts to a competitor or in-house teams as the clients try to retain control of the media trading internally. In the past, the business had experienced the loss of a number of big advertising contracts which represented a large percentage of the UK advertising revenue.

As the business has expanded, there is now less reliance on the top 10 customers.

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Financial risk management and policies**

**(i) Credit risk**

The Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables.

The Company manages its exposure to credit risk by application of credit checking, credit limits and monitoring procedures on an ongoing basis.

From June 2018, the Company has an invoice discounting facility with Breal Zeta in the UK for £1,500k. On 8 November 2019 the facility was reduced to £600k. At present the group utilises £500k of this facility. In 2019 the group has moved the invoicing for more of its larger customers to the UK entity to enable it to obtain additional funding through Breal Zeta facility.

**(ii) Liquidity risk**

There is a risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Since Ve Global UK Limited is a relatively new entity and has not yet achieved profitability, it has limited access to credit from banks and financial institutions. As a result, the Company is currently reliant on financing from shareholders for mid-term financing.

**Exchange Rate risk**

As the company trades, and holds balances in, various currencies foreign exchange rates pose a risk to the company. This is compounded by the ongoing uncertainty around the impact of the decision for the UK to leave the EU.

The company manages its exposure to foreign exchange risk by aligning revenues received in foreign currency with expenditure in the same currency and by earmarking balances held in foreign currencies for that purpose.

**Coronavirus**

At the date of approval of the annual report and financial statements there remains considerable uncertainty in relation to the future impact that the Coronavirus pandemic will have on the Global economy, and on VE Global in particular. The Board's view is that the principal risk of the Coronavirus crisis to the Company is that a significant number of customers stop, or severely delay, payments to the Company. The Board has, therefore, taken immediate measures which will conserve cash resources for the Company and it is monitoring the emerging situation closely on a day to day basis. The Board has a range of significant further mitigating actions that can be taken in order to fully maintain the Company's operating capabilities and to enable it to meet its future liabilities as they fall due. The potential impacts of the Coronavirus crisis are set out in more detail in note 28 of the financial statements.

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

  
**JWF Wearne**  
Director

Date:

12/5/21

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their report and the financial statements for the year ended 31 December 2019.

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, the Directors' report and the 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 101 'Reduced Disclosure Framework'. 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 of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Results and dividends**

The loss for the year, after taxation, amounted to £10,379,843 (2018 - loss £17,370,405).

No dividend were proposed or paid during the year.

**Director**

The director who served during the year was:

C Delamain (resigned 27 May 2020)

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Going concern**

The Company is dependent on financial support from Ve Global Limited ("the Parent") to continue to be able to pay its debts as and when they fall due for payment for at least 12 months from the date of signing these financial statements.

The Parent has historically provided financial support to the Company as and when required. This financial support includes providing additional funding as well as agreeing not to call for repayment amounts owed by the Company to the Parent until such time as the Company is in a financial position to do so without causing itself undue hardship. The Director believes that the Parent, with access to shareholders' funding ("Group funding"), will be able to continue to provide financial support to the Company to enable it to pay its debts as they fall due for the foreseeable future. Group funding includes the issue in December 2020 of £3m of Loan Note instruments in Ve Global UK Limited, the timing of receipt of which is uncertain. At the date of signing these accounts, £0.15m remains committed but unpaid, and a further amount of £0.15m which is not yet committed. The director is confident, however, that the Group will soon be in receipt of such funding. After considering the above matters, the financial statements have been prepared on a going concern basis.

The financial statements do not include any adjustments should the going concern basis be inappropriate. However, given the nature of the requirement of the Parent to receive the funding as described above the director recognises that the receipt of the funds represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

**Future developments**

Future developments are detailed in the strategic report.

**Research and development activities**

The company continually invests in the improvement and development of its proprietary software platform.

**Disclosure of information to auditors**

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's auditors are 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's auditors are aware of that information.

**Post balance sheet events**

As referred to in page 3 of the Strategic Report, there is considerable uncertainty around the possible impacts of the Coronavirus on both the Company and the entire Global economy. The potential impacts of the Coronavirus and the mitigating actions being taken are set out in more detail in note 28 of the Financial Statements.



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**VE GLOBAL UK LTD**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Auditors**

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

*Jack Wearne*

**J W F Wearne**  
Director

Date: 12/5/21

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VE GLOBAL UK LTD

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**Opinion**

We have audited the financial statements of Ve Global UK Ltd (the 'Company') for the year ended 31 December 2019, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material uncertainty related to going concern**

We draw attention to note 2.3 in the financial statements, which indicates that the group for which Ve Global UK is a member is reliant on financial support from its Shareholders. Such financial support includes the issue of £3m of Loan Note instruments in Ve Global UK Limited, the timing of receipt of which is uncertain. As stated in note 2.3, these events or conditions, along with the other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VE GLOBAL UK LTD (CONTINUED)**

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**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the 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 Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VE GLOBAL UK LTD (CONTINUED)

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**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

**Use of our report**

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 Auditors' 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.

*MHA MacIntyre Hudson*

Jason Mitchell MBA BSc FCA (Senior statutory auditor)

for and on behalf of  
**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

Pennant House  
1-2 Napier Court  
Reading  
RG1 8BW

Date: 13 May 2021

VE GLOBAL UK LTD

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	4	4,102,390	8,889,186
Cost of sales		(1,467,956)	(4,283,939)
<b>Gross profit</b>		<b>2,634,434</b>	<b>4,605,247</b>
Administrative expenses		(13,543,355)	(18,489,647)
Exceptional administrative expenses	5	-	(2,276,500)
Other operating income	6	1,606,625	3,101,533
Net impairment losses on financial assets	7	(1,186,255)	(4,523,270)
<b>Operating loss</b>	8	<b>(10,488,551)</b>	<b>(17,582,637)</b>
Interest receivable and similar income		1,877	-
Interest payable and expenses	12	(631,016)	(551,168)
<b>Loss before tax</b>		<b>(11,117,690)</b>	<b>(18,133,805)</b>
Tax on loss	13	737,847	763,400
<b>Loss for the financial year</b>		<b>(10,379,843)</b>	<b>(17,370,405)</b>

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 13 to 39 form part of these financial statements.

**VE GLOBAL UK LTD**  
**REGISTERED NUMBER: 10706696**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Negative goodwill	15	(2,852,598)	(3,708,377)
Other intangible assets	14	1,571,491	2,250,786
Tangible assets	16	8,433	19,832
		<u>(1,272,674)</u>	<u>(1,437,759)</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	18	112,114	14,389
Debtors: amounts falling due within one year	18	12,042,244	4,482,214
Cash at bank and in hand		1,528,645	198,380
		<u>13,683,003</u>	<u>4,694,983</u>
Creditors: amounts falling due within one year	19	(38,694,784)	(19,770,079)
<b>Net current liabilities</b>		<u>(25,011,781)</u>	<u>(15,075,096)</u>
<b>Total assets less current liabilities</b>		<u>(26,284,455)</u>	<u>(16,512,855)</u>
Creditors: amounts falling due after more than one year	20	(3,649,460)	(3,041,217)
<b>Net liabilities</b>		<u>(29,933,915)</u>	<u>(19,554,072)</u>
<b>Capital and reserves</b>			
Called up share capital	23	2,314	2,314
Share premium account	24	8,998,500	8,998,500
Other reserves	24	1,850,540	2,458,784
Profit and loss account	24	(40,785,269)	(31,013,670)
		<u>(29,933,915)</u>	<u>(19,554,072)</u>

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

*Jack Wearne*

**J W F Wearne**  
Director

Date: 12/5/21

The notes on pages 13 to 39 form part of these financial statements.

VE GLOBAL UK LTD

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
<b>At 1 January 2018</b>	<b>2,314</b>	<b>8,998,500</b>	<b>3,274,488</b>	<b>(14,458,969)</b>	<b>(2,183,667)</b>
Loss for the year	-	-	-	(17,370,405)	(17,370,405)
Unwinding of discounted deferred consideration	-	-	(28,860)	28,860	-
Unwinding of discounted shareholder loans	-	-	(786,844)	786,844	-
<b>At 1 January 2019</b>	<b>2,314</b>	<b>8,998,500</b>	<b>2,458,784</b>	<b>(31,013,670)</b>	<b>(19,554,072)</b>
Loss for the year	-	-	-	(10,379,843)	(10,379,843)
Unwinding of discounted shareholder loans	-	-	(608,244)	608,244	-
<b>At 31 December 2019</b>	<b>2,314</b>	<b>8,998,500</b>	<b>1,850,540</b>	<b>(40,785,269)</b>	<b>(29,933,915)</b>

The notes on pages 13 to 39 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. General information**

Ve Global UK Limited is a private company, limited by shares, incorporated in England and Wales. The company registered number and registered office address can both be found on the Company Information page.

The principal activity of the Ve Global UK Ltd is included in the strategic 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 Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The company has taken advantage of the exception under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Ve Global Limited. The results of Ve Global Limited are included in the consolidated financial statements of Ve Global Limited which are available from 7 Bell Yard, London, England, WC2A 2JR.

The following principal accounting policies have been applied:



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.2 Financial reporting standard 101 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.3 Going concern**

The Company made a loss of £10,379,843 for the year ended 31 December 2019 and had net liabilities of £29,933,915 at 31 December 2019.

The Company is dependent on financial support from Ve Global Limited ("the Parent") to continue to be able to pay its debts as and when they fall due for payment for at least 12 months from the date of signing these financial statements.

The Parent has historically provided financial support to the Company as and when required. This financial support includes providing additional funding as well as agreeing not to call for repayment amounts owed by the Company to the Parent until such time as the Company is in a financial position to do so without causing itself undue hardship. The Director believes that the Parent, with access to shareholders' funding ("Group funding"), will be able to continue to provide financial support to the Company to enable it to pay its debts as they fall due for the foreseeable future. Group funding includes the issue in December 2020 of £3m of Loan Note instruments in Ve Global UK Limited, the timing of receipt of which is uncertain. At the date of signing these accounts, £150k remains committed but unpaid, and a further amount of £150k which is not yet committed. The director is confident, however, that the Group will soon be in receipt of such funding. After considering the above matters, the financial statements have been prepared on a going concern basis.

The financial statements do not include any adjustments should the going concern basis be inappropriate. However, given the nature of the requirement of the Parent to receive the funding as described above the director recognises that the receipt of the funds represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The potential impacts of the Coronavirus crisis are set out in more detail in note 28 of the financial statements.

**2.4 Impact of new and future international reporting standards, amendments and interpretations**

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- IFRS 16 Leases (effective 1 January 2019)
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment (effective 1 January 2019)
- Annual Improvements to IFRS Standards 2015-2017 Cycle (effective 1 January 2019)

IFRS 16 Leases is a new accounting standard effective for accounting periods beginning 1 January 2019. The Company has elected to use the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16.

These standards have not had a material impact on the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.5 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.

Exchange differences on the translation of unsettled monetary assets and liabilities are recognised immediately in the Statement of comprehensive income.

**2.6 Revenue**

Ve generates revenue primarily from the provision of conversion enhancing technology (software) and digital advertising services to online businesses.

*Software*

Revenue is priced by fixed fees or on a cost per acquisition ("CPA") basis. Revenue is recognised at the point when services are delivered, or when the acquisition is made, and therefore, for any given period, includes invoiced revenue relating to that period and accrued revenue generated in that period when subsequent invoicing and realisation of income is expected.

*Digital advertising*

Revenue is priced on a cost per acquisition ("CPA") basis or by using a cost per mile (thousand) ("CPM") model. Revenue is recognised at the point when the acquisition is made or when a 'mile' (thousand impressions) is made, and therefore, for any given period, includes invoiced revenue relating to that period and accrued revenue generated in that period when subsequent invoicing and realisation of income is expected. Specifically for travel customers, the service is delivered either at the date of booking or at the date of consumption depending on contractual terms agreed with end users.

Revenue is stated net of discounts and rebates and excludes value added tax.

Revenue is invoiced to customers either directly or through agencies or affiliate networks. For the majority of CPA revenue and, in particular, revenue generated through affiliate networks, there is a period after the date of the transaction until the revenue is invoiced. This is typically due to return periods for online purchases and time taken for affiliate networks to allocate transactions. This gives rise to an accrued revenue balance, net of any expected returns, at the reporting date, representing revenue earned by the Company but not yet invoiced.

Expected returns are based on past experience of individual customers using a historic percentage for the typical level of returns and cancellations.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.7 Leases**

**The Company as a lessee**

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Balance sheet.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

**Leases under IAS 17**

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

Leases are classified as finance leases where the term of the lease transfer, substantially, all the risks and rewards of ownership to the company. Any other leases are treated as operating leases.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.8 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**2.9 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.10 Finance costs**

Finance costs are charged to profit or loss 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.

**2.11 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.13 Taxation**

Any tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit, and is accounted for using the balance sheet liability method. If it is probable that taxable profits will be available against which deductible temporary differences can be utilised, a deferred tax asset is recognised.

The carrying value of deferred tax assets is reviewed at each financial year end and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period where the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to the Income Statement, unless it relates to items charged or credited directly to equity, in which case the deferred tax is also charged or credited to equity.

**2.14 Exceptional items**

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

**2.15 Goodwill**

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Positive purchased goodwill is capitalised, classified as an asset on the balance sheet.

When the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is greater than the consideration paid, negative goodwill is recognised and capitalised in Intangible assets. Amortisation of negative goodwill is recognised through the income statement over a period of 6 years.

Positive goodwill is annually tested for impairment and carried at cost less accumulated impairment losses. Any impairment charge is recognised in administrative expenses within the income statement in the year in which it occurs. Impairment losses on goodwill are not reversed.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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2. Accounting policies (continued)

2.16 Intangible assets

*i) Customer relationships*

Customer Relationships acquired in a business combination transaction are initially recognised at fair value (deemed cost) and subsequently at cost less accumulated amortisation and impairment losses. The Company generates software and digital advertising revenues from the existing customer base for the foreseeable future.

Customer relationships are amortised over their estimated useful lives of six years. Amortisation is charged to administrative expense in the income statement.

*ii) Marketing domain name and patents*

The Company's right to use ve.com domain name has been identified as a marketing-related intangible asset. Domain name is initially recognised at fair value and subsequently at cost less accumulated amortisation and impairment losses.

Patents for Ve software were purchased during the period.

Domain name and patents are amortised over their estimated useful life of eight years. Amortisation is charged to administrative expense in the income statement.

*iii) Technology based software*

Software assets are recognised at cost at inception and subsequently at cost less accumulated amortisation and impairment losses. The costs relate to HR and accountancy package software acquired by the company.

Software is amortised over their estimated useful lives of eight years. Amortisation is charged to administrative expenses in the income statement.

2.17 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	- 5 years
Computer equipment	- 3 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 profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.18 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 ("CGU") 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.

**2.19 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.20 Provision 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 comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle this obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.21 Financial instruments**

**Financial assets, loans and receivables**

Following the introduction of IFRS15, the assets generated from goods or services transferred to customers are now presented as either receivables or contract assets. The assessment of impairment of receivables from 4 April 2017 is in accordance with IFRS 9 'Financial Instruments'. The company does not have any contract assets.

All cash flows from customers are solely payments of principal and interest, and do not contain a significant financing component. Financial assets generated from all of the company's revenue streams are therefore initially measured at their fair value, which is considered to be their transaction price (as defined in IFRS 15) and are subsequently remeasured at amortised cost.

Under IFRS 9, the company will now recognise a loss allowance for expected credit losses (ECL) on financial assets subsequently measured at amortised cost using the 'simplified approach'. Individually significant balances are reviewed separately for impairment based on credit terms agreed with the customer. Other balances are assessed into credit risk categories and reviewed in aggregate.

Trade receivable and cash at bank and in hand are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are initially recorded at fair value net of transaction costs, being invoiced less any provisional estimate for impairment should be necessary due to a loss event. Trade receivables are subsequently remeasured at invoiced value, less an updated provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Cash and cash equivalents include cash at bank and in hand and bank deposits available with no notice or less than three months' notice from inception that are subject to an insignificant risk of changes in value. Bank overdrafts are presented as current liabilities to the extent that there is no right to offset with cash balances.

Following initial recognition, financial assets are subsequently remeasured at amortised cost using the effective interest method.

**Financial liabilities**

The company's financial liabilities are overdrafts, trade and other payables including accrued expenses, and amounts owed to group companies and the invoice discounting facility.

All interest related charges are recognised as an expense in 'Interest payable and similar charges' in the income statement.

Bank and other borrowings are initially recognised at fair value net of transaction costs. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised respectively in finance income and finance costs. Borrowing costs are recognised as an expense in the period in which they are incurred.

Trade payables on normal terms are not interest bearing and are stated at their fair value on initial recognition and subsequently at amortised cost.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**Financial instruments (continued)**

**Trade and other receivables**

The company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The company assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on days past due. Refer to Note 18 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

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

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. In the opinion of the director, there are no matters subject to judgements and estimates where there is a significant risk of a material adjustment to the carrying value of assets and liabilities within the next financial year. The director and management have applied the following significant estimates in preparing these financial statements:

***i) Goodwill***

The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement. Negative goodwill was recognised on the business combination during the previous period, capitalised on balance sheet and amortised over time.

***ii) Valuation at fair value of assets and liabilities acquired***

Management has had to apply estimation in determining the fair value of opening assets and liabilities acquired. Intangible assets and trade debtors have been assessed at their fair values. Fair values of intangible assets have been determined using various different valuation models and applying key assumptions over future cash flows, the useful economic lives of the assets and discount rates. Fair values of trade receivables have been determined based on the recoverable values of the receivables and expected default rates. Fair values of any liabilities have been determined by testing them for completeness.

***iii) Amortisation of intangible assets***

Management has had to apply judgement in estimating the useful economic lives of the intangible assets. The useful economic life of each intangible has been estimated after taking into consideration pace of technological change in the sector, net present value of economic benefits derived from the asset and the Company's operating history.

***iv) Provisions subject to the future outcome of litigations in progress***

Over the course of the period, management has applied judgement in assessing whether it is probable if the company will incur liabilities for future litigation and settlement claim agreements entered into by the company with various employees.

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VE GLOBAL UK LTD

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**4. Turnover**

The whole of the turnover is attributable to the provision of services relating to performance obligations satisfied from contracts with customers, the principal activity of the company.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	2,496,748	5,943,584
Rest of Europe	1,392,028	2,639,072
Rest of the world	213,614	306,530
	<u>4,102,390</u>	<u>8,889,186</u>

**5. Exceptional administrative expenses**

	2019 £	2018 £
Impairment of intangible assets	-	2,276,500
	<u>-</u>	<u>2,276,500</u>

**6. Other operating income**

	2019 £	2018 £
Management and direct cost recharges to related parties	1,534,070	3,093,535
Third party costs recharges	3,536	4,349
Profit on disposal of intangible assets	1,754	3,649
Foreign exchange gain	67,265	-
	<u>1,606,625</u>	<u>3,101,533</u>

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VE GLOBAL UK LTD

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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7. Net impairment losses on financial assets

	2019 £	2018 £
Impairment provision against related party receivables	1,121,550	4,593,101
Impairment provision against third party receivables	64,705	(69,831)
	<u>1,186,255</u>	<u>4,523,270</u>

8. Operating loss

The operating loss is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	11,399	61,313
Amortisation of goodwill	(855,779)	(855,779)
Impairment of intangible assets	679,295	74,370
Exchange differences	(28,437)	131,990
Defined contribution pension cost	80,537	72,627
	<u>-</u>	<u>-</u>

9. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>79,462</u>	<u>60,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**10. Employees**

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	4,551,931	5,605,765
Social security costs	587,572	746,165
Cost of defined contribution scheme	80,537	72,627
	<u>5,220,040</u>	<u>6,424,557</u>

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

	2019 No.	2018 No.
Operations	47	65
Administration	24	20
Management	1	2
	<u>72</u>	<u>87</u>

**11. Directors' remuneration**

	2019 £	2018 £
Directors' emoluments and fees	166,342	23,398
Amounts paid to third parties in respect of directors' services	113,332	291,822
	<u>279,674</u>	<u>315,220</u>

During the year 0 (2018: 0) directors received benefits under a defined contribution pension scheme.

During the period ended 31 December 2019, consultancy fees of £113,332 were paid to D Marrinan-Hayes. These are included in directors remuneration on the basis they are payment for services in his capacity as director.

During the period ended 31 December 2018, consultancy fees of £199,992 and £91,830 were paid to D Marrinan-Hayes and M Tonnesen respectively and are included in directors remuneration on the basis they are payment for services in their capacity as director.

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VE GLOBAL UK LTD

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**12. Interest payable and similar expenses**

	2019 £	2018 £
Other loan interest payable	611,674	551,168
Other interest payable	19,342	-
Interest payable by branches	<u>631,016</u>	<u>551,168</u>

**13. Taxation**

	2019 £	2018 £
<b>Corporation tax</b>		
Adjustments in respect of previous periods	(737,847)	(763,400)
	<u>(737,847)</u>	<u>(763,400)</u>
<b>Total current tax</b>	<u>(737,847)</u>	<u>(763,400)</u>
<b>Deferred tax</b>		
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Taxation on loss on ordinary activities</b>	<u>(737,847)</u>	<u>(763,400)</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

13. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	(11,117,690)	(18,133,805)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(2,112,361)	(3,445,423)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	506,599	1,402,087
Non-taxable income	(162,598)	(162,598)
Research and development tax credit	(737,847)	(763,400)
Deferred tax not recognised	1,768,360	2,205,934
<b>Total tax charge for the year</b>	<b>(737,847)</b>	<b>(763,400)</b>

Factors that may affect future tax charges

A reduction to the UK corporation tax rate down from 19% to 17% was announced in the 2016 Budget and enacted on 15 September 2016 (to be effective from 1 April 2020). However, in the 2020 Budget it was announced that this reduction in rate would be reversed with 19% being maintained from 1 April 2020.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

14. Intangible assets

	Domain name & Patents £	Customer relationships £	Computer software £	Total £
<b>Cost</b>				
At 1 January 2019	545,994	1,149,900	3,355,169	5,051,063
At 31 December 2019	545,994	1,149,900	3,355,169	5,051,063
<b>Amortisation</b>				
At 1 January 2019	112,553	371,467	2,316,257	2,800,277
Charge for the year on owned assets	68,249	191,650	419,396	679,295
At 31 December 2019	180,802	563,117	2,735,653	3,479,572
<b>Net book value</b>				
At 31 December 2019	365,192	586,783	619,516	1,571,491
At 31 December 2018	433,441	778,433	1,038,912	2,250,786



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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15. Goodwill

	2019 £
<b>Cost</b>	
At 1 January 2019	(5,134,676)
<b>At 31 December 2019</b>	<b>(5,134,676)</b>
<b>Amortisation</b>	
At 1 January 2019	(1,426,299)
Charge for the year	(855,779)
<b>At 31 December 2019</b>	<b>(2,282,078)</b>
<b>Net book value</b>	
<b>At 31 December 2019</b>	<b>(2,852,598)</b>
<i>At 31 December 2018</i>	<i>(3,708,377)</i>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

16. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2019	37,319	51,868	89,187
At 31 December 2019	37,319	51,868	89,187
<b>Depreciation</b>			
At 1 January 2019	27,340	42,015	69,355
Charge for the year on owned assets	9,335	2,064	11,399
At 31 December 2019	36,675	44,079	80,754
<b>Net book value</b>			
At 31 December 2019	644	7,789	8,433
At 31 December 2018	9,979	9,853	19,832

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**VE GLOBAL UK LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**17. Investments**

Investments in subsidiaries were acquired with the trade and assets of Ve Interactive Limited in April 2017 and were deemed to have a fair value of Nil on acquisition.

The following were direct subsidiary undertakings of the company:

<b>Name</b>	<b>Registered office</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Holding</b>
Aviva Digital Brasil Sociedade Unipessoal LTDA (formerly VE Global Brasil Solucoes Software LTDA)	1	Brazil	Ordinary	100.00%
VE Interactive Nordics AB	2	Sweden	Ordinary	*62.50%
VE Global Iberia SL	3	Spain	Ordinary	100.00%
VE Interactive SRL	4	Romania	Ordinary	100.00%
LLC VE Interactive Russia	5	Russia	Ordinary	95.00%
VE Interactive Dach GmbH	6	Germany	Ordinary	*62.50%
VE Interactive Italia SRL	7	Italy	Ordinary	95.00%
VE Inter.Poland Sp Z.o.o	8	Poland	Ordinary	100.00%
VE Global Benelux B.V	9	Netherlands	Ordinary	100.00%
VE Interactive Ireland	10	Ireland	Ordinary	100.00%
VE Interactive Vietnam Ltd	11	Vietnam	Ordinary	*67.00%
VE Interactive Asia	12	Hong Kong	Ordinary	*67.50%
VE Interactive Pty Ltd	13	Australia	Ordinary	*67.50%
VE Korea Co.Ltd	14	South Korea	Ordinary	*67.50%
VE Japan Co. Ltd	15	Japan	Ordinary	*67.50%
VE Interactive PTE Ltd	16	Singapore	Ordinary	*67.50%
Global Digital Markets Ltd	17	UK	Ordinary	100.00%
Optomaton UG	18	Germany	Ordinary	100.00%
Crave+Lamb Ltd	17	UK	Ordinary	100.00%
Shopomo Ltd	17	UK	Ordinary	100.00%
VE Nominees Ltd	17	UK	Ordinary	100.00%
VE Global Trustees Limited	17	UK	Ordinary	100.00%
VE Interactive Argentina***	20	Argentina	N/A	N/A
VE Interactive MX S DE RL DE CV***	21	Mexico	N/A	N/A

The following were indirect subsidiary undertakings of the company:

<b>Name</b>	<b>Registered office</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Holding</b>
VE Interactive Private Ltd	19	India	Ordinary	**67.50%

\* The parent company, Ve Global Limited, holds the remaining shares in these companies

\*\* The VE Global group holds 99.99% of the shares in this company

\*\*\* Ve Global UK Limited is the beneficial owner of these companies

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Investments (continued)**

The registered address of subsidiary undertakings at 31 December 2019 were as follows;

**Company Registered office address**

- |    |   |
|----|---|
| 1  | Avenida Paulista, 1374-11º andar, Bela Vista - São Paulo / SP-CEP 01310-100 Brazil              |
| 2  | Tegnérsgatan 2B, 113 58 Stockholm, Sweden   |
| 3  | Calle Ayala 27, 6º izquierda, 28001, Madrid, España   |
| 4  | Cluj Business Center, Strada Henri Barbusse Cluj-Napoca 400616, Romania                         |
| 5  | Omega Plaza, 19, ul. Leninskaya Sloboda, 115280 Moscow, Russia                                  |
| 6  | Französische, Straße 47, 10117 Berlin, Germany  |
| 7  | Largo Francesco Richini, 6, 20122 Milano  |
| 8  | ul. Woodyjowskiego 77A, 02-724 Warsaw, Poland   |
| 9  | Postsweg 1, 1057 DT Amsterdam   |
| 10 | Dogpatch Labs, The Chq Building, Custom House Quay, Dublin 1, Ireland                           |
| 11 | Danang City, Vietnam  |
| 12 | 20/F Times Media Center, 133 Wan Chai Road, Hong Kong S.A.R, China                              |
| 13 | Level 16, 1 Market Street, Sydney, NSW 2000, Australia  |
| 14 | Room 930, 22, Seocho-daero 78-gil, Seocho-gu, Seoul, Korea 06621                                |
| 15 | Rock Belay Building 8, 4-7-1 Iidabashi, Chiyoda-ku, 102-0072 Tokyo, Japan                       |
| 16 | The Co Spaces, 75 High Street, Singapore 179435, Singapore                                      |
| 17 | 7 Bell Yard, London, England, WC2A 2JR  |
| 18 | Amselstr. 70, 41363 Jüchen, Germany   |
| 19 | Level 18 DLF Cyber City, Building No.5, Tower A, Phase III, Gurgaon 122002, India               |
| 20 | Avda. Leandro N. Alem 734, Piso 5to., Oficina 16, C.A.B.A. (1001), República Argentina          |
| 21 | Lago Zurich 219, Floor 12. Ampliación Granada, Del Miguel Hidalgo. Post Code:11529 CDMX,México. |

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

18. Debtors

	2019 £	2018 £
<b>Due after more than one year</b>		
Deposits	112,114	14,389
	<u>112,114</u>	<u>14,389</u>
	2019 £	2018 £
<b>Due within one year</b>		
Trade debtors	398,487	756,354
Amounts owed by group undertakings	10,130,194	2,048,292
Other debtors	161,349	313,813
Prepayments and accrued income	90,487	134,505
Tax recoverable	739,082	763,400
Contract assets	522,645	465,850
	<u>12,042,244</u>	<u>4,482,214</u>

All amounts are short-term and are generally due for payment in 30 days. The net carrying value of trade receivables is considered a reasonable approximation of fair value. All of the group's trade and other receivables in the comparative periods have been reviewed for indicators of impairment.

Amounts owed by group companies are unsecured, interest free and repayable on demand, and are stated after recognising an impairment provision of £9,627,500 (2018: £8,816,548).

Trade debtors are stated after recognising an impairment provision of £64,474 (2018: £13,363).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

19. Creditors: Amounts falling due within one year

	2019 £	2018 £
Invoice discounting	-	181,016
Trade creditors	908,750	560,949
Amounts owed to group undertakings	35,289,391	17,102,532
Other taxation and social security	191,617	264,999
Other creditors	159,868	143,480
Accruals and deferred income	2,138,024	1,500,594
Contract liabilities	7,134	16,509
	<b>38,694,784</b>	<b>19,770,079</b>

The invoice discounting creditor relates to invoices held in trade debtors totalling £Nil (2018: £330,679).

The invoice discounting facility has a limit of £600,000 and is secured by a fixed and floating charge on the assets of the company.

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

	2019 £	2018 £
Other loans	3,649,460	3,041,217
	<b>3,649,460</b>	<b>3,041,217</b>

The company received £5,500,000 in loans from its shareholders in the period ended 31 December 2017. The loans are interest free provided that the loans are repaid before 26 April 2020. The loans will be subject to 3% interest if not repaid on or before this date which shall be payable annually (on the reducing balance of the loan) in arrears on each repayment date commencing on 26 April 2021 and ending on 26 April 2024.

VE Global performed a valuation of the loans at inception dates (April 2017), which concluded the fair value of the Shareholders' loans to be £2,254,323. The valuation also determined that 20% is a reasonable estimate for the market interest rate to be paid on a similar loan, which was calculated at £608,243 for FY 2019 (2018: £509,402). The difference between the fair value of the loan at inception date and the future liabilities payable of £5,500,000 amounted to £3,245,677. This amount was recognized in 'Other equity' as an equity contribution by the shareholder and is being released to the profit and loss reserve in line with the interest charged each year.

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21. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
<b>Amounts falling due within one year</b>		
Invoice discounting	-	181,016
<b>Amounts falling due 1-2 years</b>		
Shareholder loans	3,649,460	3,041,217
	<u>3,649,460</u>	<u>3,222,233</u>

22. Financial instruments

	2019 £	2018 £
<b>Financial assets</b>		
Financial assets measured at face value through profit or loss	1,528,645	198,380
Financial assets that are debt instruments measured at amortised cost	10,749,927	3,132,848
	<u>12,278,572</u>	<u>3,331,228</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(42,106,614)	(22,483,397)

Financial assets measured at face value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade and other creditors, amounts owed to group undertakings, accruals and the balance on the invoice discounting facility.

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**23. Share capital**

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
231,390 (2018 - 231,390) Ordinary shares of £0.01 each	<u>2,314</u>	<u>2,314</u>

The Ordinary shares have full voting and dividend rights, and right to participate in capital distributions.

**24. Reserves**

**Share premium account**

Share premium represents a capital reserve arising on subscription amounts for ordinary share capital at amounts above the nominal value of the shares.

**Other reserves**

Amounts in other reserves represent the equity contributions relating to the discounting of loans provided to the company on preferential terms.

**Profit and loss account**

All gains and losses are recognised through profit and loss account along with dividend transactions with owners, if any.

**25. Leases**

**Company as a lessee**

The company only enters into short term leases and recognises these costs directly in the Statement of Profit and Loss.

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2019 £
Expenses relating to short-term leases	<u>932,139</u>

At the balance sheet date the company had commitments of £360,000 on short term leases due with one year.

**26. Pension commitments**

At the year end the company had a pension liability of £35,829 (2018: £42,814) included in creditors.



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**27. Commitments under operating leases under IAS 17**

At 31 December 2019 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2019 £	2018 £
Not later than 1 year	-	833,700

The operating lease charge for the year was £Nil (2018: £1,329,037).

**28. Related party transactions**

The company has taken the exceptions available under FRS 101 not to disclose related party transactions between members of a group, provided all entities party to the transaction are wholly owned subsidiaries.

Details of balances held as at 31 December 2019 for related parties not covered by the exception are included below;

**Receivable from subsidiary undertakings**

	2019 £	2018 £
VE Global Brasil Solucoes Software LTDA	24,376	86,012
VE Interactive MX S.DE R.L.DE C.V	157,841	245,748
LLC VE Interactive Russia	520,872	506,723
VE Interactive Italia SRL	484,778	489,091
Divvit AB	-	310,597
	<u>1,187,867</u>	<u>1,638,171</u>

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**Provision on amounts owed by subsidiary undertakings**

	2019 £	2018 £
LLC VE Interactive Russia	14,149	506,723
VE Interactive Italia SRL	(4,313)	413,143
Divvit AB	-	310,597
	<u>9,836</u>	<u>1,230,463</u>

All amounts are unsecured.

The total expense recognised in the income statement relating to bad or doubtful debts for the above companies was £9,836 (2018: £1,154,515).

**29. Post balance sheet events**

On 11 March 2020, the World Health Organisation declared the Coronavirus outbreak (COVID-19) a pandemic. Following this, many countries that the Company operates in entered into varying degrees of government-imposed lockdowns to help contain COVID-19 and to prevent fatalities.

The Directors expect that the most significant impact of this pandemic on the Company will be on customers delaying or not paying for products and services provided by the Company. It is also expected that demand for services could reduce. It is not possible to quantify precisely the potential impacts of this, as disruption to the global economy on this scale has not been seen in recent history.

In order to protect the business, the Directors have taken a number of mitigating actions to ensure that the Company can continue in operation for the foreseeable future. These mitigating actions include the freezing of recruitment and a proportional reduction in staff costs, assisted where possible by government business support schemes. These proactive measures have been implemented so that the Company continues to have sufficient liquidity to meet its obligations as they fall due. The Directors continue to closely monitor the situation and have at their disposal a significant number of further mitigating actions that the Company could take if required to do so.

In view of the current COVID-19 crises, the Directors have also considered the carrying values of the Company's assets due to the potential impact on the future cash flows of the Company's CGUs. They have concluded that the long-term impacts of the COVID-19 do not result in a permanent diminution of value of the assets in the Company's CGUs.

**30. Controlling party**

The immediate and ultimate parent is Ve Global Limited a company incorporated in England and Wales. The registered address of Ve Global Limited is 7 Bell Yard, London, England, WC2A 2JR. There is no individual ultimate controlling party.