
URBAN SCIENCE INTERNATIONAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



URBAN SCIENCE INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors	James Anderson Paul Dillamore Philip Giroux
Company secretary	Rene Hansemann
Registered number	03059485
Registered office	The Blade, 12th Floor Abbey Square Reading RG1 3BE
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1020 Eskdale Road Winnersh Wokingham Berkshire RG41 5TS

URBAN SCIENCE INTERNATIONAL LIMITED

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URBAN SCIENCE INTERNATIONAL LIMITED

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

Introduction

The directors present their Strategic Report for the year ended 31 December 2019.

Principle activities and business review

The principal activity of the Company during the year was the provision of market data analysis services through computer decision support systems and consultancy.

Our organisational re-structure has allowed us to focus on more centralised European deals with our clients. Typically, these larger sales efforts can work to longer lead-times, but we are confident that we are starting to see positive results. Unfortunately, our UK entity has suffered from the loss of two large contracts with our most significant client. These contracts were lost due to the highly competitive nature of the business and the big pressure to cut costs that we are seeing at many of the companies in the automotive sector. This caused us to record a loss of revenue in the year for the UK entity. We have managed our costs accordingly though – reducing headcount and deploying labour on to projects for our other European entities. On the other hand we are encouraged with client reaction to our newest solutions, including MarketView – which we expect to record significant sales of in 2020/2021.

There are two significant ongoing items which could impact the business – Brexit and the ongoing COVID-19 Pandemic. As described in the notes to the Accounts, COVID-19 has had a minimal impact on the business since the balance sheet date, and management does not expect there to be significant future impacts unless there is a severe recurrence and additional “lock downs” of businesses. At this time, the largest operational impact of Brexit on the business is expected to be the potential requirement to move certain data from a data center in the United Kingdom to a separate company owned data center in Europe. This would be an internal process with minimal risk and can be achieved in a short time frame if the final determination is the movement of the data is a requirement.

The Company is a wholly owned subsidiary of Urban Science International Inc. (USI Inc). As such, the Company is reliant upon USI Inc for ongoing support and therefore for its going concern basis.

The directors of the Company have considered the impact of this on the business and are assured that the parent company is a going concern and have a letter of support to confirm this.

URBAN SCIENCE INTERNATIONAL LIMITED

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

Principle risks and financial risk management objectives and policies

The Company uses various financial instruments. These include amounts owed to group / parent companies, cash and other items, such as trade debtors and trade creditors, which arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations. The existence of these financial instruments exposes the Company to a number of financial risks, which are described in more detail below.

The main risks arising from the Company's financial instruments are liquidity risk, interest rate risk, credit risk and concentration on key clients. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Liquidity risk - the Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Interest rate risk - the Company's cash assets and bank borrowings are all held in floating rate accounts. Trade debtors and creditors do not attract interest and are therefore subject to fair value interest rate risk.

Credit risk - the Company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is managed by the Company monitoring the financial position of the counterparties involved. The principal credit risk arises from its trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references.

Risk from concentrating on key clients – the Company has expanded its customer base to ensure that the Company is not reliant on one key client.

Going concern

While the Company has used cash in operations in each of the last two years, a significant portion of this usage has been for redundancy payments as the Company has restructured to meet the changing business performance. As previously stated, management believes we will continue to pursue and win larger centralized deals with clients. This should allow for future revenue and earnings growth, with a cost structure which is mainly fixed as the business grows. The Company has sufficient cash on hand to fund operations for several years at the current level of business performance. Based on the above factors, the directors believe that the Company is well placed to manage its business risks successfully. The directors continue to adopt the going concern basis of accounting in preparing the annual financial statements. The going concern basis of accounting is appropriate as management believes external impacts (Brexit and COVID-19) should have minimal impact on ongoing operations and there are no specific material uncertainties related to business performance that may cast significant doubt about the ability of the Company to continue as a going concern.

Key performance indicators (KPIs)

The directors utilize various KPIs in order to measure the performance of the business against previous periods and plans, including Turnover, Profit and Profit as a % of Turnover.

KPI	2019	2018
Turnover	£5,840,597	£7,211,976
(Loss)/Profit	(£590,633)	£791,747
Profit as a % of turnover	-10.11%	10.98%

URBAN SCIENCE INTERNATIONAL LIMITED

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

This report was approved by the board on 11/10/2020

and signed on its behalf.

Philip Giroux
Philip Giroux
Director

URBAN SCIENCE INTERNATIONAL LIMITED

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

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

Principal activity

The principal activity of the Company during the year was the provision of market data analysis services through computer decision support systems and consultancy.

Results and dividends

The loss for the year, after taxation, amounted to £590,633 (2018 - profit £791,747).

No dividends were declared in 2019 (2018: £Nil).

Directors

The directors who served during the year were:

James Anderson
Paul Dillamore
Philip Giroux (appointed 10 July 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 and 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 judgements 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 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 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.

Matters covered in the Strategic Report

In accordance with s414C(11) of the Companies Act, the directors have disclosed future developments for the Company and financial risk management for the Company in the Strategic Report.

URBAN SCIENCE INTERNATIONAL LIMITED

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

Post balance sheet events

Subsequent to December 31, 2019, the majority of the world has experienced the impact of the COVID-19 pandemic. These impacts include wide-spread stay at home orders except for "essential" business, government mandated shut downs of restaurants, bars and other entertainment and shopping venues, and limited travel via either public transportation or airline travel. The Company mainly provides services to the Automotive sector (both Original Equipment Manufacturers and car dealerships). These clients had the majority of their services shut down for several months prior to being able to re-open for business. Most services provided by the Company continued to be used by clients during the shut-down period. Impacts on existing business from the COVID-19 pandemic have been immaterial, mainly negotiated short term discounts and certain programs originally expected to be sold mid-year have been put on hold as clients assess the impact of COVID-19 on their businesses and look to preserve cash. The Company expects many of these programs to be sold in the latter half of 2020.

Overall the COVID-19 impact on the business from December 31, 2019 to the Annual Report opinion date has had a minimal impact on the Company. The Company maintains a rolling three month cash flow forecast, as well as re-forecasts the business at least every three months to manage the expected future impact of any additional changes to the business and managements need to make any business changes based on those forecasts.

There have been no other significant events affecting the Company since the end of the year.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Under section 487(2) of Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filling the accounts with the registrar, whichever is earlier.

This report was approved by the board on 11/10/2020 and signed on its behalf.

Philip Giroux

Philip Giroux
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF URBAN SCIENCE INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of Urban Science International Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and notes to the financial statements, 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 'Auditor's 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 UK, including the FRC'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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Company associated with these particular events.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF URBAN SCIENCE INTERNATIONAL
LIMITED (CONTINUED)**

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the Company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this Auditor's Report is not a guarantee that the Company will continue in operation.

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 Auditor's 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF URBAN SCIENCE INTERNATIONAL
LIMITED (CONTINUED)**

Opinions 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.

Matter on which we are required to report under the Companies Act 2006

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.

Matters on which we are required to report by exception

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.

Responsibilities of directors for the financial statements

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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF URBAN SCIENCE INTERNATIONAL
LIMITED (CONTINUED)**

Auditor's 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 Auditor's 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. This description forms part of our Auditor's 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 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.

Grant Thornton UK LLP

Steven Cenci FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Reading
Date: 11/10/2020

URBAN SCIENCE INTERNATIONAL LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	5,840,597	7,211,976
Cost of sales		(5,760,838)	(5,329,532)
Gross profit		79,759	1,882,444
Administrative expenses		(641,525)	(898,945)
Operating (loss)/profit	5	(561,766)	983,499
Interest receivable	9	-	43,394
Interest payable	10	-	(9,431)
(Loss)/profit before tax		(561,766)	1,017,462
Tax on (loss)/profit	11	(28,867)	(225,715)
(Loss)/profit for the financial year		(590,633)	791,747
Other comprehensive income for the year			
Total comprehensive income for the year		(590,633)	791,747

There were no recognised gains and losses for 2019 or 2018 other than those included in the Statement of Comprehensive Income.

The notes on pages 16 to 31 form part of these financial statements.

All operations are continuing.

URBAN SCIENCE INTERNATIONAL LIMITED
REGISTERED NUMBER:03059485

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	12	58,759	100,235
Tangible assets	13	271,742	418,128
		<u>330,501</u>	<u>518,363</u>
Current assets			
Debtors: amounts falling due within one year	14	8,275,008	7,133,537
Cash at bank and in hand	15	1,405,585	2,192,779
		<u>9,680,593</u>	<u>9,326,316</u>
Creditors: amounts falling due within one year	16	(2,345,975)	(749,231)
Net current assets		<u>7,334,618</u>	<u>8,577,085</u>
Total assets less current liabilities		<u>7,665,119</u>	<u>9,095,448</u>
Creditors: amounts falling due after more than one year	17	-	(839,696)
Net assets		<u><u>7,665,119</u></u>	<u><u>8,255,752</u></u>
Capital and reserves			
Called up share capital	21	10,000	10,000
Share premium account	20	365,651	365,651
Profit and loss account	20	7,289,468	7,880,101
		<u><u>7,665,119</u></u>	<u><u>8,255,752</u></u>

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

Philip Giroux

Philip Giroux
Director

Date: 11/10/2020

The notes on pages 16 to 31 form part of these financial statements.

URBAN SCIENCE INTERNATIONAL LIMITED

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

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2019	10,000	365,651	7,880,101	8,255,752
Comprehensive income for the year				
Loss for the year	-	-	(590,633)	(590,633)
Total comprehensive income for the year	-	-	(590,633)	(590,633)
At 31 December 2019	10,000	365,651	7,289,468	7,665,119

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2018	10,000	365,651	7,088,354	7,464,005
Comprehensive income for the year				
Profit for the year	-	-	791,747	791,747
Total comprehensive income for the year	-	-	791,747	791,747
At 31 December 2018	10,000	365,651	7,880,101	8,255,752

The notes on pages 16 to 31 form part of these financial statements.

URBAN SCIENCE INTERNATIONAL LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(590,633)	791,747
Adjustments for:		
Amortisation of intangible assets	41,476	41,476
Depreciation of tangible assets	157,839	118,990
Interest paid	-	9,431
Interest received	-	(43,394)
Taxation charge	28,867	225,715
Decrease in debtors	1,687,370	697,517
(Increase)/decrease in amounts owed by groups	(2,828,841)	1,627,319
(Decrease) in creditors	(594,608)	(500,088)
Increase/(decrease) in amounts owed to groups	1,467,343	(2,918,328)
Corporation tax (paid)	(144,554)	(179,617)
Net cash used in operating activities	(775,741)	(129,232)

URBAN SCIENCE INTERNATIONAL LIMITED

**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
Cash flows from investing activities		
Purchase of tangible fixed assets	(11,453)	(244,351)
Interest received	-	43,394
Net cash used in investing activities	<u>(11,453)</u>	<u>(200,957)</u>
Cash flows from financing activities		
Interest paid	-	(9,431)
Net cash used in financing activities	<u>-</u>	<u>(9,431)</u>
Net (decrease) in cash and cash equivalents	<u>(787,194)</u>	<u>(339,620)</u>
Cash and cash equivalents at beginning of year	<u>2,192,779</u>	<u>2,532,399</u>
Cash and cash equivalents at the end of year	<u><u>1,405,585</u></u>	<u><u>2,192,779</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>1,405,585</u>	<u>2,192,779</u>
	<u><u>1,405,585</u></u>	<u><u>2,192,779</u></u>

The notes on pages 16 to 31 form part of these financial statements.

URBAN SCIENCE INTERNATIONAL LIMITED

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	At 1 January 2019 £	Cash flows £	At 31 December 2019 £
Cash at bank and in hand	2,192,779	(787,194)	1,405,585

The notes on pages 16 to 31 form part of these financial statements.

URBAN SCIENCE INTERNATIONAL LIMITED

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

1. General information

Urban Science International Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at The Blade, 12th Floor, Abbey Square, Reading, RG1 3BE.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The Company is a wholly owned subsidiary of Urban Science International Inc. (USI Inc). As such, the Company is reliant upon USI Inc for ongoing support and therefore for its going concern basis.

The directors of the Company have considered the impact of this on the business and are assured that the parent company is a going concern and have a letter of support to confirm this.

See note 26 for a discussion on the impact of COVID-19 on the business and the going concern section of the strategic report for further information. The Company does not believe that COVID-19 impacts its going concern basis conclusion.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 Company 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.

URBAN SCIENCE INTERNATIONAL LIMITED

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

2. Accounting policies (continued)**2.4 Goodwill**

Goodwill is measured at cost being amounts due to be paid based on expected levels of future revenues received as a result of the acquisition. The goodwill is being amortised on a straight line basis over 10 years.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- on a straight line basis over the period of the lease
Fixtures and fittings	- 10% - 50% per annum on a straight line basis
Computer equipment	- 25% - 50% per annum on a straight line basis

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.6 Operating leases: Lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

2.7 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.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the 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 Company's cash management.

URBAN SCIENCE INTERNATIONAL LIMITED

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

2. Accounting policies (continued)**2.9 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

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

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

URBAN SCIENCE INTERNATIONAL LIMITED

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

2. Accounting policies (continued)

2.11 Foreign currency translation

The Company's functional and presentational currency is GBP.

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

2.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income account 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.

2.13 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.15 Interest income

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

URBAN SCIENCE INTERNATIONAL LIMITED

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

2. Accounting policies (continued)**2.16 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

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

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

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

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

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of Revenue

Management assesses the value of the revenue earned in relation to the work that has been carried out to ensure the Company books the correct amount of revenue.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses have been considered but the directors do not consider there to be any material areas of estimation uncertainty.

URBAN SCIENCE INTERNATIONAL LIMITED

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

4. Turnover

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	4,136,119	5,833,763
Rest of Europe	1,519,821	1,179,696
Rest of the world	184,657	198,517
	<u>5,840,597</u>	<u>7,211,976</u>

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of tangible fixed assets	157,839	118,990
Amortisation of intangible assets, including goodwill	41,476	41,476
Exchange differences	20,963	(12,959)
Other operating lease rentals	296,038	217,802
	<u>296,038</u>	<u>217,802</u>

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	35,750	35,000
For other services	17,935	19,190
	<u>53,685</u>	<u>54,190</u>

URBAN SCIENCE INTERNATIONAL LIMITED

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

7. Employees

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

	2019 £	2018 £
Wages and salaries	2,535,593	2,877,734
Social security costs	258,556	176,762
Cost of defined contribution scheme	109,059	133,261
	<u>2,903,208</u>	<u>3,187,757</u>

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

	2019 No.	2018 No.
Production	40	28
Administration	8	26
	<u>48</u>	<u>54</u>

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	<u>135,028</u>	<u>189,915</u>

During the year retirement benefits were accruing to 1 director (2018: 1) in respect of defined contribution pension schemes.

There is one director for whom retirement benefits are accruing under money purchase pension schemes in 2019 (2018: 1). The pension contributions paid during the year were £22,307 (2018: £21,915).

9. Interest receivable

	2019 £	2018 £
Interest receivable from group companies	<u>-</u>	<u>43,394</u>

URBAN SCIENCE INTERNATIONAL LIMITED

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

10. Interest payable

	2019	2018
	£	£
Interest payable to group companies	-	9,431

11. Taxation

	2019	2018
	£	£
Corporation tax		
Current tax on profits for the year	28,867	225,715
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	28,867	225,715

URBAN SCIENCE INTERNATIONAL LIMITED

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

11. 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)/profit on ordinary activities before tax	<u>(561,766)</u>	<u>1,017,462</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	<u>(106,736)</u>	<u>193,318</u>
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,398	15,897
Fixed asset differences	842	1,465
Adjust closing deferred tax rate to average rate	(3,265)	(4,475)
Adjust opening deferred tax rate to average rate	4,473	1,560
Deferred tax not recognised	74,708	17,950
Losses carried back	57,447	-
Total tax charge for the year	<u><u>28,867</u></u>	<u><u>225,715</u></u>

URBAN SCIENCE INTERNATIONAL LIMITED

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

12. Intangible assets

	Goodwill £
Cost	
At 1 January 2019	414,763
At 31 December 2019	414,763
Amortisation	
At 1 January 2019	314,528
Charge for the year	41,476
At 31 December 2019	356,004
Net book value	
At 31 December 2019	58,759
<i>At 31 December 2018</i>	<i>100,235</i>

URBAN SCIENCE INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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13. Tangible fixed assets

	Short-term leasehold property £	Fixtures and fittings £	Computer equipment & software £	Total £
Cost				
At 1 January 2019	305,546	454,470	1,066,299	1,826,315
Additions	-	-	11,453	11,453
At 31 December 2019	<u>305,546</u>	<u>454,470</u>	<u>1,077,752</u>	<u>1,837,768</u>
Depreciation				
At 1 January 2019	257,324	427,935	722,928	1,408,187
Charge for the year on owned assets	15,780	8,609	133,450	157,839
At 31 December 2019	<u>273,104</u>	<u>436,544</u>	<u>856,378</u>	<u>1,566,026</u>
Net book value				
At 31 December 2019	<u>32,442</u>	<u>17,926</u>	<u>221,374</u>	<u>271,742</u>
At 31 December 2018	<u>48,222</u>	<u>26,535</u>	<u>343,371</u>	<u>418,128</u>

The net book value of land and buildings may be further analysed as follows:

	2019 £	2018 £
Short leasehold	<u>32,442</u>	<u>48,222</u>

URBAN SCIENCE INTERNATIONAL LIMITED

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

14. Debtors

	2019 £	2018 £
Trade debtors	780,732	2,071,078
Amounts owed by group undertakings	6,840,945	4,012,104
Prepayments and accrued income	648,644	1,045,668
Deferred taxation	4,687	4,687
	<u>8,275,008</u>	<u>7,133,537</u>

An impairment loss of £Nil (2018: £Nil) was recognised against trade debtors.

15. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>1,405,585</u>	<u>2,192,779</u>

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Payments received on account	462,131	39,232
Trade creditors	9,244	14,071
Amounts owed to group undertakings	1,467,343	-
Corporation tax	4,992	120,679
Other taxation and social security	207,876	292,770
Other creditors	83,280	117,981
Accruals and deferred income	111,109	164,498
	<u>2,345,975</u>	<u>749,231</u>

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

	2019 £	2018 £
Payments received on account	<u>-</u>	<u>839,696</u>

URBAN SCIENCE INTERNATIONAL LIMITED

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

18. Financial instruments

The Company's financial assets measure at amortised cost amount to £9,027,262 (2018: £8,275,961). This consists of cash, trade debtors and amounts owed by group undertakings.

The Company's financial liabilities measured at amortised cost amount to £2,021,998 (2018: £1,010,980). This consists of payments received on account, trade creditors, amounts owed by group undertakings and other creditors.

19. Deferred taxation

	2019 £	2018 £
At beginning of year	<u>4,687</u>	<u>4,687</u>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	<u>4,687</u>	<u>4,687</u>

URBAN SCIENCE INTERNATIONAL LIMITED

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

20. Reserves

Called up share capital

This represents the nominal value that have been issued.

Share premium

This includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit & loss account

This includes all current and prior period retained profits and losses.

21. Share capital

	2019 £	2018 £
Authorised, allotted, called up and fully paid		
10,000 (2018 - 10,000) Ordinary shares of £1 each	10,000	10,000

There is a single class of ordinary shares. There are no restrictions on dividends and the repayments of capital.

22. Capital commitments

The Company has no capital commitments at 31 December 2019 or 31 December 2018.

23. Pension commitments

The Company operates a group personal pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £109,058 (2018: £133,261).

URBAN SCIENCE INTERNATIONAL LIMITED

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

24. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	249,826	249,826
Later than 1 year and not later than 5 years	208,188	458,013
	<u>458,014</u>	<u>707,839</u>

25. Related party transactions

The Company has taken advantage of the exemption conferred by Financial Reporting Standards which exempts wholly owned subsidiary undertakings from disclosing transactions with entities that are part of the group or investees of the group qualifying as related parties.

26. Post balance sheet events

Subsequent to December 31, 2019, the majority of the world has experienced the impact of the COVID-19 pandemic. These impacts include wide-spread stay at home orders except for "essential" business, government mandated shut downs of restaurants, bars and other entertainment and shopping venues, and limited travel via either public transportation or airline travel. The Company mainly provides services to the Automotive sector (both Original Equipment Manufacturers and car dealerships). These clients had the majority of their services shut down for several months prior to being able to re-open for business. Most services provided by the Company continued to be used by clients during the shut-down period. Impacts on existing business from the COVID-19 pandemic have been immaterial, mainly negotiated short term discounts and certain programs originally expected to be sold mid-year have been put on hold as clients assess the impact of COVID-19 on their businesses and look to preserve cash. The Company expects many of these programs to be sold in the latter half of 2020.

Overall the COVID-19 impact on the business from December 31, 2019 to the Annual Report opinion date has had a minimal impact on the Company. The Company maintains a rolling three month cash flow forecast, as well as re-forecasts the business at least every three months to manage the expected future impact of any additional changes to the business and managements need to make any business changes based on those forecasts.

There have been no other significant events affecting the Company since the end of the year.

URBAN SCIENCE INTERNATIONAL LIMITED

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

27. Controlling party

The directors regard Urban Science Holdings Inc., a company incorporated in the United States of America, as the ultimate parent undertaking. Urban Science Holdings Inc., is the parent of both the smallest and largest groups of which the Company is a member.

The ultimate controlling party is James Anderson, a director of the Company.

Urban Science Holdings Inc. prepares group financial statements and copies can be obtained from 400 Renaissance Centre, Suite 2900, Detroit, Michigan 48243, USA.