
URBAN SCIENCE INTERNATIONAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



URBAN SCIENCE INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors

James Anderson
Paul Dillamore
Laura Kowalchik

Company secretary

Rene Hanseemann
Francisco Copado

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

CONTENTS

| | Page |
|------------------------------------------|---------|
| Strategic Report | 1 - 2 |
| Directors' Report | 3 - 4 |
| Independent Auditor's Report | 5 - 7 |
| Statement of Comprehensive Income | 8 |
| Statement of Financial Position | 9 |
| Statement of Changes in Equity | 10 |
| Statement of Cash Flows | 11 |
| Notes to the Financial Statements | 12 - 25 |

URBAN SCIENCE INTERNATIONAL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

The directors present their strategic report for the year ended 31 December 2017.

Principal 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.

The directors consider the result for the year and the position at the end of the year to be satisfactory. The Company is strategically well positioned to take advantage of opportunities as they arise within the dynamic market place in which it operates and is focusing on large customers to improve margins and profitability and to develop business leads with them.

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.

Principal 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.

The Company is expected to continue to generate positive cash flows on its own accounts for the foreseeable future. The company has good financial resources together with long term contracts with a number of customers. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. The going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern.

URBAN SCIENCE INTERNATIONAL LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 | 2017 | 2016 |
|---------------------------|------------|------------|
| Turnover | £5,484,489 | £5,025,734 |
| Profit | £858,488 | £383,471 |
| Profit as a % of turnover | 15.65% | 7.48% |

This report was approved by the board on 26 September 2018

and signed on its behalf.

Paul Dillamore
Director



URBAN SCIENCE INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

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 profit for the year, after taxation, amounted to £858,488 (2016: £383,471).

No dividends were declared in 2017 (2016: £Nil).

Directors

The directors who served during the year were:

James Anderson
Paul Dillamore
Laura Kowalchik

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Post balance sheet events

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

URBAN SCIENCE INTERNATIONAL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 filing the accounts with the registrar, whichever is earlier.

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



Paul Dillamore
Director



Grant Thornton

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 2017, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows 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 2017 and of its profit 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 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.

Who we are reporting to

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.

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.



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

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.

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.



Grant Thornton

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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 3, 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.

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.

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: 28/9/2018

URBAN SCIENCE INTERNATIONAL LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

| | Note | 2017 £ | 2016 £ |
|------------------------------------------------|------|------------------|------------------|
| Turnover | 4 | 5,484,489 | 5,025,734 |
| Cost of sales | | (3,667,460) | (2,937,841) |
| Gross profit | | 1,817,029 | 2,087,893 |
| Administrative expenses | | (857,900) | (1,688,223) |
| Operating profit | 5 | 959,129 | 399,670 |
| Interest receivable and similar income | 9 | 117,844 | 110,306 |
| Interest payable and expenses | 10 | (9,656) | (8,195) |
| Profit before tax | | 1,067,317 | 501,781 |
| Tax on profit | 11 | (208,829) | (118,310) |
| Profit for the year | | 858,488 | 383,471 |
| Other comprehensive income for the year | | | |
| Total comprehensive income for the year | | 858,488 | 383,471 |

There were no recognised gains and losses for 2017 or 2016 other than those included in the Statement of Comprehensive Income.

The notes on pages 12 to 25 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 2017

| | Note | 2017 £ | 2016 £ |
|------------------------------------------------|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Intangible assets | 12 | 141,711 | 183,187 |
| Tangible assets | 13 | 292,767 | 197,608 |
| | | <u>434,478</u> | <u>380,795</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 14 | 9,458,373 | 10,193,297 |
| Cash at bank and in hand | 15 | 2,532,399 | 351,598 |
| | | <u>11,990,772</u> | <u>10,544,895</u> |
| Creditors: amounts falling due within one year | 16 | (4,961,245) | (4,320,173) |
| Net current assets | | <u>7,029,527</u> | <u>6,224,722</u> |
| Total assets less current liabilities | | <u>7,464,005</u> | <u>6,605,517</u> |
| Net assets | | <u><u>7,464,005</u></u> | <u><u>6,605,517</u></u> |
| Capital and reserves | | | |
| Called up share capital | 20 | 10,000 | 10,000 |
| Share premium account | 19 | 365,651 | 365,651 |
| Profit and loss account | 19 | 7,088,354 | 6,229,866 |
| | | <u>7,464,005</u> | <u>6,605,517</u> |

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



Paul Dillamore
Director

Date: 26 September 2018

The notes on pages 12 to 25 form part of these financial statements.

URBAN SCIENCE INTERNATIONAL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|------------------------------------------------|----------------------------|-----------------------------|----------------------------|------------------|
| | £ | £ | £ | £ |
| At 1 January 2017 | 10,000 | 365,651 | 6,229,866 | 6,605,517 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 858,488 | 858,488 |
| Total comprehensive income for the year | - | - | 858,488 | 858,488 |
| At 31 December 2017 | 10,000 | 365,651 | 7,088,354 | 7,464,005 |

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

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|------------------------------------------------|----------------------------|-----------------------------|----------------------------|------------------|
| | £ | £ | £ | £ |
| At 1 January 2016 | 10,000 | 365,651 | 5,846,395 | 6,222,046 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 383,471 | 383,471 |
| Total comprehensive income for the year | - | - | 383,471 | 383,471 |
| At 31 December 2016 | 10,000 | 365,651 | 6,229,866 | 6,605,517 |

The notes on pages 12 to 25 form part of these financial statements.

URBAN SCIENCE INTERNATIONAL LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

| | 2017 £ | 2016 £ |
|---------------------------------------------------------------|------------------|-----------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 858,488 | 383,471 |
| Adjustments for: | | |
| Amortisation of intangible assets | 41,476 | 41,476 |
| Depreciation of tangible assets | 114,610 | 114,270 |
| Interest paid | 9,656 | 8,195 |
| Interest received and similar income | (117,844) | (110,306) |
| Taxation charge | 208,829 | 118,310 |
| Decrease/(increase) in debtors | 1,165,067 | (1,981,670) |
| (Increase)/decrease in amounts owed by groups | (428,390) | 457,337 |
| Increase in creditors | 772,325 | 517,610 |
| (Decrease)/increase in amounts owed to groups | (90,303) | 1,140,385 |
| Corporation tax (paid) | (251,532) | (220,465) |
| Net cash generated from operating activities | 2,282,382 | 468,613 |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (209,769) | (121,493) |
| Interest received | 117,844 | 110,306 |
| Net cash used in investing activities | (91,925) | (11,187) |
| Cash flows from financing activities | | |
| Interest paid | (9,656) | (8,195) |
| Net cash used in financing activities | (9,656) | (8,195) |
| Net increase in cash and cash equivalents | 2,180,801 | 449,231 |
| Cash and cash equivalents at beginning of year | 351,598 | (97,633) |
| Cash and cash equivalents at the end of year | 2,532,399 | 351,598 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 2,532,399 | 351,598 |
| | 2,532,399 | 351,598 |

The notes on pages 12 to 25 form part of these financial statements.

URBAN SCIENCE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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.

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.

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.

URBAN SCIENCE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

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.

2.9 Creditors

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

URBAN SCIENCE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.10 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.

2.11 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.

2.12 Pensions

Defined contribution pension plan

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

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

2.13 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.

2.14 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 2017

2. Accounting policies (continued)

2.15 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 is provided below. Actual results may be substantially different.

URBAN SCIENCE INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. Turnover

Analysis of turnover by country of destination:

| | 2017 £ | 2016 £ |
|-------------------|------------------|------------------|
| United Kingdom | 3,261,240 | 4,272,901 |
| Rest of Europe | 1,320,318 | 511,826 |
| Rest of the world | 902,931 | 241,007 |
| | <u>5,484,489</u> | <u>5,025,734</u> |

5. Operating profit

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

| | 2017 £ | 2016 £ |
|-------------------------------------------------------|---------------|---------------|
| Depreciation of tangible fixed assets | 114,610 | 114,270 |
| Amortisation of intangible assets, including goodwill | 41,476 | 41,477 |
| Exchange differences | (75,291) | (54,520) |
| Operating lease | <u>38,891</u> | <u>97,702</u> |

6. Auditor's remuneration

| | 2017 £ | 2016 £ |
|---------------------------------------------------------------------------------------------------------|---------------|---------------|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts | 35,000 | 29,500 |
| For other services | 19,166 | 7,450 |
| | <u>54,166</u> | <u>36,950</u> |

URBAN SCIENCE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

7. Employees

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

| | 2017 £ | 2016 £ |
|-------------------------------------|------------------|------------------|
| Wages and salaries | 2,540,641 | 2,453,856 |
| Social security costs | 303,662 | 284,733 |
| Cost of defined contribution scheme | 125,432 | 118,918 |
| | <u>2,969,735</u> | <u>2,857,507</u> |

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

| | 2017 No. | 2016 No. |
|----------------|-------------|-------------|
| Production | 31 | 31 |
| Administration | 26 | 26 |
| | <u>57</u> | <u>57</u> |

8. Directors' remuneration

| | 2017 £ | 2016 £ |
|-----------------------|----------------|----------------|
| Directors' emoluments | <u>161,723</u> | <u>130,409</u> |

During the year retirement benefits were accruing to 1 director (2016: 1) in respect of defined contribution pension schemes.

There is 1 director for whom retirement benefits are accruing under money purchase pension schemes in 2017 (2016: 1). The pension contributions paid during the year were £20,615 (2016: £19,424).

9. Interest receivable

| | 2017 £ | 2016 £ |
|------------------------------------------|----------------|----------------|
| Interest receivable from group companies | <u>117,844</u> | <u>110,306</u> |

URBAN SCIENCE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

10. Interest payable and similar expenses

| | 2017 £ | 2016 £ |
|-------------------------------------|-----------|-----------|
| Interest payable to group companies | 9,656 | 8,195 |

11. Taxation

| | 2017 £ | 2016 £ |
|--------------------------------------------------|-----------|-----------|
| Corporation tax | | |
| Current tax on profits for the year | 210,582 | 110,198 |
| Deferred tax | | |
| Origination and reversal of timing differences | (1,753) | 7,498 |
| Changes to tax rates | - | 614 |
| Total deferred tax | (1,753) | 8,112 |
| Taxation on profit on ordinary activities | 208,829 | 118,310 |

URBAN SCIENCE INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - *higher than*) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

| | 2017 £ | 2016 £ |
|--------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| Profit on ordinary activities before tax | <u>1,067,317</u> | <u>501,781</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%) | 205,352 | 100,356 |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 13,541 | 23,388 |
| Fixed asset differences | (11,095) | 1,300 |
| Adjustments to tax charge in respect of prior periods | 1,261 | (5,856) |
| Adjust closing deferred tax rate to average rate | 158 | 518 |
| Adjust opening deferred tax rate to average rate | (388) | (1,184) |
| Deferred tax not recognised | - | 390 |
| Adjustments to brought forward values | - | (602) |
| Total tax charge for the year | <u>208,829</u> | <u>118,310</u> |

URBAN SCIENCE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

12. Intangible assets

| | Goodwill £ |
|-----------------------|----------------|
| Cost | |
| At 1 January 2017 | 414,763 |
| At 31 December 2017 | <u>414,763</u> |
| Amortisation | |
| At 1 January 2017 | 231,576 |
| Charge for the year | 41,476 |
| At 31 December 2017 | <u>273,052</u> |
| Net book value | |
| At 31 December 2017 | <u>141,711</u> |
| At 31 December 2016 | <u>183,187</u> |

URBAN SCIENCE INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Tangible fixed assets

| | Short-term leasehold property £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|-------------------------------------|------------------------------------------|-------------------------------|----------------------------|------------|
| Cost | | | | |
| At 1 January 2017 | 246,550 | 447,250 | 678,395 | 1,372,195 |
| Additions | 58,996 | 6,020 | 144,753 | 209,769 |
| At 31 December 2017 | 305,546 | 453,270 | 823,148 | 1,581,964 |
| Depreciation | | | | |
| At 1 January 2017 | 215,612 | 403,892 | 555,083 | 1,174,587 |
| Charge for the year on owned assets | 25,903 | 15,013 | 73,694 | 114,610 |
| At 31 December 2017 | 241,515 | 418,905 | 628,777 | 1,289,197 |
| Net book value | | | | |
| At 31 December 2017 | 64,031 | 34,365 | 194,371 | 292,767 |
| At 31 December 2016 | 30,938 | 43,358 | 123,312 | 197,608 |

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

| | 2017 £ | 2016 £ |
|-----------------|-----------|-----------|
| Short leasehold | 64,031 | 30,938 |
| | 64,031 | 30,938 |

URBAN SCIENCE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

14. Debtors

| | 2017 £ | 2016 £ |
|------------------------------------|------------------|-------------------|
| Trade debtors | 2,286,666 | 4,204,810 |
| Amounts owed by group undertakings | 5,639,423 | 5,211,033 |
| Prepayments and accrued income | 1,527,597 | 774,520 |
| Deferred taxation | 4,687 | 2,934 |
| | <u>9,458,373</u> | <u>10,193,297</u> |

An impairment loss of £8,106 (2016: £Nil) was recognised against trade debtors.

15. Cash and cash equivalents

| | 2017 £ | 2016 £ |
|--------------------------|------------------|----------------|
| Cash at bank and in hand | <u>2,532,399</u> | <u>351,598</u> |

16. Creditors: Amounts falling due within one year

| | 2017 £ | 2016 £ |
|------------------------------------|------------------|------------------|
| Payments received on account | 715,087 | 398,594 |
| Trade creditors | 195,758 | 61,238 |
| Amounts owed to group undertakings | 2,918,328 | 3,008,631 |
| Corporation tax | 74,581 | 115,531 |
| Other taxation and social security | 318,612 | 496,126 |
| Other creditors | 188,203 | 92,763 |
| Accruals and deferred income | 550,676 | 147,290 |
| | <u>4,961,245</u> | <u>4,320,173</u> |

URBAN SCIENCE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

17. Financial instruments

The Company's financial assets measured at amortised cost amount to £10,458,490 (2016: £9,771,441). This consists of cash, trade debtors and amounts owed by group undertakings.

The Company's financial liabilities measured at amortised cost amount to £3,533,099 (2016: £3,774,289). This consists of trade creditors, amounts owed to group undertakings, corporation tax, other tax liabilities and other creditors.

18. Deferred taxation

| | 2017 £ | 2016 £ |
|----------------------------------------|--------------|--------------|
| At beginning of year | 2,934 | 11,046 |
| Credited / (charged) to profit or loss | 1,753 | (8,112) |
| At end of year | 4,687 | 2,934 |

The deferred tax asset is made up as follows:

| | 2017 £ | 2016 £ |
|--------------------------------|-----------|-----------|
| Accelerated capital allowances | 4,687 | 2,934 |

19. 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.

URBAN SCIENCE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

20. Share capital

| | 2017 £ | 2016 £ |
|-------------------------------------------------------|---------------|---------------|
| Authorised, allotted, called up and fully paid | | |
| 10,000 Ordinary shares of £1 each | <u>10,000</u> | <u>10,000</u> |

21. Capital commitments

The Company has no capital commitments at 31 December 2017 or 31 December 2016.

22. 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 £125,432 (2016: £118,918).

23. Financial risk management

The Company has exposures to three main areas of risk - liquidity risk, interest rate risk and credit risk.

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.

24. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2017 £ | 2016 £ |
|----------------------------------------------|------------------|------------------|
| Not later than 1 year | 208,188 | 208,188 |
| Later than 1 year and not later than 5 years | 798,054 | 1,006,242 |
| | <u>1,006,242</u> | <u>1,214,430</u> |

URBAN SCIENCE INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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. 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.