

Director's report and financial statements unaudited

Bartercard Exchange Limited

For the year ended: 30 June 2017

Company registration number: 03189919



Bartercard Exchange Limited, Company number 03189919

Financial Statements

Year ended 30 June 2017

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Bartercard Exchange Limited, Company number 03189919

Officers and Professional Advisers

Year ended 30 June 2017

Company registration number	03189919
The board of directors	S C Barker A H J Wiese T Dietz (Resigned 8 December 2017)
Company secretary	S C Barker
Registered office	The Priory Stomp Road Burnham Slough Berkshire SL1 7LW
Accountant	MHA MacIntyre Hudson Pennant House 1-2 Napier Court Napier Road Reading Berks RG1 8BW
Solicitors	Field Fisher Waterhouse 35 Vine Street London EC3N 2AA

Bartercard Exchange Limited, Company number 03189919

Directors Report

Year ended 30 June 2017

The directors present their report and financial statements for the year ended 30 June 2017.

LEGAL FORM

Bartercard Exchange Limited (the "Company") is a private limited company incorporated, domiciled and registered in England and Wales under the number 04304392. The registered address is The Priory, Stomp Road, Burnham, Slough, Berkshire, SL1 7LW.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company was dormant during the period.

RESULTS AND DIVIDENDS

The company was dormant during the period and the directors have not recommended a dividend.

GOING CONCERN AND FUTURE DEVELOPMENTS

In determining whether the Company's financial statements can be prepared on the going concern basis, the Directors considered the Company's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and the principal risks and uncertainties relating to its business activities.

The Directors consider it appropriate to prepare the Company's financial statements on the going concern basis. For further details please refer to note 2.

DIRECTORS

The directors who served the company during the year and those resigned since the year end were as follows:

S C Barker
A H J Wiese
T Dietz (resigned 8 December 2017)

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The financial statements for the year ended 30 June 2017 have been prepared in accordance with the IFRS framework.

SHARE CAPITAL

The issued and paid share capital of the Company at 30 June 2017 was £696,100, comprising 696,100 ordinary shares of £1. Note 9 shows the movements in the period.

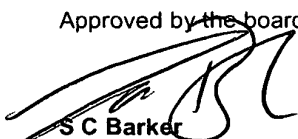
CHARITABLE AND POLITICAL DONATIONS

The Company made no charitable or political donations during the period.

RESEARCH AND DEVELOPMENT

The Company does not undertake any research and development activities.

Approved by the board on 13/3/18 and signed on its behalf by


S C Barker
Director

Bartercard Exchange Limited, Company number 03189919

Statement of directors' responsibilities

Year ended 30 June 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 30 DECEMBER 2017

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

Company law requires the Directors to prepare financial statements for each financial year. The Directors have elected to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs) and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that the Directors:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Bartercard Exchange Limited, Company number 03189919

Independent Accountant's Report to the Shareholders of Bartercard Exchange Limited

Year ended 30 June 2017

REPORT TO THE DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY ACCOUNTS OF BARTERCARD EXCHANGE LIMITED FOR THE YEAR ENDED 30 JUNE 2017

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the accounts of Bartercard Exchange Limited for the period ended 30 June 2017 as set out on pages 6-22 which comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and accompanying notes. These financial statements have been prepared from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://icaew.com/en/members/regulations-standards-and-guidance/>.

This report is made solely to the members of Bartercard Exchange Limited, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the accounts of Bartercard Exchange Limited and state those matters that we have agreed to state to the board of Bartercard Exchange Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Bartercard Exchange Ltd and its members as a body for our work or for this report.

It is your duty to ensure that Bartercard Exchange Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit or loss of Bartercard Exchange Limited. You consider that Bartercard Exchange Limited is exempt from the statutory audit requirement for the period.

We have not been instructed to carry out an audit or a review of the accounts of Bartercard Exchange Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

MHA MacIntyre Hudson

MHA MacIntyre Hudson

Pennant House
1-2 Napier Court
Reading
Berkshire
RG1 8BW

27 March 2018

Bartercard Exchange Limited, Company number 03189919**Statement of Profit or Loss and Comprehensive Income****Year ended 30 June 2017**

Discontinued operations	Notes	2017 £	2016 £
REVENUE		-	-
Cost of sales		-	-
GROSS PROFIT		-	-
Marketing costs		-	-
Administrative expenses		-	(2,550)
OPERATING LOSS	3	-	(2,550)
Exceptional item		-	-
LOSS BEFORE TAX		-	(2,550)
Income tax expense	6	-	-
LOSS FOR THE YEAR		-	(2,550)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	(2,550)

The company has no continuing operations.

The company has no recognised gains or losses other than the results for the year as set out above.

All of the loss for the year and total comprehensive income for the year is attributable to the owners of the company.

The notes on pages 11 to 22 form part of these financial statements.

Bartercard Exchange Limited, Company number 03189919

Balance Sheet

Year ended 30 June 2017

	Notes	2017 £	2016 £
ASSETS			
CURRENT ASSETS			
Trade and other receivables	7	776,856	776,856
TOTAL ASSETS		<u>776,856</u>	<u>776,856</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	3,268,368	3,268,368
TOTAL CURRENT LIABILITIES		<u>3,268,368</u>	<u>3,268,368</u>
EQUITY			
ISSUED CAPITAL AND RESERVES			
Issued share capital	9	696,100	696,100
Share premium		561,806	561,806
Retained earnings		(3,749,418)	(3,749,418)
TOTAL EQUITY		<u>(2,491,512)</u>	<u>(2,491,512)</u>
TOTAL EQUITY AND LIABILITIES		<u>776,856</u>	<u>776,856</u>

Statements:

- (a) The directors are satisfied that the company was entitled to exemption from audit of the financial statements for the year ended 30 June 2017 by virtue of Section 480 of the Companies Act 2006 relating to dormant companies, and that no member or members have requested an audit pursuant to Section 476 of the Companies Act 2006.
- (b) The directors acknowledge their responsibility for:
- (i) ensuring the company keeps accounting records in accordance with Section 386, and
 - (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit and loss for the financial year in accordance with the requirements of Sections 394 and 395, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

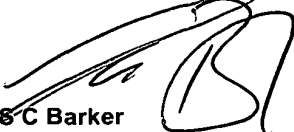
The notes on pages 11 to 22 form part of these financial statements.

Bartercard Exchange Limited, Company number 03189919

Balance Sheet

Year ended 30 June 2017

Approved by the board on 13/3/18 and signed on its behalf by



S C Barker
Director

Company registration number: 03189919

The notes on pages 11 to 22 form part of these financial statements.

Bartercard Exchange Limited, Company number 03189919

Statements of Changes in Equity

Year ended 30 June 2017

	Issued capital £	Share premium £	Retained earnings £	Total equity £
Balance at 1 July 2016	696,100	561,806	(3,749,418)	(2,491,512)
Total comprehensive income for the year	-	-	-	-
Balance at 30 June 2017	696,100	561,806	(3,749,418)	(2,491,512)

	Issued capital £	Share premium £	Retained earnings £	Total Equity £
Balance at 1 July 2015	696,100	561,806	(3,746,868)	(2,488,962)
Total comprehensive income for the year	-	-	(2,550)	(2,550)
Balance at 30 June 2016	696,100	561,806	(3,749,418)	(2,491,512)

Share premium

The share premium reserve represents the consideration that has been received in excess of the nominal value of shares on issue of new ordinary share capital.

Retained earnings

Retained earnings are for the continuing activities of the company and cash distributions to shareholders.

There is no restriction on the distributable amount other than that prescribed by the Companies Act 2006.

The notes on pages 11 to 22 form part of these financial statements.

Bartercard Exchange Limited, Company number 03189919

Statement of Cash Flows

Year ended 30 June 2017

	2017	2016
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	-	(2,550)
CHANGES IN WORKING CAPITAL		
Decrease/(increase) in trade and other receivables	-	-
(Decrease)/increase in trade and other payables	-	(2,550)
INCREASE IN WORKING CAPITAL	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	-	-
Cash and cash equivalents as at the beginning of the year	-	-
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	-	-

The notes on pages 11 to 22 form part of these financial statements.

Bartercard Exchange Limited, Company number 03189919

Notes to the Financial Statements

Year ended 30 June 2017

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS

The company's financial statements for the year were authorised for issue on the date indicated on the balance sheet, and the balance sheet was signed on the board's behalf by Mr S C Barker, Director. Bartercard Exchange Limited is a limited company incorporated and domiciled in England & Wales.

The principal accounting policies adopted by the company are set out in note 2. The policies have been consistently applied to all the years presented, unless otherwise stated. The company's financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the EU.

The financial statements have been prepared in accordance with the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

2. ACCOUNTING POLICIES

Going concern

The financial statements have been prepared on a going concern basis. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future in addition to which they have taken into account the pledge of ongoing support from the ultimate parent undertaking, Barter Futures Pty Limited. Accordingly, the directors continue to adopt the going concern basis of accounting in preparing these financial statements.

Outlook for adoption of future standards (new and amended)

At the date of authorisation of these Financial Statements, the following standards and relevant interpretations, which have not been applied in these Financial Statements, were in issue but not yet effective (and some of which were pending endorsement by the EU):

- Amendments to IAS 19 Employee Contributions
- IFRS 9 Financial Instruments: Classification and Measurement
- Amendments to IFRS 11 Joint Arrangements
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception
- Annual improvements to IFRS: 2010–2012 Cycle and 2011–2013 Cycle
- IFRS 15 Revenue from Contracts with Customers
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

With the exception of IFRS 9, the Directors anticipate that the adoption of these standards and interpretations in future periods will not have a material impact on these Financial Statements, except for additional disclosures, when the relevant standards come into effect.

IFRS 9 may impact both the measurement and disclosures of the Company's Financial Statements in future periods. However, it is not practicable to provide a reasonable estimate of the effect of this standard until a detailed review has been completed.

The Directors do not expect that the adoption of the other standards listed above will have a material impact on the Financial Statements of the Company in future periods.

Bartercard Exchange Limited, Company number 03189919

Notes to the Financial Statements (continued)

Year ended 30 June 2017

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Accounting for transactions in Trade Dollars

The Company receives trade dollars for services provided to its Bartercard Exchange members and as transaction fees for exchanges made by its members. The Company also expends trade dollars in the acquisition of goods or services used in its operations. The Company has historically spent more trade dollars than it has earned, which is in line with international standards on Trade Exchange fiscal management.

In addition to receiving cash publication and transaction fees, the Company also receives Bartercard trade dollars from members of the Trade Exchange in connection with its services in operating the Exchange. These trade dollars are utilised by the Company for either the acquisition of goods and services that are then made available for purchase by members of the Exchange (enabling the Company to earn cash transaction fees) or for use by the Company in its operations. Due to the uncertainty as to when trade dollars received will be spent, the Company does not record revenue at the time of receipt of these trade dollars.

Where the Company acquires, in exchange for trade dollars, non-current assets from which it expects to derive future economic benefits, it recognises the fair value of these assets within the relevant balance sheet caption. At the time of recognising the asset the corresponding credit is reflected as revenue in the income statement.

Critical judgements and accounting estimates

In the application of IFRS, management are required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements. Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Impairment

Pursuant to guidance established in IAS 36 'Impairment of Assets', the company reviews its assets for impairment whenever events or changes in circumstances indicate that the carrying amounts of the asset may not be recovered, except for indefinite life intangible assets, which are reviewed annually for impairment. The company looks primarily to the undiscounted future cash flows in its assessment of whether or not assets have been impaired. When any such impairment exists, the related assets will be written down to fair value.

Bartercard Exchange Limited, Company number 03189919

Notes to the Financial Statements (continued)

Year ended 30 June 2017

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Revenue recognition

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. All such revenue is reported net of discounts and value added and other sales taxes. The company and its fellow subsidiaries derive revenue from franchisees for the provision of trading services such as training, management support and other services including third party record keeping, as well as the use of the Bartercard trademark, intellectual property and computer information systems. The following specific recognition criteria apply to the various types of income:

Transaction fees – revenue relating to transaction fees is recognised, where collectability is assured, on an 'as earned' basis, based on a percentage of trading volume.

Ongoing subscription fees – are recognised rateably over the period in which the service has been performed.

Franchise fees – the company recognises the revenue attributable to the Bartercard trademark and software licence upon delivery of the franchise/product where there is evidence of an arrangement in place unless the fee is not fixed or determinable or collectability is not probable.

The company considers all arrangements with payment terms extending beyond twelve months and other arrangements with payment terms longer than normal to be fixed or determinable. If the fee is not fixed or determinable, revenue is recognised as payments become due from the customer. If collectability is not considered probable, revenue is recognised when the fee is collected. Franchise fees comprise sales of country franchises and sales of national franchises.

Arrangements that include software services, where there is evidence of an arrangement in place and collectability is assured, are evaluated to determine whether those services include the significant modification or customisation of software. When software services include the significant modification or customisation of software, revenue under the arrangements is recognised using contract accounting (see below). When software does not include the modification or customisation of software, the revenue allocable to the software services is recognised as the services are performed. Software services are generally limited to training or nominal installation and are included in 'Other Revenue'.

Contract accounting – For arrangements that include customisation or modification of the software, or where software services are otherwise considered essential, revenue is recognised using contract accounting. Revenue from these software arrangements is recognised on a percentage of completion method with progress to completion measured based upon labour costs incurred. Where the percentage of completion method is not able to be measured, revenue is recognised on a completed contract basis.

Publication fees – publication fees are fees received from members for their initial listing in the trade directory. The trade directory is a quarterly publication. The publication fees are recognised on their receipt from members, following a 7 day cooling off period. These fees are otherwise not refundable in cash.

Other operating revenue – Other miscellaneous income such as penalty, late and overdrawn fees, and real estate commissions are recognised as incurred and when collectability is assured.

Bartercard Exchange Limited, Company number 03189919

Notes to the Financial Statements (continued)

Year ended 30 June 2017

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Income taxes

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

Deferred tax is recognised on all temporary differences. This involves comparison of the carrying amount of assets and liabilities in the financial statements with their respective tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are provided for in full. Deferred tax assets and liabilities are calculated without discounting, at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (tax laws) that have been enacted or substantially enacted by the balance sheet date. All changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity (such as hedging and translation reserve) in which case the related deferred tax is also charged or credited directly to equity.

Tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be recognised and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Foreign currencies

The Financial Statements are presented in the currency of the primary economic environment in which it operates (its functional currency) which is Pounds Sterling.

In preparing the Financial Statements transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Financial risk management objectives and policies

The company uses various financial instruments these include various items, such as trade receivables and trade payables that 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 directors review and agree policies for managing each of these risks.

Liquidity risk

The consolidated entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Bartercard Exchange Limited, Company number 03189919

Notes to the Financial Statements (continued)

Year ended 30 June 2017

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Financial risk management objectives and policies (continued)

Credit risk

Financial instruments, which potentially subject the company to concentrations of credit risk, consist principally of accounts receivable. The company performs credit evaluations of its customers' financial conditions and does not require collateral for accounts receivable.

The company maintains a provision for doubtful accounts which is based upon the expected collectability of all accounts receivable based on a review of the company's history of collection.

The trade receivables and associated provision are analysed in note 7.

Fair values

The fair values of the company's financial instruments are considered not to be materially different from the book value.

Financial instruments

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual terms of the instrument.

Trade receivables

Trade receivables do not carry any interest and are initially recognised at fair value. Trade receivables are provided against when objective evidence is received that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write down is determined as the difference between the assets carrying amount and the present value of estimated future cash flows.

Trade payables

Trade payables are not interest bearing and are stated at their fair value on initial recognition.

Equity instruments

Equity instruments issued by the company are recorded at the value of the proceeds received, net of direct costs.

Equity

Equity comprises the following:

Share capital – represents the nominal value of equity shares

Retained earnings – represents the accumulated retained profits

Share premium – represents the excess over nominal value of the fair value of consideration for shares issued

3. OPERATING LOSS

Operating loss is stated after charging the following:

	2017 £	2016 £
Audit fees		1,250
Operating lease costs – land and buildings	-	-
Net loss on foreign currency translation	-	-
	<u> </u>	<u> </u>

Bartercard Exchange Limited, Company number 03189919

Notes to the Financial Statements (continued)

Year ended 30 June 2017

4. EMPLOYEE EXPENSES

The average number of staff employed by the Company during the financial year amounted to:

	2017 No	2016 No
Number of sales and administrative staff	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The aggregate payroll expenses were as follows:

	2017 £	2016 £
Wages and salaries	-	-
Social security costs	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

5. DIRECTORS' EMOLUMENTS

Total compensation for key management is as follows:

	2017 £	2016 £
Remuneration	-	-
	<u>-</u>	<u>-</u>

	2017 £	2016 £
Executive directors' emoluments and compensation:		
S C Barker	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Bartercard Exchange Limited, Company number 03189919

Notes to the Financial Statements (continued)

Year ended 30 June 2017

6. INCOME TAX

Components of income tax expense

	2017 £	2016 £
Income tax		
Current income tax charge	-	-
Deferred tax		
Deferred tax charge	-	-
	<u>-</u>	<u>-</u>
Total tax charge	<u>-</u>	<u>-</u>

Reconciliation of income tax charge to accounting profit

Loss before taxation	-	(2,550)
	<u>-</u>	<u>(2,550)</u>
Loss before taxation multiplied by the standard rate of tax 20.75% (2016: 20.75%)	-	(529)
Net income/(expenditure) in trade pounds (note 11)	-	-
Expenses not deductible for tax purposes	-	-
Capital allowances in excess of depreciation	-	-
Increase in tax losses	-	529
Chargeable gain transferred to group company	-	-
Short term timing differences	-	-
	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>

Deferred tax

The company has a deferred tax asset of £nil (2016: £Nil) in relation to trading losses carried forward, which takes into account expenditure incurred in Trade pounds (see note 11). In view of the trading losses incurred in the current year and the resultant uncertainty over the recoverability of this asset, this deferred tax asset is not recognised in the company's balance sheet.

Bartercard Exchange Limited, Company number 03189919

Notes to the Financial Statements (continued)

Year ended 30 June 2017

7. TRADE AND OTHER RECEIVABLES

	2017 £	2016 £
Receivable from trade customers	-	-
Receivable from related parties (note 12)	776,856	776,856
Other receivables	-	-
	<u>776,856</u>	<u>776,856</u>

Allowances against doubtful debts are recognised against overdue trade receivables based on estimated irrecoverable amounts determined by reference to past default experience. At 30 June 2017 trade receivables are shown net of impairment allowance of £nil (2016: £nil).

Before accepting any significant new customer, the company performs credit evaluations of its customers' financial conditions and does not require collateral for accounts receivable. No credit period is offered on sales of goods.

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the year end but against which the company has not recognised an allowance for doubtful receivables. There has not been a significant change in credit quality and the amounts are still considered recoverable.

The analysis of trade receivables that were past due but not impaired was as follows:

	2017 £	2016 £
Not past due	-	-
Not more than 30 days	-	-
Overdue between 31 to 60 days	-	-
Overdue between 61 to 90 days	-	-
Overdue between 91 to 120 days	-	-
More than 120 days	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Bartercard Exchange Limited, Company number 03189919

Notes to the Financial Statements (continued)

Year ended 30 June 2017

8. TRADE AND OTHER PAYABLES

	2017 £	2016 £
Payable to trade suppliers	-	-
Payable to related parties (note 12)	3,265,817	3,265,817
Accrued liabilities	2,551	2,551
	<u>3,266,368</u>	<u>3,266,368</u>

Trade payables and accrued liabilities comprise amounts outstanding for trade purchases and ongoing costs.

The average credit period taken for trade purchases is 30 days (2016: 30). For most suppliers no interest is charged on trade payables following the credit period. The company policy is to ensure that payables are paid within the pre-agreed credit terms and to avoid incurring penalties.

Amounts payable to related parties are payable on demand and incur no interest (see note 12 for details).

The directors consider that the carrying amount of trade and other payables approximates their fair value.

9. SHARE CAPITAL

	No.	2017 £	No.	2016 £
Issued and fully paid				
Ordinary share capital of £1 each	696,100	696,100	696,100	696,100

All issued share capital is classified as equity. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the company.

Capital risk management

Capital is managed to ensure that the entity will be able to continue as a going concern.

The capital structure consists of equity attributable to equity holders, comprising issued capital, share premium and retained earnings.

10. FINANCIAL INSTRUMENTS

Financial instruments include both financial assets and financial liabilities. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. The directors consider that the fair value of financial instruments approximates cost, being the carrying value as stated on the balance sheet.

Bartercard Exchange Limited, Company number 03189919

Notes to the Financial Statements (continued)

Year ended 30 June 2017

11. NON-CASH FINANCING ACTIVITIES

Bartercard trade pound activities

The company receives trade pounds for services provided to its Bartercard Exchange members and as transaction fees for exchanges made by its members. The company also expends trade pounds in the acquisition of goods or services used in its operations. The company has spent virtually all trade pounds for broker commissions, advertising, salaries and legal settlements. The company also has the ability to spend trade pounds with no current obligations to the exchange and the company has historically spent more trade pounds than it has earned.

As no current obligation arises to the exchange, no liability therefore arises in accordance with IAS 32 'Financial Instruments – Disclosure and Presentation'. Accordingly, trade transactions are not recorded in the financial statements.

Accounting for publication and transaction fees received in Bartercard trade pounds

In addition to receiving cash publication and transaction fees, the company also receives Bartercard trade pounds from members of the trade exchange in connection with its services in operating the exchange. These trade pounds are utilised by the company for either the acquisition of goods and services that are then made available for purchase by members of the exchange (enabling the company to earn cash transaction fees) or for use by the company in its operations.

The company does not record revenue at the time of earning these trade pounds because there is no persuasive evidence that the value of the services provided by the company exceeds the amount of monetary consideration received. Further, the company does not record revenue at the time of receiving the trade pounds because not all of the company's performance obligations have been completed. The company must continue successfully to operate the exchange in future periods in order to be able to utilise the trade pounds.

Accordingly, the company has not recorded transactions denominated in Bartercard trade pounds in these financial statements. However, income and expenditure denominated in trade pounds are included in the company's results submitted to HM Revenue and Customs. Accordingly, any resultant effect on corporation tax or deferred tax in respect of these amounts is reflected in these financial statements.

Bartercard Exchange Limited, Company number 03189919

Notes to the Financial Statements (continued)

Year ended 30 June 2017

12. RELATED PARTY TRANSACTIONS

Parent and ultimate controlling party

The company's immediate parent company is Bartercard International Limited (Bermuda), and its ultimate holding company is Barter Futures Pty Limited. Barter Futures Pty Limited is incorporated and registered in Australia. There is no ultimate controlling party.

Related parties

The definition of related parties includes subsidiary, associated and joint venture companies, as well as the Company's key management personnel.

The key management personnel of the Company are the directors. Details regarding their remuneration and other transactions are disclosed in note 5 to these financial statements.

Particulars of transactions with group companies, and the balances outstanding at the year end are disclosed below:

Amounts payable to related parties

	2017 £	2016 £
<i>Amounts payable to fellow subsidiaries:</i>		
Bartercard (UK) Limited	3,176,752	3,176,752
Bartercard International (UK) Limited	57,643	57,643
Bartercard International Pty Limited (Australia)	31,422	31,422
	<u>3,265,817</u>	<u>3,265,817</u>

Balances payable to and receivable from related parties are payable on demand and are interest-free.

Amounts receivable from related parties

	2017 £	2016 £
<i>Amounts receivable from parent entities:</i>		
Bartercard Limited	145,412	145,412
Bartercard International Limited (Bermuda)	631,444	631,444
	<u>776,856</u>	<u>776,856</u>

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Notes to the Financial Statements (continued)

Year ended 30 June 2017

12. RELATED PARTY TRANSACTIONS (continued)

Transactions with related parties

The following transactions with related parties were recognised in the financial statements:

	2017 £	2016 £
<i>Administrative expenses:</i>		
Bartercard International Pty (Australia)	-	-