

Registered number: 03703075

**NATIVE DESIGN LTD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2018**

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## NATIVE DESIGN LTD

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### COMPANY INFORMATION

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**Directors**

M V Warren  
M A Hoggarth  
T R Kleist (resigned 31 August 2017)  
P J Warren

**Registered number**

03703075

**Registered office**

5 Garden Walk  
London  
EC2A 3EQ

**Independent auditors**

haysmacintyre  
10 Queen Street Place  
London  
EC4R 1AG

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## **NATIVE DESIGN LTD**

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### **CONTENTS**

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	<b>Page</b>
<b>Strategic Report</b>	<b>1 - 2</b>
<b>Directors' Report</b>	<b>3 - 4</b>
<b>Independent Auditors' Report</b>	<b>5 - 7</b>
<b>Statement of Comprehensive Income</b>	<b>8</b>
<b>Balance Sheet</b>	<b>9</b>
<b>Statement of Changes in Equity</b>	<b>10</b>
<b>Notes to the Financial Statements</b>	<b>11 - 23</b>

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## **NATIVE DESIGN LTD**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018**

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#### **Introduction**

Native Design Ltd is a fully integrated design company working across both digital and physical disciplines. The Company's principal activity is consultancy across all industry sectors both in the UK and overseas. The company works in close collaboration with Native Design LLC, based in San Francisco.

#### **Business review**

The objective for 2018 was to broaden our client portfolio and be less dependent on a small number of large projects and we have achieved this aim, winning work in the healthcare, banking, and consumer electronics industries. We are very pleased with how we have managed to diversify, both in terms of sectors and geographies.

Financially it was not as good a year as the previous one, but we have spent significant time and expense in internal R&D and we hope that this work will bear fruit in the coming year.

We go into the new financial year with a renewed energy in business development activities and will continue to focus our efforts on winning innovative work in a variety of sectors.

#### **Principal risks and uncertainties**

##### **Economic Conditions**

Ongoing uncertainty surrounding Brexit may continue to disrupt the UK economy and remains a potential threat to the Company's business activities moving forward, specifically in terms of attracting talent to the UK as well as making it potentially harder to win work from international clients.

##### **Competition**

The Company operates in a highly competitive market with most of the players being of a much larger scale. Being one of the few privately owned independent companies in the marketplace has its advantages but also requires from its management a greater effort in networking and client engagement.

##### **Financial key performance indicators**

The Company considers the key financial indicators to be turnover and profit before tax.

For the year ended 31 March 2018 the turnover was £10,844,273 (2017: £18,733,016) representing a 42% decrease in turnover from the prior year. Profit before tax for the year was £1,466,698 (2017: £4,466,809).

The fall in profit margin is disappointing but reflects the completion of a highly strategic significant client project and the time and investment needed during the year to replace this work with significant new clients. There was an intense period of business development during the period which has now reaped rewards.

The Company has also started its own product development venture startup with its own product development. The Company's strategic decision to invest heavily in this area has enabled it to gain valuable experience and hopefully profit from this activity in the coming year.

Another key financial indicator that the business uses to monitor performance is the level of current assets. The Company maintains a high level of asset cover at all times to ensure the long term financial stability of the Company and the cash position of the Company continues to be very strong.

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**NATIVE DESIGN LTD**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

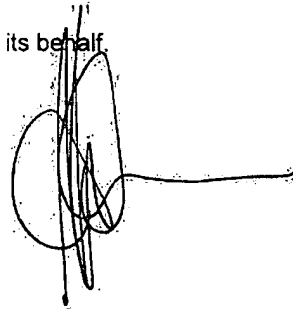
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**Other key performance indicators**

The Company considers the ability to retain high quality clients a strong indicator of its performance. This was borne out by our portfolio of blue chip clients retained during the year ended 31 March 2018.

This report was approved by the board on 7 November 2018 and signed on its behalf

**M V Warren**  
Director

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## **NATIVE DESIGN LTD**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018**

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The directors present their report and the financial statements for the year ended 31 March 2018.

#### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

#### **Results and dividends**

The profit for the year, after taxation, amounted to £1,926,505 (2017 - £3,894,615).

There were dividends proposed and paid of £1,012,233 (2017: £1,350,000) in the year.

#### **Directors**

The directors who served during the year were:

M V Warren  
M A Hoggarth  
T R Kleist (resigned 31 August 2017)  
P J Warren

#### **Future developments**

The Company plans to continue in the same course of business.

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**NATIVE DESIGN LTD**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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**Disclosure of information to auditors**

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

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

**Post balance sheet events**

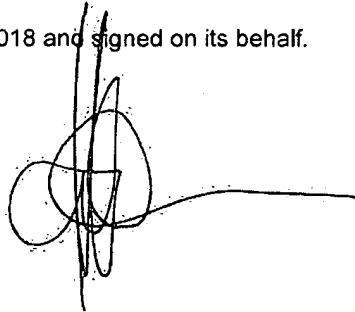
There have been no significant events affecting the Company since the year end.

**Auditors**

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

This report was approved by the board on 7 November 2018 and signed on its behalf.

M V Warren  
Director

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## NATIVE DESIGN LTD

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NATIVE DESIGN LTD

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#### Opinion

We have audited the financial statements of Native Design Ltd (the 'Company') for the year ended 31 March 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 March 2018 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 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.

#### Other information

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

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



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## NATIVE DESIGN LTD

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NATIVE DESIGN LTD (CONTINUED)

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work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

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.

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## NATIVE DESIGN LTD

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NATIVE DESIGN LTD (CONTINUED)

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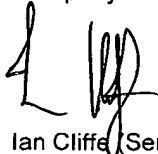
#### Auditors' responsibilities for the audit of the financial statements

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

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

#### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Ian Cliffe (Senior Statutory Auditor)

for and on behalf of  
**haysmacintyre**

Statutory Auditors

10 Queen Street Place  
London  
EC4R 1AG

7 November 2018

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**NATIVE DESIGN LTD**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2018**

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	Note	2018 £	2017 £
Turnover	4	10,844,273	18,733,016
Cost of sales		(5,396,823)	(10,109,413)
<b>Gross profit</b>		<u>5,447,450</u>	<u>8,623,603</u>
Administrative expenses		(3,985,474)	(4,156,883)
<b>Operating profit</b>	5	<u>1,461,976</u>	<u>4,466,720</u>
Interest receivable and similar income	8	4,722	89
<b>Profit before tax</b>		<u>1,466,698</u>	<u>4,466,809</u>
Tax on profit	9	459,807	(572,194)
<b>Profit for the financial year</b>		<u><u>1,926,505</u></u>	<u><u>3,894,615</u></u>

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 11 to 23 form part of these financial statements.

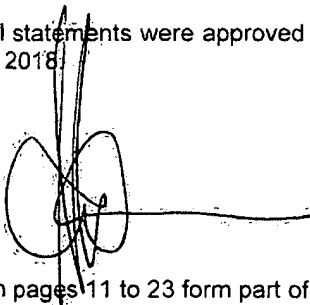
**NATIVE DESIGN LTD**  
**REGISTERED NUMBER: 03703075**

**BALANCE SHEET**  
**AS AT 31 MARCH 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	12	507,042	845,452
		<u>507,042</u>	<u>845,452</u>
<b>Current assets</b>			
Debtors	13	2,992,892	4,258,380
Cash at bank and in hand		2,915,388	2,890,844
		<u>5,908,280</u>	<u>7,149,224</u>
Creditors: amounts falling due within one year	14	(1,516,208)	(3,976,581)
<b>Net current assets</b>		<u>4,392,072</u>	<u>3,172,643</u>
<b>Total assets less current liabilities</b>		<u>4,899,114</u>	<u>4,018,095</u>
<b>Provisions for liabilities</b>			
Deferred tax	15	-	(33,253)
		<u>-</u>	<u>(33,253)</u>
<b>Net assets</b>		<u><u>4,899,114</u></u>	<u><u>3,984,842</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	153	153
Profit and loss account	17	4,898,961	3,984,689
		<u>4,899,114</u>	<u>3,984,842</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 November 2018.

**M V Warren**  
Director



The notes on pages 11 to 23 form part of these financial statements.

**NATIVE DESIGN LTD**

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

	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 April 2016</b>	152	1,440,074	1,440,226
Profit for the year	-	3,894,615	3,894,615
Dividends: Equity capital	-	(1,350,000)	(1,350,000)
Shares issued during the year	1	-	1
<b>At 1 April 2017</b>	153	3,984,689	3,984,842
Profit for the year	-	1,926,505	1,926,505
Dividends: Equity capital	-	(1,012,233)	(1,012,233)
<b>At 31 March 2018</b>	153	4,898,961	4,899,114

The notes on pages 11 to 23 form part of these financial statements.

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## NATIVE DESIGN LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office and trading address is 5 Garden Walk, London, EC2A 3EQ. The company's registration number is 03703075.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

##### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Auralia Ltd as at 31 March 2018 and these financial statements may be obtained from Companies House.

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**NATIVE DESIGN LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**2. Accounting policies (continued)**

**2.3 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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.

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

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## NATIVE DESIGN LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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## 2. Accounting policies (continued)

### 2.4 Revenue

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

#### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 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.

### 2.5 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 Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.



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## NATIVE DESIGN LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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## 2. Accounting policies (continued)

### 2.6 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 balance sheet 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 Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; 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 balance sheet date.

### 2.7 Intangible assets

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

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

### 2.8 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.

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## NATIVE DESIGN LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### 2.8 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a straight line and reducing balance method.

Depreciation is provided on the following basis:

Short-term leasehold property	-	10% straight line
Plant and machinery	-	20% straight line
Motor vehicles	-	25% straight line
Office equipment	-	25% reducing balance

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.

##### 2.9 Debtors

Short term debtors are measured at transaction price, less any impairment.

##### 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.

##### 2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### (i) Significant judgements

No critical accounting judgement was made by management in the process of applying the company's accounting policies that have a significant effect on amounts recognised in the financial statements.

##### (ii) Key sources of estimation uncertainty.

No critical sources of estimation uncertainty were made by management in the process of applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

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NATIVE DESIGN LTD

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

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**4. Turnover**

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

	2018 £	2017 £
Rendering of services	10,844,273	18,733,016
	<u>10,844,273</u>	<u>18,733,016</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	3,979,817	3,006,586
Rest of Europe	2,507,383	6,829,956
Rest of the world	4,357,073	8,896,474
	<u>10,844,273</u>	<u>18,733,016</u>

**5. Operating profit**

The operating profit is stated after charging:

	2018 £	2017 £
Exchange differences	(1,207)	132,863
	<u>(1,207)</u>	<u>132,863</u>

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**NATIVE DESIGN LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**6. Employees**

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

	2018 £	2017 £
Wages and salaries	4,688,719	6,015,966
Social security costs	657,801	628,759
Cost of defined contribution scheme	127,582	128,194
	<u>5,474,102</u>	<u>6,772,919</u>

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

	2018 No.	2017 No.
Production Staff	52	48
Administrative Staff	19	23
	<u>71</u>	<u>71</u>

The Key Management Personnel are considered to be 2 (2017: 2) senior employees who are also directors. Total remuneration in respect of these employees was £638,296 (2017: £1,015,422).

**7. Directors' remuneration**

	2018 £	2017 £
Directors' emoluments	619,816	996,942
Directors pension costs	60,750	62,224
	<u>680,566</u>	<u>1,059,166</u>

During the year retirement benefits were accruing to 3 directors (2017 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £477,346 (2017 - £854,472).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £57,950 (2017 - £57,950).

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**NATIVE DESIGN LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**8. Interest receivable**

	2018 £	2017 £
Other interest receivable	4,722	89
	<u>4,722</u>	<u>89</u>

**9. Taxation**

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	374,703	942,785
Adjustments in respect of previous periods	(763,747)	(381,273)
<b>Total current tax</b>	<u>(389,044)</u>	<u>561,512</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(70,763)	10,682
<b>Total deferred tax</b>	<u>(70,763)</u>	<u>10,682</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(459,807)</u>	<u>572,194</u>

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**NATIVE DESIGN LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**9. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	1,466,698	4,466,809
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	278,673	893,362
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	27,515	86,356
Capital allowances for year in excess of depreciation	42,182	4,183
Adjustments to tax charge in respect of prior periods	(763,747)	(381,273)
Non-taxable income	(57,023)	-
Other differences leading to a decrease in the tax charge	12,593	(30,434)
<b>Total tax charge for the year</b>	<b>(459,807)</b>	<b>572,194</b>

The adjustments in respect of prior periods relate to R&D credits which were claimed for in the year/period after the R&D expenditure occurred.

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**10. Dividends**

	2018 £	2017 £
Dividends declared	1,012,233	1,350,000

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**NATIVE DESIGN LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**11. Intangible assets**

	Goodwill £
<b>Cost</b>	
At 1 April 2017	800,000
At 31 March 2018	<u>800,000</u>
<b>Amortisation</b>	
At 1 April 2017	800,000
At 31 March 2018	<u>800,000</u>
<b>Net book value</b>	
At 31 March 2018	<u>-</u>
At 31 March 2017	<u>-</u>

**NATIVE DESIGN LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

**12. Tangible fixed assets**

	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
<b>Cost or valuation</b>				
At 1 April 2017	210,324	90,525	1,171,982	1,472,831
Additions	-	-	68,684	68,684
Disposals	(70,406)	-	(337,818)	(408,224)
At 31 March 2018	139,918	90,525	902,848	1,133,291
<b>Depreciation</b>				
At 1 April 2017	76,389	1,886	549,104	627,379
Charge for the year on owned assets	33,034	22,631	119,168	174,833
Disposals	(64,437)	-	(111,526)	(175,963)
At 31 March 2018	44,986	24,517	556,746	626,249
<b>Net book value</b>				
At 31 March 2018	94,932	66,008	346,102	507,042
At 31 March 2017	133,935	88,639	622,878	845,452

**13. Debtors**

	2018 £	2017 £
Trade debtors	1,923,992	3,548,926
Other debtors	769,819	425,615
Prepayments and accrued income	261,571	283,839
Deferred taxation	37,510	-
	<u>2,992,892</u>	<u>4,258,380</u>



**NATIVE DESIGN LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

**14. Creditors: Amounts falling due within one year**

	2018 £	2017 £
Trade creditors	117,339	372,463
Amounts owed to group undertakings	634,121	416,549
Corporation tax	(233,177)	740,150
Other taxation and social security	344,997	322,302
Other creditors	25,904	19,377
Accruals and deferred income	627,024	2,105,740
	<u>1,516,208</u>	<u>3,976,581</u>

**15. Deferred taxation**

	2018 £
At beginning of year	(33,253)
Charged to profit or loss	70,763
<b>At end of year</b>	<u><u>37,510</u></u>

The deferred taxation balance is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	37,510	(88,940)
Deferred bonuses	-	55,687
	<u>37,510</u>	<u>(33,253)</u>

**16. Share capital**

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
10,000 Ordinary Shares of £0.0001 each (2016: 2 Ordinary Shares of £1 each)	1	1
1,500,000 Ordinary 'A' Shares of £0.0001 each	150	150
16,522 (2017 - 16,500) Ordinary 'B' Shares of £0.0001 each	2	2
	<u>153</u>	<u>153</u>

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## NATIVE DESIGN LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 17. Reserves

##### Profit and loss account

Called-up share capital – represents the nominal value of shares that have been issued.

Profit and loss account – this reserve records retained earnings and accumulated losses.

#### 18. Commitments under operating leases

At 31 March 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	-	264,000
Later than 1 year and not later than 5 years	-	1,056,000
Later than 5 years	-	1,188,000
	<u>-</u>	<u>2,508,000</u>

#### 19. Related party transactions

Native Design Ltd entered into sales transactions totalling £333,505 (2017: £31,842) with Native Design LLC, a company in which Morten Warren is a director and shareholder. Native Design Ltd also charged Native Design LLC management charges totalling £271,271 (2017: £250,442) in the year.

#### 20. Controlling party

The immediate and ultimate parent company is Auralia Limited, a company registered in England and Wales.

The ultimate controlling party is the managing director M V Warren.

#### 21. Pension Commitments

At 31 March 2018, Native Design Limited owed £25,343 (2017: £19,377) to a defined contribution pension scheme. This was subsequently paid post year-end.