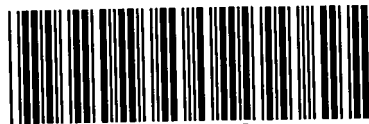


# **The Gift & Loyalty Company Limited**

Annual report and financial statements  
for the year ended 31 March 2016

Registration Number: 03941797

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## **Directors' Report**

### **Business Activities**

The principal activity of the Company in the period under review was that of operating and developing Loyalty Schemes and Prepaid Gift Card Schemes for major international brands.

The Company holds a number of important client relationships with international and significant retail and commercial brands, which in themselves provide the Company with an excellent set of established reference points for future business development.

The business is operating in a very timely and dynamically expanding market space, where due to the current economic climate there is a need for retailers to drive foot fall and develop alternative and acceptable ways of allowing their products and services to be gifted.

There is a significant move from paper based gift vouchers to plastic cards and the core networked on line solutions The Gift & Loyalty Company offer.

There has also been a major increase in the corporate rewards market where gift cards are used to improve the well-being of employees by rewarding them for extra efforts or increased contribution through the use of gift cards they can use in their leisure time.

The Company has also developed a range of virtual gift card solutions where gifts can be given over the internet or via mobile networks in real time as incentives for visiting a retailer or choosing to use a particular service.

### **Principal Income Streams**

The Company earns revenues from programme set up, card creation and transaction fees relating to the cards.

### **Principal Risks and Uncertainties**

The management of the business and the execution of its strategy are subject to a number of potential risks. The key business risks and uncertainties that could affect the Company are considered to relate to the value of the investment that is made, the level of income generated by its platform, fraud attacks, plus any regulatory changes that may occur in the gift card services market.

The Directors mitigate these risks by closely monitoring their investments and business functions, plus ensuring that they keep abreast of all legislation that effect payments in the areas that the Company operates in.

The Company is dependent for its working capital on funds provided to it by Contis Group Limited, the Company's ultimate parent. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

## **Directors' Report (Continued)**

### **Key Performance Indicators**

During the year ended 31 March 2016 the Company processed 1,123,307 transactions (2015: 1,022,632 transactions).

### **Results and Dividends**

The results of the year are set out in the Statement of Profit and Loss and Other Comprehensive Income on page 9. Turnover was £355,769 (2015: £190,285) and the loss for the year was £360,720 (2015: loss £250,420).

The Directors do not recommend the payment of a final dividend (2015: nil).

### **Directors**

The following Directors have held office during and subsequent to the financial year:

Peter J Cox  
Michael J Fromant (resigned 7 April 2016)  
Lee Johnstone  
Thomas Gregory (appointed 16 March 2016; resigned 17 June 2016)

### **Creditor Payment Policy**

The Company's current policy concerning the payment of trade creditors is to:

- (i) Settle the terms of payment with the suppliers when agreeing the terms of each transaction;
- (ii) Ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- (iii) Pay in accordance with the Company's contractual and other legal obligations.

The Company's trade creditors at 31 March 2016 were equivalent to 23 days of purchases (2015: 65 days).

### **Auditors**

A resolution proposing that KPMG LLP be reappointed as the Company's Auditors will be put to the Annual General Meeting of the Company.

## **Directors' Report (Continued)**

### **Disclosure of Information to Auditors**

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Statement of Going Concern**

The financial statements are prepared on a going concern basis as the directors are satisfied that the Group has the resources to continue in business for the foreseeable future. As disclosed in the parent's group accounts for the year ended 31 March 2016, the Group relies on the support of its shareholders and the availability of new funds from the equity markets and as a result the Company is also reliant on the shareholders for its projected further funding requirements. To date the principal shareholders have supplied the working capital needs of the Group through the purchase of new shares in the parent company and provision of secured interest-bearing loans to group companies.

## Statement Of Directors' Responsibilities

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS).

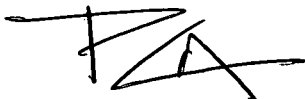
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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.

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

By order of the Board



P J Cox  
Director

20<sup>th</sup> December 2016

## **Independent Auditor's Report to the Members of The Gift & Loyalty Company Limited**

We have audited the financial statements of The Gift & Loyalty Company Limited for the year ended 31 March 2016 as set out on pages 9 to 28. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the EU.

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.

### **Respective Responsibilities of Directors and Auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the Audit of the Financial Statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on Financial Statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of the loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of Matter – Going Concern**

In forming our opinion on the Financial Statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the Financial Statements concerning the Company's ability to continue as a going concern which is dependent on the continued financial support provided by Contis Group Limited, its ultimate Parent Company, which in turn is reliant on external funding and continued support from its existing shareholders. This condition, along with the other matters explained in note 1 to the Financial Statements, indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Financial statements do not include any adjustments that would result if the Company were unable to continue as a going concern.

**Independent Auditor's Report to the Members of The Gift & Loyalty Company Limited (Continued)**

**Opinion On Other Matter Prescribed by The Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on Which We are Required to Report by Exception**

We have nothing to report in respect of the following matters where 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

*L. Pomeroy*

**Lawrence Pomeroy (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

**20** December 2016



## Statement of Profit and Loss and Other Comprehensive Income

For the year ended 31 March 2016

	Notes	2016 £	2015 £
Revenue		355,769	190,285
Cost of sales		(70,392)	(148,857)
Gross profit		285,377	41,428
Other operating expenses		(646,097)	(291,848)
<b>Operating loss</b>	2	(360,720)	(250,420)
Finance income/(cost)	5	–	–
<b>Loss before tax</b>		(360,720)	(250,420)
Taxation	6	–	–
<b>Loss for the period</b>		(360,720)	(250,420)
<b>Other comprehensive income</b>		–	–
<b>Total comprehensive loss for the period</b>		(360,720)	(250,420)

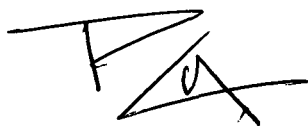
The notes from page 13 – 28 form an integral part of these financial statements.

## Balance Sheet

At 31 March 2016

		31 March 2016	31 March 2015	31 March 2014
	Note	£	£	£
<b>Non-Current assets</b>				
Intangible assets	7	–	–	–
Property, Plant and Equipment	8	–	–	380
		<u>–</u>	<u>–</u>	<u>380</u>
<b>Current assets</b>				
Trade and other receivables	9	654,082	492,558	372,067
Cash and cash equivalents		79,670	18,113	9,277
		<u>733,752</u>	<u>510,671</u>	<u>381,344</u>
<b>Total assets</b>		<u>733,752</u>	<u>510,671</u>	<u>381,724</u>
<b>Current liabilities</b>				
Trade and other payables	10	(10,172)	(26,850)	(11,817)
		<u>(10,172)</u>	<u>(26,850)</u>	<u>(11,817)</u>
<b>Non-Current liabilities</b>				
Other payables	11	(1,841,345)	(1,240,866)	(876,532)
<b>Total Liabilities</b>		<u>(1,851,517)</u>	<u>(1,267,716)</u>	<u>(888,349)</u>
<b>Net Liabilities</b>		<u>(1,117,765)</u>	<u>(757,045)</u>	<u>(506,625)</u>
<b>Equity</b>				
Share capital	13	2	2	2
Retained earnings		<u>(1,117,767)</u>	<u>(757,047)</u>	<u>(506,627)</u>
<b>Total Shareholder Liabilities</b>		<u>(1,117,765)</u>	<u>(757,045)</u>	<u>(506,625)</u>

These financial statements were approved by the board on ~~20<sup>th</sup>~~ December 2016 and were signed on its behalf by:



**P J Cox**

Director

Company registration number: 03941797

The notes from page 13 – 28 form an integral part of the financial statements

## Statement of Changes in Equity

	<i>Share capital</i>	<i>Retained earnings</i>	<i>Total</i>
	£	£	£
1 April 2014	2	(506,627)	(506,625)
Loss for the year	–	(250,420)	(250,420)
<b><i>Balance at 31 March 2015</i></b>	<b><u>2</u></b>	<b><u>(757,047)</u></b>	<b><u>(757,045)</u></b>
Loss for the year	–	(360,720)	(360,720)
<b><i>Balance at 31 March 2016</i></b>	<b><u>2</u></b>	<b><u>(1,117,767)</u></b>	<b><u>(1,117,765)</u></b>

The notes from page 13 – 28 form an integral part of the financial statements

## Statement of Cash Flows

For year ended 31 March 2016

	Note	31 March 2016 £	31 March 2015 £
<i>Cash flows from operating activities</i>			
Net cash from operations	14	61,557	8,836
<b>Net cash inflow from operating activities</b>		<b>61,557</b>	<b>8,836</b>
<b>Cash flows from investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>		<b>-</b>	<b>-</b>
Net (decrease) / increase in cash		61,557	8,836
Cash and cash equivalents at 1 April		18,113	9,277
<b>Cash and cash equivalents at period end</b>		<b>79,670</b>	<b>18,113</b>

The notes from page 13 – 28 form an integral part of the financial statements.

## Notes to the Financial Information

### 1. Accounting policies

The Gift & Loyalty Company Limited is a limited company incorporated and domiciled in the United Kingdom.

The registered office of The Gift & Loyalty Company Limited is Navigation House, Belmont Wharf, Skipton, United Kingdom, BD23 1RL.

#### 1.1 Change in accounting policy as a result of transition to adopted IFRSs

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The Company has applied IFRS for the first time in these financial statements and accordingly disclosed whether there has been an impact on transition in note 18 to these financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The financial statements are prepared on the historical cost basis.

The functional currency of the Company is GBP. The company financial statements are presented in GBP and all values are rounded to the pound, except otherwise indicated.

#### 1.2 Going concern

The financial statements have been prepared on the going concern basis which the Directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided to it by Contis Group Limited, the Company's ultimate parent company. The Directors of the Company have prepared trading and cash flow forecasts for a period in excess of one year from the date of approval of these Financial Statements, which show that further funding will be required from the parent company. Contis Group Limited has indicated that for at least 12 months from the date of approval of these Financial Statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. The Directors consider that this should enable the Company to continue its operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

As disclosed in the parent's group accounts for the year ended 31 March 2016, the Group relies on the support of its shareholders and the availability of new funds from the equity markets and as a result the Company is also reliant on the shareholders for its projected further funding requirements.

The principal shareholders of the Group have representation on the Board and, as a result, are in continual dialogue with the Directors of the parent regarding the financial position of the Group and its current and future cash needs. These shareholders have demonstrated their support via the provision of additional working capital in the form of equity and secured loans since the inception of the company; a total of £2.4m convertible loans and £0.125m equity have been received by the Group in the financial year to March 2016. Since the year end and up to the date of signing these financial statements, the Group has received further funding from the shareholders of £0.8m and £0.4m from external investors, both in the form of loans. In addition, the shareholders have converted £4m of convertible debt into equity. The Directors of the Group have prepared trading and cash flow forecasts for a period in excess of one year from the date of approval of these financial statements, which show that further funding will be required in the next 12 months. The forecasts show that this funding is expected to be up to a maximum of £2.25m (excluding collateral requirements). The Group expect that this funding will be obtained from its shareholders or the proposed new equity funding referred to over the page

## Notes (continued)

### 1. Accounting policies (continued)

#### 1.2 Going concern (continued)

As with any company placing reliance on its ultimate shareholders for support, the Directors acknowledge that there can be no certainty that this support will continue. However, at the date of approval of these financial statements, they have no reason to believe it will not do so and the shareholders have indicated their intention to support the Group. These conditions, along with the other matters described above, indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, therefore, to continue to realise their assets and discharge their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the going concern basis being inappropriate.

The principal shareholders of Contis Group have previously given the Directors of the parent the authority to embark on further fund raising from external equity providers. The Group continues to seek an investment of £6m in new equity however the Group has, at this time, received no commitments regarding this equity fund raising.

#### 1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at the date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

#### 1.4 Revenue recognition

Revenue reflects amounts invoiced to clients.

Revenues are generated from our clients in the form of set up fees, annual / monthly charges, transaction fees and card production and fulfilment. All charges and fees are collected by invoice to the client.

Both set up fees and annual charges are recognised at the time of invoice. Monthly charges and transaction fees are invoiced at the end of the month in which the activity occurred. Card production and fulfilment are invoiced at the point cards have been despatched to the client.

#### 1.5 Intangible assets

Intangible fixed assets acquired as part of an acquisition are capitalised at their cost value.

Purchased goodwill, concessions, patents, licences and trademarks purchased by the Company are amortised to nil by equal annual instalments over their useful economic lives, generally 10 years.

## Notes (continued)

### 1. Accounting policies (continued)

#### 1.6 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost represents expenditure that is directly attributable to the purchase of the asset.

Depreciation is charged on a straight-line basis, so as to write off the costs of assets less their residual values over their estimated useful lives, on the following basis:

Fixtures, fittings and equipment	-	1-5 years
Computer equipment	-	1-3 years

The assets' estimated useful lives, depreciation rates and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying value is written down immediately to its recoverable amount if its carrying value is greater than its recoverable amount.

The gain or loss arising on disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

#### 1.7 Impairment of property, plant and equipment and intangible assets

At each reporting period, the Company reviews its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, with any impairment recognised immediately through the income statement.

#### 1.8 Classification of financial instruments issued by the Company

Following the adoption of IAS 32 Financial Instruments: Presentation, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

## Notes (continued)

### 1. Accounting policies (continued)

#### 1.9 Financial instruments

Non-derivative financial instruments comprise other receivables, cash at bank and in hand, and trade and other payables.

##### *Trade receivables*

Trade receivables are recognised initially at the fair value of the amount receivable and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. A provision for impairment is established when there is objective evidence that there is a difference between the carrying value and the recoverable amount.

##### *Other receivables*

Other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

##### *Trade and other payables*

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances

#### 1.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the year end and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### 1.11 Cost of Sales

Cost of sales comprises the cost directly associated with the revenue recognised during the year.



## Notes (continued)

### 1. Accounting policies (continued)

#### 1.12 Adopted IFRS not yet applied

The following standards and interpretations have an effective date after the date of these financial statements.

<i>Standard or interpretation</i>	<i>Title</i>	<i>Effective for accounting periods beginning on or after</i>
IAS 1	Disclosure initiative	1 January 2016
IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
AIP IFRS 7	Applicability of the offsetting disclosures to condensed interim financial statements	1 January 2016
AIP IAS 19	Discount rate: Regional market issue	1 January 2016
AIP IAS 34	Disclosure of information 'elsewhere in the interim financial report'	1 January 2016
IFRS 15	Revenue from contracts with customers	1 January 2017
IFRS 9	Financial instruments	1 January 2018

The directors anticipate that the adoption of these standards and interpretations in future periods will not have a material impact on the financial statements of the Company when these relevant standards and interpretations come into effect.

#### 1.13 Accounting estimates and judgements

The preparation of financial statements in accordance with International Financial Reporting Standards requires the exercise of judgement both in the application of accounting policies and in the selection of assumptions used in the calculation of estimates. These estimates and judgements are continually reviewed and evaluated based on historical experience and other factors. However, actual results may differ from these estimates. Areas of significant judgment in these financial statements include:

- Impairment (note 1.7);
- Income tax (note 6); and
- Deferred tax (note 12).

**Notes (continued)**

**2. Expenses and auditors remuneration:**

	<i>Year ended 31 March 2016</i>	<i>Year ended 31 March 2015</i>
	<i>£</i>	<i>£</i>
Depreciation of property, plant and equipment	–	380
Audit & Accountancy Fees:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	4,750	2,880

The auditors' remuneration for the audit of the Company for the year ended 31 March 2016 has been borne by the parent undertaking, Contis Group Limited and is disclosed in those financial statements.

**3. Staff numbers and costs**

The entity does not have any employees.

**4. Directors' emoluments**

The Directors did not receive any remuneration from the Company during the year. The Directors remuneration was borne by Contis Technologies Limited its sister company, and a wholly owned subsidiary of Contis Group Limited.

**5. Finance Income/Cost**

There was no interest receivable/payable or similar income/charge during the year (2015: Nil).

**6. Income tax expense**

	<i>Year ended 31 March 2016</i>	<i>Year ended 31 March 2015</i>
	<i>£</i>	<i>£</i>
Current income tax	–	–
Deferred tax	–	–
<b>Total tax expense</b>	<b>–</b>	<b>–</b>

## Notes (continued)

### 6. *Income tax expense (continued)*

A reconciliation of the tax expense on the loss before tax at the standard UK corporation tax rate to the actual expense is as follows:

	<i>Year ended 31 March 2016 £</i>	<i>Year ended 31 March 2015 £</i>
Loss before tax	<u>(360,720)</u>	<u>(250,420)</u>
Tax calculated at standard rate of corporation tax in the UK of 20% (2015: 20%)	(72,144)	(50,084)
Capital allowances (in excess)/lower than of depreciation	–	76
Losses carried forward	<u>72,144</u>	<u>50,008</u>
Total tax expense	<u>–</u>	<u>–</u>

### 7. **Intangible assets**

Goodwill and other intangibles arising on previous acquisitions have been fully written down.

**Notes (continued)**

**8. Property, plant and equipment**

	<i>Computer equipment</i>	<i>Total</i>
	£	£
<b>Cost</b>		
At 1 April 2015	13,678	13,678
<b>At 31 March 2016</b>	<b>13,678</b>	<b>13,678</b>
<b>Depreciation:</b>		
At 1 April 2015	13,678	13,678
<b>At 31 March 2016</b>	<b>13,678</b>	<b>13,678</b>
<b>Net book value:</b>		
<b>At 31 March 2016</b>	-	-
At 31 March 2015	-	-
<b>Cost</b>		
At 1 April 2014	13,678	13,678
<b>At 31 March 2015</b>	<b>13,678</b>	<b>13,678</b>
<b>Depreciation:</b>		
At 1 April 2014	13,298	13,298
<b>At 31 March 2015</b>	<b>13,678</b>	<b>13,678</b>
<b>Net book value:</b>		
<b>At 31 March 2015</b>	-	-
At 31 March 2014	380	380

**Notes (continued)**

**9. Trade and other receivables**

	<i>31 March 2016</i>	<i>31 March 2015</i>
	<i>£</i>	<i>£</i>
Trade receivables	55,600	43,295
Less: Provision for impairment of receivables	–	–
Trade receivables - net	<u>55,600</u>	<u>43,295</u>
VAT receivable	–	7,738
Intragroup receivables	<u>598,482</u>	<u>441,525</u>
	<b><u>654,082</u></b>	<b><u>492,558</u></b>

**10. Trade and Other Payables: amounts falling due within one year**

	<i>31 March 2016</i>	<i>31 March 2015</i>
	<i>£</i>	<i>£</i>
Trade payables	4,347	26,600
VAT and social security taxes	5,825	–
Accruals and deferred income	–	250
	<u>10,172</u>	<u>26,850</u>

**11. Other Payables**

	<i>31 March 2016</i>	<i>31 March 2015</i>
	<i>£</i>	<i>£</i>
Intragroup payables	1,841,345	1,240,866
	<u>1,841,345</u>	<u>1,240,866</u>

The intragroup payables relate to cash movements between subsidiary companies and intragroup recharges for processing, services and management based on a transfer pricing model.

**12. Deferred tax**

The amount of unused tax losses carried forward is as below:

	<i>31 March 2015</i>	<i>Movement not recognised during the year</i>	<i>31 March 2016</i>
		<i>£</i>	<i>£</i>
At the period end	(50,008)	(22,136)	(72,144)
<b>Deferred tax at 20%</b>	<u>(10,002)</u>	<u>(4,427)</u>	<u>(14,429)</u>

The Company has not recognised deferred tax assets or liabilities to date as there is insufficient certainty over the ability to use the amounts in the future.

**Notes (continued)**

**13. Capital and Reserves**

**Share Capital**

	<i>31 March 2016</i>	<i>31 March 2015</i>
<i>Authorised share capital:</i> Ordinary shares of £1 each	1,000	1,000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

**14. Reconciliation of operating loss to net cash flows from operating activities**

	<i>Year ended 31 March 2016 £</i>	<i>Year ended 31 March 2015 £</i>
Loss before tax	(360,720)	(250,420)
Operating loss for the period	<u>(360,720)</u>	<u>(250,420)</u>
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment	–	380
<i>Movement in working capital:</i>		
Trade and other receivables	(161,524)	(120,491)
Trade and other payables	583,801	379,367
Cash from operations	<u>61,557</u>	<u>8,836</u>

## Notes (continued)

### 15. Analysis of net debt

<i>Year ended 31 March 2016</i>	<i>At beginning of year £</i>	<i>Cash flow £</i>	<i>Non cash movements £</i>	<i>At end of year £</i>
Cash at bank and in hand	18,113	61,557	–	<b>79,670</b>
	18,113	61,557	–	<b>79,670</b>
 <i>Year ended 31 March 2015</i>	 <i>At beginning of year £</i>	 <i>Cash flow £</i>	 <i>Non cash movements £</i>	 <i>At end of year £</i>
Cash at bank and in hand	9,277	8,836	–	<b>18,113</b>
	9,277	8,836	–	<b>18,113</b>

### 16. Capital and other financial commitments

The Company had no material capital commitments at the end of any of the financial periods.

### 17. Related party transactions

#### *Identity of related parties with which the Company has transacted*

During the year the Company is controlled by Peter Cox as chairman and majority shareholder of the Company.

The Company had transactions in the year with fellow subsidiary companies wholly owned by Contis Group Limited. The details of these transactions are disclosed below.

#### *Group Companies*

All the employees within the company are employed by Contis Technologies Limited and all central services are procured by the Contis Technologies Limited. During the year the Contis Technologies Limited provided wages marketing and central services to the Company totalling £345,665 (2015: £nil).

At 31 March 2016 the balance amount outstanding with Contis Technologies was £381,665 (2015: £36,000).

#### *Transactions with key management personnel*

There were no material related transactions with Directors or key managers during the accounting period.

#### *Other related party transactions*

There were no material transactions with any other related parties during the accounting period.

## Notes (continued)

### 18. First-time adoption of IFRS

As stated in note 1, these financial statements, for the year ended 31 March 2016, are the first the company has prepared in accordance with IFRS. For periods up to and including the year ended 31 March 2016, the company prepared its financial statements in accordance with the accounting standards generally accepted in the United Kingdom ("UK GAAP"). Accordingly, the company has prepared financial statements which comply with IFRSs applicable for periods ending on or after 31 March 2016, together with the comparative period data as at and for the year ended 31 March 2015, as described in the accounting policies. In preparing these financial statements, the company's opening statement of financial position was prepared as at 1 April 2014, the company's date of transition to IFRS. This note explains the principal adjustments made by the company in restating its UK GAAP statement of financial position as at 1 April 2014 and its previously published UK GAAP Statement of Financial Performance for the year ended 31 March 2015.

#### Reconciliation of equity as at 31 March 2014

	Notes	UK GAAP £	Effect of transition to adopted IFRSs £	Adopted IFRSs at 31 March 2014 £
<b>Non-Current assets</b>				
Intangible assets	A	84,210	(84,210)	–
Fixed assets		380	–	380
		<u>84,590</u>	<u>(84,210)</u>	<u>380</u>
<b>Current assets</b>				
Trade and other receivables		372,067	–	372,067
Cash and cash equivalents		9,277	–	9,277
		<u>381,344</u>	<u>–</u>	<u>381,344</u>
<b>Total assets</b>		<b><u>465,934</u></b>	<b><u>(84,210)</u></b>	<b><u>381,724</u></b>
<b>Current liabilities</b>				
Trade and other payables		(11,817)	–	(11,817)
<b>Non-Current liabilities</b>				
Trade and other payables		(876,532)	–	(876,532)
<b>Total Liabilities</b>		<b><u>(888,349)</u></b>	<b><u>–</u></b>	<b><u>(888,349)</u></b>
<b>Net liabilities</b>		<b><u>(422,415)</u></b>	<b><u>(84,210)</u></b>	<b><u>(506,625)</u></b>
<b>Equity</b>				
Share capital		2	–	2
Retained earnings	A	(422,417)	(84,210)	(506,627)
<b>Total Shareholder's Equity</b>		<b><u>(422,415)</u></b>	<b><u>(84,210)</u></b>	<b><u>(506,625)</u></b>

#### Notes to the reconciliation of equity in the table above:

A Intangible assets under UK GAAP was in relation to goodwill arising on past acquisitions. Under IFRS goodwill is not amortised but assessed for impairment. Furthermore IFRS requires goodwill arising on an acquisition to be analysed in more detail to greater isolate other intangible assets acquired and allocate purchase consideration to these intangibles. As part of the transition the directors have analysed the nature of the intangibles and residual goodwill arising on acquisition and believe these to be fully written down at the date of transition.



**Notes (continued)**

**18. First-time adoption of IFRS (continued)**

Reconciliation of equity as at 31 March 2015

	Notes	UK GAAP £	Effect of transition to adopted IFRSs £	Adopted IFRSs at 31 March 2015 £
<b>Non-Current assets</b>				
Intangible assets	A	71,514	(71,514)	–
Fixed assets		–	–	–
		<u>71,514</u>	<u>–</u>	<u>–</u>
<b>Current assets</b>				
Trade and other receivables		492,558	–	492,558
Cash and cash equivalents		18,113	–	18,113
		<u>510,671</u>	<u>–</u>	<u>510,671</u>
<b>Total assets</b>		<u><b>582,185</b></u>	<u><b>(71,514)</b></u>	<u><b>510,671</b></u>
<b>Current liabilities</b>				
Trade and other payables		(26,850)	–	(26,850)
<b>Non-Current liabilities</b>				
Trade and other payables		(1,240,866)	–	(1,240,866)
<b>Total Liabilities</b>		<u><b>(1,267,716)</b></u>	<u><b>–</b></u>	<u><b>(1,267,716)</b></u>
<b>Net liabilities</b>		<u><b>(685,531)</b></u>	<u><b>(71,514)</b></u>	<u><b>(757,045)</b></u>
<b>Equity</b>				
Share capital		2	–	2
Retained earnings	A	(685,533)	(71,514)	(757,047)
<b>Total Shareholder's Equity</b>		<u><b>(685,531)</b></u>	<u><b>(71,514)</b></u>	<u><b>(757,045)</b></u>

Notes to the reconciliation of equity in the table above:

A Intangible assets under UK GAAP was in relation to goodwill arising on past acquisitions. Under IFRS goodwill is not amortised but assessed for impairment. Furthermore IFRS requires goodwill arising on an acquisition to be analysed in more detail to greater isolate other intangible assets acquired and allocate purchase consideration to these intangibles. As part of the transition the directors have analysed the nature of the intangibles and residual goodwill arising on acquisition and believe these to be fully written down at the date of transition.

**Notes (continued)**

**18. First-time adoption of IFRS (continued)**

*Company reconciliation of Statement of Comprehensive Income for the year ended 31 March 2015*

		Effect of transition to adopted IFRSs	Adopted IFRSs at 31 March 2015
	UK GAAP		
Notes	£	£	£
<b>Revenue</b>	<b>190,285</b>	<b>–</b>	<b>190,285</b>
Cost of goods sold	(148,857)	–	(148,857)
<b>Gross profit</b>	<b>41,428</b>	<b>–</b>	<b>41,428</b>
Operating expenses	A (304,544)	12,696	(291,848)
<b>Operating loss</b>	<b>(263,116)</b>	<b>12,696</b>	<b>(250,420)</b>
Finance costs	–	–	–
Finance income	–	–	–
<b>Loss before tax</b>	<b>(263,116)</b>	<b>12,696</b>	<b>(250,420)</b>
Taxation	–	–	–
<b>Loss for the period</b>	<b>(263,116)</b>	<b>12,696</b>	<b>(250,420)</b>

*Notes to the reconciliation of Statement of Comprehensive Income in the table above:*

A Intangible assets under UK GAAP was in relation to goodwill arising on past acquisitions. Under IFRS goodwill is not amortised but assessed for impairment. Furthermore IFRS requires goodwill arising on an acquisition to be analysed in more detail to greater isolate other intangible assets acquired and allocate purchase consideration to these intangibles. As part of the transition the directors have analysed the nature of the intangibles and residual goodwill arising on acquisition and believe these to be fully written down at the date of transition.

**19. Financial Instruments**

The exposure to credit risk as at 31 March 2016 was as follows:

**a) Fair values of financial instruments**

The carrying values of the Company's financial instruments are reasonable approximations of their fair value.

**b) Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument leading to a financial loss. The Company is exposed to credit risk from its financing activities primarily in relation to its cash and cash equivalents, deposits and trade receivables.

Credit risk from balances with banks and financial institutions is managed by depositing with reputable financial institutions, from which management believes loss to be remote. The Company's maximum exposure to credit risk for the components of the statement of financial position, other than intragroup balances, is the carrying amounts of cash at bank and in hand.

## Notes (continued)

### 19. Financial Instruments (continued)

#### b) Credit risk (continued)

Credit evaluations are performed for all customers. Management has a policy in place and the exposure to credit risk is monitored on an on-going basis. At the year end there were no significant concentrations of risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

<i>Credit risk – 31 March 2016</i>	<i>On demand</i>	<i>Less than one year</i>	<i>Between one and five years</i>	<i>More than five years</i>	<i>Total</i>
	£	£	£	£	£
Trade and other receivables	–	654,082	–	–	654,082
Cash and cash equivalents	79,670	–	–	–	79,670
	<b>79,670</b>	<b>654,082</b>	<b>–</b>	<b>–</b>	<b>733,752</b>

<i>Credit risk – 31 March 2015</i>	<i>On demand</i>	<i>Less than one year</i>	<i>Between one and five years</i>	<i>More than five years</i>	<i>Total</i>
	£	£	£	£	£
Trade and other receivables	–	492,558	–	–	492,558
Cash and cash equivalents	18,113	–	–	–	18,113
	<b>18,113</b>	<b>492,558</b>	<b>–</b>	<b>–</b>	<b>510,671</b>

#### c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other prices risk, such as equity price risk.

The Company has no exposure to interest rate risk due to having no interest bearing loans or borrowings.

#### Foreign currency risk

The following tables consider the impact of several changes to the spot £/other foreign currencies exchange rates of +/- 10%. If these changes were to occur the tables below reflect the impact on loss before tax. The values are based on the server hosting costs to reflect the sensitivity of the US Dollar.

<i>Change in GBP vs. FX</i>	<b>Effect on loss before tax</b>	
	<i>Year ended 31 March 2016</i>	<i>Year ended 31 March 2015</i>
	£	£
USD	202	93

## Notes (continued)

### 19. Financial Instruments (continued)

#### Liquidity risk

Cash flow is regularly monitored and the relevant subsidiaries are aware of their working capital commitments. The Company reviews its long-term funding requirements in parallel with its long-term strategy, with an objective of aligning both in a timely manner.

The table below summarises the maturity profile of the Company's contractual undiscounted financial liabilities at 31 March 2015 and 31 March 2016.

Liquidity risk – 31 March 2016	On demand	Less than one	Between one	More than	Total
		year	and five	five years	
	£	£	£	£	£
Trade and other payables	–	10,171	1,841,345	–	1,851,516
	–	<b>10,171</b>	<b>1,841,345</b>	–	<b>1,851,516</b>

Liquidity risk – 31 March 2015	On demand	Less than one	Between one	More than	Total
		year	and five	five years	
	£	£	£	£	£
Trade and other payables	–	26,850	1,240,866	–	1,267,716
	–	<b>26,850</b>	<b>1,240,866</b>	–	<b>1,267,716</b>

### 20. Ultimate Parent Company

The Company is a subsidiary undertaking of Contis Group Limited which is the immediate and ultimate parent company, incorporated in England.

The largest group in which the results of the Company are consolidated is that headed by Contis Group Limited. The consolidated financial statements are available from Navigation House, Belmont Wharf, Skipton, BD23 1RL.

### 21. Post Balance Sheet events

No material subsequent events have been noted.