Company Number
04240184

Road Angel Group Limited

FINANCIAL STATEMENTS

for the year ended 31 December 2016

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Officers and Professional Advisors

Directors

Mr M Williams

Secretary

Mr E Walker

Registered Office

2nd Floor
Home Ground Barn
Pury Hill Business Park
Towcester
NN12 7LS

Auditor

KPMG LLP
1 Forest Gate
Brighton Road
Crawley
RH11 9PT

Solicitor

Dorsey & Whitney
199 Bishopsgate
London
EC2M 3UT

Strategic Report

Business Review

The company's principal activity during the year continued to be that of building and distributing databases and the development of applications. The performance for the year ended 31 December 2016 has diminished, as indicated by the Key Performance Indicators below.

As of the 3 October 2016 the decision was made to wind down the consumer side of the business and enter into two separate agreements for the sale of the brand and assets of the Road Angel Business. The Road Angel Brand and the associated Gem and Halo products and database were sold under one agreement. The Bike Trac brand, associated stock and database information was sold under a second agreement.

Key performance indicators

Throughout 2016 the Board used a number of measures to determine the performance of the Company. The principal key performance indicators are:

• Revenue:	£1.95 million	(2015: £2.38 million)
• Adjusted EBITDA (note 5):	(£0.38 million)	(2015: loss of £1.22 million)
• Adjusted (Loss)/Profit Before Taxation (note 5):	(£0.40 million)	(2015: loss of £1.24 million)

Comparative figures are for the 13 month period ended 31 December 2015.

Future developments

During the year, it was decided by the Directors to wind down the activity on the company with the view of ceasing trade in 2017.

Principal risks and uncertainties

Provisions

Provisions have been established for expected costs where a commitment has been made at the balance sheet date and for which no future benefit is anticipated. No reimbursement has been recognised in relation to any provision as there is no certainty of recovery or reliable means of estimation. The exact timing and quantum of the amounts is uncertain and the provision is based upon historic trends in the business.

By order of the Board

Mark P Williams
Director
29 September 2017

Directors' Report

The Directors present their report and the audited Financial Statements for the year ended 31 December 2016.

Dividends

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

Directors and Company Secretary

The name of the current Director is shown on page 3. The Directors who served during the period are as follows:

Mr I Essack (resigned 31 May 2016)
Mr M Williams (appointed 31 May 2016)

Mr E Walker is the Company Secretary (appointed 31 May 2016).

Political donations

The Company did not make any political donations in the period (2015: £nil).

Going concern

Due to the decision to cease trading, the Directors have not prepared the Financial Statements on a going concern basis. No adjustments were necessary to the amounts at which the remaining net liabilities are included in these Financial Statements.

Statement of Directors' responsibilities

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

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. (As explained in note 2, the director does not believe that it is appropriate to prepare these financial statements on a going concern basis).

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be reappointed and KPMG LLP will therefore continue in office.

Disclosure of information to the auditor

The director who held office at the date of approval of this directors' report confirms that:

a) so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and
b) he 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 auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

By order of the Board

Mark P Williams
Director
29 September 2017

Independent Auditor's Report to the members of Road Angel Group Limited

We have audited the financial statements of Road Angel Group Limited for the year ended 31 December 2016 set out on pages 9 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 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.

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 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - non-going concern basis of preparation

In forming our opinion on the financial statements, which is not further modified in this respect, we have considered the adequacy of the disclosure made in note 2 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reasons set out in that note.

Independent Auditor's Report to the members of Road Angel Group Limited *(continued)*

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statement and from reading the Strategic Report and the Directors' Report:

- We have not identified material misstatements in those reports; and
- In our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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.

Neil Hughes (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Forest Gate
Brighton Road
Crawley
RH11 9PT

29 September 2017

Financial Statements

Statement of Comprehensive Income

for the year ended 31 December 2016

	Note	2016 £000	2015 13 months £000
Revenue		**1,949**	2,376
Cost of sales		**(1,136)**	(1,778)
Gross profit		**813**	598
Administrative expenses			
- Normal		**(1,217)**	(1,841)
- Exceptional gains/(costs)	7	**687**	(3,041)
Administrative expenses		**(530)**	(4,882)
Operating profit/(loss)	6	**283**	(4,284)
Finance expense	9	**(1)**	(1)
Profit/(loss) before taxation		**282**	(4,285)
Taxation	10	**-**	-
Profit/(loss) for the period		**282**	(4,285)
Other comprehensive income			
Other comprehensive income for the period, net of tax		**-**	-
Comprehensive income for the period		**282**	(4,285)

The results relate entirely to discontinued operations.

The notes on pages 12 to 26 form an integral part of these Financial Statements.

Statement of Financial Position

as at 31 December 2016

	Note	2016 £000	2015 £000
Non-current assets			
Intangible assets	11	-	9
Property, plant and equipment	12	-	48
Investments	13	-	-
		-	57
Current assets			
Inventories	14	-	280
Trade and other receivables	15	**20**	795
Cash and cash equivalents	16	**328**	525
		348	1,600
Total assets		**348**	1,657
Current liabilities			
Trade and other payables	17	**(2,337)**	(3,151)
Obligations under finance leases	19	-	(5)
Provisions	18	**(439)**	(1,204)
		(2,776)	(4,360)
Non-current liabilities			
Other payables	17	-	(300)
Provisions	18	**(293)**	-
		(293)	(300)
Total liabilities		**(3,069)**	(4,660)
Net liabilities		**(2,721)**	(3,003)
Equity			
Share capital	22	-	-
Retained earnings		**(2,721)**	(3,003)
Total equity		**(2,721)**	(3,003)

The notes on pages 12 to 26 form an integral part of these Financial Statements.

The Financial Statements of Road Angel Group Limited, registered number 04240184, on pages 9 to 26 were approved and authorised for issue by the Directors on 29 September 2017 and signed on its behalf by:

Mark Williams

Mark P Williams
Director

Statement of Changes in Equity

for the year ended 31 December 2016

	Share capital £000	Retained earnings £000
At 1 January 2016	**-**	**(3,003)**
Profit for the period	**-**	**282**
At 31 December 2016	**-**	**(2,721)**
At 1 January 2015	-	1,282
Loss for the period	-	(4,285)
At 31 December 2015	-	(3,003)

The notes on pages 12 to 26 form an integral part of these Financial Statements.

Cash Flow Statement

for the year ended 31 December 2016

	Note	2016 £000	2015 13 months £000
Cash flows from operating activities			
Cash (used in)/generated from operations before tax	24	**(181)**	418
Corporation tax paid		**-**	-
Cash generated from operating activities		**(181)**	418
Cash flows from investing activities			
Purchase of property, plant and equipment	12	**(12)**	(28)
Purchase of intangible fixed assets	11	**-**	(10)
Net cash used in investing activities		**(12)**	(38)
Cash flow from financing activities			
Finance expense paid		**(1)**	(1)
Finance lease repayments		**(3)**	(4)
Net cash used in financing activities		**(4)**	(5)
Net (decrease)/increase in cash and cash equivalents		**(197)**	375
Cash and cash equivalents at the beginning of the period		**525**	150
Cash and cash equivalents at the end of the period	16	**328**	525

The notes on pages 12 to 26 form an integral part of these Financial Statements.

Notes to the Financial Statements

1. General information

Road Angel Group Limited is a company registered and domiciled in the United Kingdom. The Financial Statements are presented in pounds sterling, to the nearest thousand, as this is the currency of the primary economic environment in which the Company operates. The address of the registered office is 2nd Floor, Home Ground Barn, Pury Hill Business Park, Towcester, NN12 7LS. The nature of the Company's operations and its principal activities are set out on page 4.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of these Financial Statements are set out below.

Basis of preparation

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations adopted by the European Union ("EU"). The Financial Statements have been prepared under the historical cost convention. A summary of the significant Company accounting policies, which have been applied consistently across the Company, is set out below. The Company has reviewed its accounting policies in accordance with IAS 8 and determined that they are appropriate for the Company and have been consistently applied.

The Company is not required to prepare consolidated IFRS Financial Statements under section 400 of the Companies Act 2006 and IAS 27 "Presentation of consolidated financial statements" as it is a subsidiary of another entity that prepares consolidated financial statements which are drawn up in a manner equivalent to those drawn up in accordance with the provisions of the EC 7th Directive. As such the results presented here are for the Company as an individual undertaking and not of its group.

Going concern

In October 2016 the Directors took a decision to sell the assets of Road Angel Group and cease trading. As they do not intend to acquire a replacement, the Directors have not prepared the accounts on a going concern basis. No adjustments were necessary to the amounts at which the remaining net liabilities are included in these Financial Statements.

Revenue recognition

Revenue is generated from the sale of devices and related subscription services. Where a device is sold as a stand-alone product revenue is recognised on delivery. If a subscription service is subsequently sold for that device, revenue is recognised over the period of the subscription. The device and subscription service can be sold as a bundled item, in such circumstances the revenue relating to both the device and subscription service is recognised over the period of the subscription.

Marketing expenses

Marketing expenses are expensed in the period in which they are incurred.

Operating profit

Operating profit is profit stated before finance income, finance expense and tax.

Foreign currency translation

The functional and presentational currency of the Company is pounds sterling. Transactions denominated in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each Statement of Financial Position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the Statement of Financial Position date, with any gains or losses being included in net profit or loss for the year.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated to write off the cost less estimated residual values over their estimated useful lives as follows:

- Plant and equipment: 25% per annum reducing balance

Estimated residual values and useful economic lives are reviewed annually and adjusted where necessary.

Trade receivables

Trade receivables are held at amortised cost less any impairment provisions and this equates to their recoverable value. Movements in the impairment provision relating to credit risk are recognised within administrative expenses as bad debt expenses.

Trade payables

Trade 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 in the Statement of Financial Position comprises cash at banks and in hand. For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Other intangible assets

Intangible assets with finite useful lives are initially measured at cost, or their fair value on the date of acquisition. These assets are assumed to have a residual value of £nil and amortised over their useful economic lives as follows:

- IPR, software and licences: between 3-10 years;

Internal costs are capitalised where these are directly attributable to the intangible asset.

Investments

Fixed asset investments comprise the company's investments in subsidiaries. They are valued at fair value on initial recognition. Any impairments are dealt with through the Income Statement, as are differences between carrying values and disposal receipts.

Impairment of tangible fixed assets and intangible assets

At each Statement of Financial Position date, the company reviews the carrying amounts of 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 to determine the extent of any impairment loss. The recoverable amount is the higher of the asset's value in use and its fair value less costs to sell. Value in use is calculated using cash flow projections for the asset (or group of assets where cash flows are not identifiable for specific assets) discounted at a pre-tax discount rate based on the Company's cost of capital adjusted to reflect current market assessment of time value of money and the risk specific to the asset or cash-generating unit. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense in the Statement of Comprehensive Income.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation in respect of a past event and it is probable that settlement will be required of an amount that can be reliably estimated.

Taxation including deferred tax

The tax expense represents the sum of current tax and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised in equity in which case it is recognised in equity. The current tax is based on taxable profit for the year calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is provided using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Share capital

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

3. Adoption of new and revised Standards

Standards, amendment and interpretations affecting the Financial Statements adopted by the Company

There are no new standards, amendments or interpretations adopted by the Company that have a material impact on the Financial Statements for this year.

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 (which in some cases have not yet been adopted by the European Union), and have not been applied in preparing these Financial Statements. None of these are expected to have a significant effect on the Financial Statements of the Company.

4. Critical accounting judgements and key sources of estimation uncertainty

As set out in the basis of preparation note, in the preparation of these Financial Statements the Board has taken into account all available information in the application of its accounting policies and in forming judgments. In the process of applying the Company's accounting policies, management has made a number of judgements, and the preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The key management judgements together with assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recognition of revenue

Revenues are recognised in-line with the delivery and receipt of products or services to and for our customers. Each revenue type is considered separately and revenue is recognised when the customer has received the product or service, the amount of revenue can be reliably measured and conversion of the revenue in to cash or other economic benefit can be assured. These considerations are applied to both ongoing core service activities and one off contracts that are entered into.

5. Key performance indicators

	Note	2016	2015
			13 months
		£000	£000
Revenue			
Sale of goods and services	2	**1,949**	2,376
Total revenue		**1,949**	2,376
Adjusted EBITDA:			
Profit/(loss) before taxation		**282**	(4,285)
Depreciation		**18**	18
Amortisation		**2**	1
Exceptional costs/(gains)		**(687)**	3,041
Net finance expense		**1**	1
Adjusted EBITDA		**(384)**	(1,224)
Adjusted loss before taxation			
Profit/(loss) before taxation		**282**	(4,285)
Amortisation		**2**	1
Exceptional costs/(gains)		**(687)**	3,041
Adjusted loss before taxation		**(403)**	(1,243)

6. Operating profit

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

	2016	2015
		13 months
	£000	£000
Depreciation of property, plant and equipment	**18**	18
Amortisation of intangibles assets	**2**	1
Operating lease rentals	**135**	146
Loss on disposal of non-current asset	**49**	-
Finished goods inventories expensed	**744**	1,075
Staff costs (note 8)	**645**	920

Audit fees of £12,500 in the current year were borne by its parent, Watchstone Group Plc (2015: £18,155).

7. Exceptional costs and gains

	2016	2015
		13 months
	£'000	£000
Impairment of investments (note 13)	-	2,167
Provision against irrecoverable related party balances (note 15)	-	874
Restructuring costs	304	-
Loss on disposal of assets	49	-
Release of income from deferred subscriptions	(792)	-
Sale of Bike Trac brand stock	(8)	-
Sale of stock and Road Angel Brand	(190)	-
Closure related costs	950	-
Release of unused provision	(1,000)	-
	(687)	3,041

Costs and gains are classified as exceptional where they are not incurred in the ordinary course of business and are expected to be non-recurring.

8. Employee and staff costs

The average number of employees during the period including directors was as follows:

	2016	2015
		13 months
	Number	Number
Directors	1	2
Other employees	23	25
	24	27

The remuneration of the directors was as follows:

	2016	2015
		13 months
	£000	£000
Emoluments	-	72
	-	72

The cost of certain directors was borne by other group companies. No remuneration is disclosed for the director (2015: two directors) as their service to the company is insignificant compared to their service to other group companies. The emoluments of the highest paid Director were £nil (2015: £72,000). No retirement benefits were accruing under any schemes in respect of the Director (2015: none). The Director has not received any remuneration in connection with contributions to pension schemes.

Total employee costs were as follows:

	2016	2015
		13 months
	£000	£000
Wages and salaries	574	829
Social security costs	60	85
Pension costs	11	6
	645	920

9. Finance expense

	2016	2015
		13 months
	£000	£000
Interest on obligations under finance leases	1	1
Total interest payable	1	1
Net finance expense	1	1

10. Taxation

	2016	2015
		13 months
	£000	£000
The taxation charge/(credit) comprises:		
Current tax:		
- Current year	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of temporary differences	-	5
Adjustments in respect of prior year	-	(5)
Total deferred tax	-	-
Taxation	-	-

Income tax for the UK is calculated at the standard rate of UK corporation tax of 20.00% (2015: 20.25%) on the estimated assessable loss for the year. The total charge for the year can be reconciled to the accounting profit as follows:

	2016	2015
		13 months
	£000	£000
Profit/(Loss) on ordinary activities before tax:	282	(4,285)
Tax at 20.00% (2015: 20.25%) thereon	56	(868)
Effect of:		
Expenses not deductible for tax purposes	26	178
Movements in unrecognised deferred tax assets	(45)	256
Investment impairments	(37)	439
Adjustments to tax charge in respect of prior periods	-	(5)
Total tax charge/(credit) for the year	-	-

Deferred tax assets are recognised for tax losses available for carrying forward to the extent that the realisation of the related benefit through future taxable profits is probable. The Company has recognised deferred tax assets of £nil (2015: £nil) in respect of losses amounting to £nil (2015: £nil) that can be carried forward against future taxable income.

Factors affecting future tax charges

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2010) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

At the Statement of Financial Position date, there are unrecognised deferred tax assets of £nil (2015: £423,000).

11. Intangible fixed assets

	IPR, software and licences £000
Cost	
At 1 December 2014	949
Additions	10
At 1 January 2016	**959**
Disposals	**(959)**
At 31 December 2016	**-**
Amortisation	
At 1 December 2014	949
Charge for the period	1
At 1 January 2016	**950**
Charge for the period	**2**
Disposals	**(952)**
At 31 December 2016	**-**
Net book value	
31 December 2016	**-**
31 December 2015	9

During the period ended 31 December 2016, £nil of research and development was taken to profit and loss (2015: £nil).

12. Tangible fixed assets

	Leasehold, land and buildings £000	Plant and equipment £000	Total £000
Cost			
At 1 December 2014	191	445	636
Additions	-	28	28
At 1 January 2016	**191**	**473**	**664**
Additions	**-**	**12**	**12**
Disposal	**(191)**	**(485)**	**(676)**
At 31 December 2016	**-**	**-**	**-**
Depreciation			
At 1 December 2014	182	416	598
Charge for the period	1	17	18
At 1 January 2016	**183**	**433**	**616**
Charge for the period	**1**	**17**	**18**
Disposal	**(184)**	**(450)**	**(634)**
At 31 December 2016	**-**	**-**	**-**
Net book value			
31 December 2016	**-**	**-**	**-**
31 December 2015	8	40	48

There were no material commitments for the acquisition of property, plant or equipment at either 31 December 2016 or 31 December 2015.

Assets with a net book value of £nil (2015: £7,000) are held under finance leases, on which depreciation of £nil (2015: £5,000) was charged in the year.

13. Investments

	£000
Cost	
1 December 2014, 1 January 2016 and 31 December 2016	**2,167**
Impairment	
1 December 2014, 1 January 2016 and 31 December 2016	**2,167**
Net Book Value	
31 December 2015 and 31 December 2016	-

Following a review of the carrying value of investments at the statement of financial position date, full impairment of all investments continues to be appropriate.

The Company has the following investments in subsidiaries. All holdings are at 100% of the ordinary shares unless otherwise stated.

Name of Investment	Country of incorporation	Nature of holding	Principal activity
Morpheous Holdings Limited	UK	Direct	Dormant
Roadpilot Limited	UK	Indirect	Distribution & development
Blackspot Interactive Limited	UK	Direct	Dormant
Blackspot Limited	UK	Direct	Dormant
Road Angel POGO Limited	UK	Direct	Dormant

Registered address of the above companies is 2nd Floor Home Ground Barn, Pury Hill Business Park, Towcester, NN12 7LS.

14. Inventories

	2016	2015
	£000	£000
Finished goods for resale	-	280
	-	280

There is no material difference between the book value and the replacement cost of the inventories shown.

For the finished goods for resale £493,000 (2015: £920,000) was expensed for sales. £251,000 (2015: £154,000) was expensed as stock write downs in cost of sales.

15. Trade and other receivables

	2016	2015
	£000	£000
Trade receivables (net of impairment provision)	**20**	281
Amounts due from related parties (net of provision - note 29)	-	442
Prepayments	-	72
	20	795

The Directors consider that the net carrying amount of Trade receivables approximates to their fair value.

A provision is recognised for amounts not expected to be recovered. Movements in the accumulated impairment losses on trade receivables were as follows:

	2016	2015
	£000	£000
At 1 January 2016/1 December 2014	1	-
Impairment losses recognised during the period	-	1
Amounts written off during the year as uncollectible	(1)	-
At 31 December	-	1

16. Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the cash flow statement:

	2016	2015
	£000	£000
Cash	328	525
	328	525

Cash and cash equivalents comprise cash held by the Company. The carrying amount of these assets approximates to their fair value.

17. Trade and other payables

	2016	2015
	£000	£000
Current liabilities		
Trade payables	91	320
Amounts due to related parties (note 29)	2,087	1,877
Payroll and other taxes including social security	11	67
Accruals	119	209
Deferred income	-	678
Other liabilities	29	-
	2,337	3,151
Non-current liabilities		
Deferred income	-	300
	-	300

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade payables approximates to their fair value.

18. Provisions

	Legal disputes and warranties £'000	Onerous contracts £'000	Other £'000	Total £'000
At 1 December 2014	-	-	53	53
Additional provisions	1,000	-	204	1,204
Used during the year	-	-	(53)	(53)
At 1 January 2016	**1,000**	**-**	**204**	**1,204**
Additional provisions	139	482	111	732
Unused amounts released	(1,000)	-	-	(1,000)
Used during the year	-	-	(204)	(204)
At 31 December 2016	**139**	**482**	**111**	**732**
Split:				
Current	1,000	-	204	1,204
Non-current	-	-	-	-
At 31 December 2015	**1,000**	**-**	**204**	**1,204**
Split:				
Current	139	189	111	439
Non-current	-	293	-	293
At 31 December 2016	**139**	**482**	**111**	**732**

Onerous contract provisions includes amounts in relation to property. The non-current element will be utilised by 31 December 2019. Other provisions are in respect of obligations including warranty and returns.

19. Borrowings

	2016 £000	2015 £000
Current		
Finance leases	-	5
	-	5

	2016 £000	2015 £000
The borrowings are repayable as follows:		
- On demand or within one year	-	5
	-	5
Less: Amount due for settlement within 12 months (shown under current liabilities)	-	(5)
Amount due for settlement after 12 months	-	-

The Directors consider that the net carrying amount of borrowings approximates to their fair value.

20. Obligations under finance leases

	2016 £000	2015 £000
Minimum lease payments		
Within one year	-	6
In the second to fifth year inclusive	-	-
	-	6
Less future finance charges	-	(1)
Present value of lease obligations	-	5
Present value of minimum lease payments		
Within one year	-	5
Present value of lease obligations	-	5
Analysed as:		
Amounts due for settlement within one year	-	5
	-	5

21. Contingent liabilities

The Company routinely enters into a range of contractual arrangements in the ordinary course of events which can give rise to claims or potential litigation against the Company. It is the Company's policy to make specific provisions at the Statement of Financial Position date for all liabilities which, in the opinion of the Directors, are expected to result in a significant loss.

All such matters are periodically assessed with the assistance of external professional advisers, where appropriate, to determine the likelihood of the Company incurring a liability and to evaluate the extent to which a reliable estimate of any liability can be made.

In the opinion of the Directors, the Company does not have any contingent liabilities at the Statement of Financial Position date.

22. Share capital

	2016 Number	2016 Nominal value £000	2015 Number	2015 Nominal value £000
100 issued and fully paid shares:	**100**	-	100	-
At the start and end of the period	**100**	-	100	-

The Company has one class of Ordinary Shares of one pound each which carry no right to fixed income.

23. Operating lease commitments

At the Statement of Financial Position date the Company had outstanding commitments for minimum lease payments due under non-cancellable operating leases, which expire as follows:

	Land and buildings 2016 £000	2015 £000
Expiring:		
Within one year	**135**	420
Between two and five years	**270**	1,680
After five years	-	735
	405	2,835

24. Cash flow from operating activities

	2016	2015 13 months
	£000	£000
Profit/(Loss) after tax	282	(4,285)
Finance expense	1	1
Operating profit/(loss)	283	(4,284)
Adjustments for:		
Depreciation of property, plant and equipment	18	18
Amortisation of intangible assets	2	1
Impairment of related party balances	-	874
Impairment of investments	-	2,167
Loss on disposal of non-current asset	49	-
Operating cash flows before movements in working capital and provisions	352	(1,224)
Decrease/(increase) in inventories	280	(41)
(Increase)/decrease in trade and other receivables	(659)	570
(Decrease)/increase in trade and other payables	(154)	1,113
Cash (used in)/generated from operations before exceptional costs	(181)	418

25. Reconciliation of net cash flow to movement in net funds

	1 January 2016	**Cash flow movements**	**Non-cash movements**	**31 December 2016**
	£000	***£000***	***£000***	***£000***
2016				
Cash	**525**	**(197)**	**-**	**328**
Net funds	**525**	**(197)**	**-**	**328**

	1 December 2015	Cash flow movements	Non-cash movements	31 December 2015
	£000	£000	£000	£000
2015				
Cash	150	375	-	525
Net funds	150	375	-	525

26. Financial instruments

Carrying value and fair value

The accounting classification of each class of the Company's financial assets and liabilities, together with their fair values is as follows:

	Loans and receivables £000	Other liabilities £000	Total carrying value £000	Total fair value £000
At 31 December 2016				
Trade and other receivables	**20**	**-**	**20**	**20**
Trade and other payables	**-**	**(2,178)**	**(2,178)**	**(2,178)**
Finance Leases	**-**	**-**	**-**	**-**
Cash and cash equivalents	**328**	**-**	**328**	**328**
At 31 December 2015				
Trade and other receivables	723	-	723	723
Trade and other payables	-	(2,265)	(2,265)	(2,265)
Finance Leases	-	(5)	(5)	(5)
Cash and cash equivalents	525	-	525	525

The fair values of financial assets and liabilities are determined as follows:

(a) The fair value of obligations under finance leases and other borrowings is estimated by discounting the future cash flows to net present values

(b) The fair value of cash and cash equivalents is equivalent to the carrying value due to the short-term nature of those instruments

(c) The fair value of other financial assets and liabilities with standard terms and conditions is determined in relation to estimated discounted cash flows to net present values

Cash and cash equivalents classified as loans and receivables mainly comprise investments in AAA/AA bank deposits which can be withdrawn without notice.

Financial risk management

The Company's financial instruments comprise borrowings, cash and liquid resources and various items such as trade debtors and trade creditors that arise from its operations. The main purpose of these financial instruments is to manage the Company's operations.

Liquidity risk

The Company generates funds from operations which are managed centrally within its group.

The following are the contractual maturities of financial liabilities:

	Carrying amount £000	Contractual cash flows £000	Less than 1 year £000	Between 1-5 years £000
Non-derivative financial liabilities				
31 December 2016				
Trade and other payables	**2,178**	**(2,178)**	**(2,178)**	**-**
	2,178	**(2,178)**	**(2,178)**	**-**
31 December 2015				
Trade and other payables	**2,265**	**(2,265)**	**(2,265)**	**-**
Finance leases	**5**	**(6)**	**(6)**	**-**
	2,270	**(2,271)**	**(2,271)**	**-**

Credit risk

The Company is not subject to significant concentration of credit risk with exposure spread over many companies. Policies are maintained to ensure that the Company enters into sales contracts that are tailored to the customers' respective credit risk. The credit quality of the Company's trade receivables is considered by management to be good as the exposure to a concentration of debt from a small number of individual end customers is low.

The average credit period taken on sales of services is 37 days (2015: 37 days). No interest is charged on the receivables balances. The Company does not hold any collateral or other credit enhancements over these balances nor has the legal right of offset with any amounts owed by the Company to the receivables counterparty.

The carrying amount of financial assets represents the maximum credit exposure. At the reporting date the principal financial assets were:

	2016	2015
	£000	£000
Non-derivative financial assets		
Trade receivables (net of impairment provision) (note 15)	**20**	281
Amounts due from related parties (net of impairment provision)	**-**	442
Cash and cash equivalents	**328**	525
	348	1,248

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2016	2015
	£000	£000
UK	**20**	281
	20	281

The carrying amounts of trade receivables are denominated in the following currencies:

	2016	2015
	£000	£000
Sterling	**20**	281
	20	281

The ageing of loans and other receivables at 31 December 2016 was as follows:

	2016 Gross £000	**2016 Impairment £000**	**2016 Net £000**	2015 Gross £000	2015 Impairment £000	2015 Net £000
Under 1 year	**894**	**(874)**	**20**	1,597	(874)	723
1-2 years	**-**	**-**	**-**	1	(1)	-
	894	**(874)**	**20**	1,598	(875)	723

Included in the net loans and other receivables balance above is £20,000 (2015: £281,000) which are subject to contractual payment terms, of which an amount of £nil (2015: £174,000) represents debts which are past their due date but not impaired. An ageing of this past due but not impaired debt is shown below:

	2016	2015
	£000	£000
Under 1 year	**-**	174
	-	174

The movement in the allowance for impairment in respect of loans and other receivables during the period was as follows:

	2016	2015
	£000	£000
At 1 January 2016/1 December 2014	**875**	1
Provision for intercompany receivables impairment	-	874
Provision for receivables impairment used	**(1)**	-
At 31 December	**874**	875

The allowance has been determined by reference to the recoverability of specific due and overdue debts. The creation and reversal of provisions for impaired trade receivables where they arise are included in administrative expenses in the Income Statement. The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

27. Dividends

The Directors do not propose the payment of a dividend for the year ended 31 December 2016 (2015: £nil).

28. Ultimate parent company and controlling party

The immediate parent company is Ingleby (1653) Limited. The ultimate parent and controlling party of the Company is Watchstone Group Plc and the parent company of the smallest group to consolidate these Financial Statements is Hubio Solutions Limited. Copies of the consolidated accounts of Hubio Solutions Limited can be obtained by writing to the Company Secretary at 21 Tower Street, London, WC2H 9NS.

29. Related party transactions

Transactions with companies within the Watchstone group:

	Sales made to / (Expenses incurred from)		**Receivable/(payable)**	
	2016	2015 13 months	**2016**	2015
	£000	£000	**£000**	£000
Ultimate parent (payable)	-	-	**(418)**	(369)
Immediate parent (receivable)	-	-	**874**	874
Immediate parent (provision)			**(874)**	(874)
Fellow subsidiaries (receivable)	-	55	-	442
Owned subsidiaries (payable)	-	-	**(1,669)**	(1,508)