

Company Number

04500346

Hubio Technologies Limited

FINANCIAL STATEMENTS

for the year ended 31 December 2018



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Officers and Professional Advisors

Directors

Mr S Borson

Registered Office

Highfield Court
Tollgate
Chandler's Ford
Hampshire
SO53 3TY

Bankers

Royal Bank of Scotland Plc
Abbey Gardens
4 Abbey Street
Reading
RG1 3BA

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Solicitor

Dorsey & Whitney
199 Bishopsgate
London
EC2M 3UT

Strategic Report

Business Review

During 2017, the Company transferred its trade and certain assets to ICE Insuretech Limited ("ICE"), a newly incorporated wholly owned subsidiary of the Company. Subsequently, the entire share capital of ICE was sold to Acturis International Limited for consideration, consisting of cash and assumption of certain liabilities, of £3,500,000.

The Company's principal activity up to this point was the provision of a range of software products with associated product maintenance and consulting services to clients in the insurance arena.

Financial Review

Hubio Technologies Limited is a member of the Watchstone group of companies (the "Group").

The results for the year are set out in detail on page 9. The profit after exceptional items and taxation for the year was £69,000 (2017: £1,633,000). Exceptional gains during the year total £5,000 relating to the profit arising on the sale of the Company's trade and assets to ICE in 2017.

Key performance indicators

The Directors use a number of measures to determine the performance of the Company. Of these, the principal key performance indicators are:

•	Revenue:	£nil	(2017: £4.1 million)
•	Adjusted EBITDA (note 5):	£43,000 loss	(2017: £0.5 million loss)
•	Adjusted Profit/Loss Before Taxation (note 5):	£64,000 profit	(2017: £0.9 million loss)

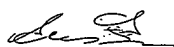
Future developments

Since the Company has sold its trade and does not intend to acquire a replacement trade it is anticipated the Company will subsequently be wound up.

Principal risks and uncertainties

Having sold its trade the Company is not exposed to any significant risks and uncertainties.

By order of the Board



Stefan Borson

Director

27 September 2019

Directors' Report

The Directors present their report and Financial Statements for the year ended 31 December 2018.

Dividends

The Directors do not recommend the payment of a final dividend (2017: £nil).

Directors and Company Secretary

The names of the current Directors are shown on page 3. The Directors who served during the year are as follows:

Mr M Williams (resigned 28 June 2019)

Mr S Borson (appointed 7 November 2018)

Political donations

The Company did not make any political donations in the year (2017: £nil).

Going concern

Since the Company has sold its trade and does not intend to acquire a replacement trade, 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 assets are included in these Financial Statements.

Statement of Directors' responsibilities

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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so (as explained in note 2, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

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

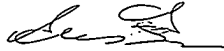
The directors who held office at the date of approval of this directors' report confirm that:

- a) so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and

b) each director has taken all the steps that they ought to have taken as a director to make themselves 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



Stefan Borson

Director

27 September 2019

Independent Auditor's Report to the members of Hubio Technologies Limited

Opinion

We have audited the financial statements of Hubio Technologies Limited ("the company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Emphasis of matter - non-going concern basis of preparation

We draw attention to 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 reason set out in that note. Our opinion is not modified in respect of this matter.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006

Independent Auditor's Report to the members of Hubio Technologies Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

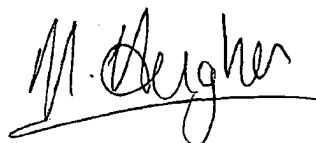
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Neil Hughes (Senior Statutory Auditor)
 for and on behalf of KPMG LLP, Statutory Auditor
 Chartered Accountants
 15 Canada Square
 London
 E14 5GL
 27 September 2019

Financial Statements

Statement of Comprehensive Income

for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Revenue		-	4,055
Cost of sales		-	(1,408)
Gross Profit		-	2,647
Administrative expenses			
- Normal		(43)	(3,573)
- Share based payments	20	-	(8)
- Exceptional costs	7	-	(25)
Total administrative expenses		(43)	(3,606)
Exceptional income	7	5	2,596
Operating (loss)/profit	6	(38)	1,637
Finance income	9	107	-
Profit before taxation		69	1,637
Taxation	10	-	(4)
Profit for the year		69	1,633
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Comprehensive income for the year		69	1,633

The notes on pages 12 to 21 form part of these financial statements.


Statement of Financial Position

as at 31 December 2018

	Note	2018 £'000	2017 £'000
Non-current assets			
Other receivables	11	-	759
		-	759
Current assets			
Trade and other receivables	11	6,215	11,146
Cash	12	-	35
		6,215	11,181
Total assets		6,215	11,940
Current liabilities			
Trade and other payables	13	-	(5,794)
		-	(5,794)
Total liabilities		-	(5,794)
Net assets		6,215	6,146
Equity			
Share capital	15	17	17
Share premium account	16	962	962
Capital contribution reserve	16	11,611	11,611
Retained earnings		(6,375)	(6,444)
Total equity		6,215	6,146

The notes on pages 12 to 21 form part of these financial statements.

The Financial Statements of Hubio Technologies Limited, registered number 04500346, on pages 9 to 21 were approved and authorised for issue by the Directors on 27 September 2019 and signed on its behalf by:



Stefan Borson

Director

Statement of Changes in Equity

for the year ended 31 December 2018

	Share capital £'000	Share premium account £'000	Capital contribution reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2018	17	962	11,611	(6,444)	6,146
Profit for the year	-	-	-	69	69
At 31 December 2018	17	962	11,611	(6,375)	6,215
At 1 January 2017	17	962	11,603	(8,077)	4,505
Profit for the year	-	-	-	1,633	1,633
Share based payments	-	-	8	-	8
At 31 December 2017	17	962	11,611	(6,444)	6,146

The notes on pages 12 to 21 form part of these financial statements.

Cash Flow Statement

for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Cash flows from operating activities			
Cash used by operations before finance income and tax	18	(142)	(3,115)
Finance income received		107	-
Corporation tax paid		-	(4)
Cash used by operating activities		(35)	(3,119)
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(6)
Purchase of intangible fixed assets		-	(32)
Sale of trade/subsidiary		-	3,036
Net cash generated by/(used in) investing activities		-	2,998
Net decrease in cash and cash equivalents	19	(35)	(121)
Cash and cash equivalents at the beginning of the year	19	35	156
Cash and cash equivalents at the end of the year	12	-	35

The notes on pages 12 to 21 form part of these financial statements.

Notes to the Financial Statements

1. General information

Hubio Technologies Limited is a member of the Watchstone group of companies (the "Group"), and 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 Highfield Court, Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3TY. 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. These policies have been consistently applied to all the years presented.

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.

Going Concern

Since the Company has sold its trade and does not intend to acquire a replacement trade, 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 assets are included in these Financial Statements.

Revenue recognition

The Company has applied IFRS 15 using the retrospective with cumulative effect method – i.e. by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at 1 January 2018. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11. The Company has recognised no revenue in 2018 and therefore there is

no quantitative impact of adopting IFRS 15 on the Company's financial statements for the year ending 31 December 2018. The Company's policies which applied prior to 1 January 2018 are set out below.

The Company receives income through Software Initial Licence Fee, Software as a Service ("SaaS"), consulting fees, transaction charges and other success based one-time fees. Intellectual property rights ("IPR") or distribution rights to IPR are sold and recognised on the delivery of IPR or granting of the rights to the customer. When selling software, new solution sales typically involve software licences being sold together with Post-Contract Customer Support ("PCS") services and/or implementation services. Where the commercial substance of such a combination is that the individual components operate independently of each other and fair values can be attributed to each of the components, each are then recognised in accordance with their respective policies described below. Where it is not possible to attribute reliable fair values to two or more components, these are viewed as a combination and revenue is recognised on the combined revenue streams as the combined service is delivered using the percentage of completion method. Provisions for estimated losses on uncompleted contracts are recorded in the year in which such losses become probable, based on contract cost estimates. The revenue recognition policies for separately identifiable revenue streams are as follows:

Initial licence fees, SaaS and other success based one-time fees

Revenues are recognised when pervasive evidence of an arrangement exists, delivery has occurred, the licence or other one-time fee is fixed or determinable, the collection of the fee is reasonably assured, no significant obligations with regard to success, installation or implementation of the software or service remain, and customer acceptance, when applicable, has been obtained. On certain SaaS contracts where there are fixed and contracted term lengths and no other services are required to be performed during the remainder of the contract, receivables under the contracts are recognised at the point of sale.

Maintenance, hosting and other PCS services

Maintenance, hosting and PCS services are billed on a periodic basis in advance. The Company recognises revenue on these services evenly over the period of the contract.

Solution delivery implementation services

Revenues for all fixed fee contracts are recognised on a percentage complete basis. The Company calculates the percentage to complete by comparing the number of man days utilised at the period end with the total number of man days required to complete the project. Project plans are reviewed on a regular basis with any losses recognised immediately in the period in which such losses become probable based on contract cost estimates.

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.

Retirement benefit costs

The Company provides pension arrangements to certain of its full time UK employees through a money purchase (defined contribution) scheme. Contributions and pension costs are based on pensionable salary and are charged as an expense as they fall due. The Company has no further payment obligations once the contributions have been paid. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred. Borrowing costs have not been capitalised on the grounds of materiality as the business has not developed any significant qualifying assets.

Share-based payments

The fair value of options granted to individuals is recognised as an expense, with a corresponding increase in equity, over the period in which the unconditional entitlement occurs. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options expected to vest. Upon the exercise of share options, the scheme is settled by the parent company, Watchstone Group Plc, and the costs credited to the capital contribution reserve of the Company.

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.

Leases

Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease.

Trade receivables

A trade receivable without a significant financing component is initially measured at the transaction price. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses measured at an amount equal to lifetime expected credit losses. Movements in the impairment provision are recognised within administrative expenses as bad debt expenses.

Trade payables

Trade payables do not carry any interest. They are recognised initially at fair value and subsequent to initial recognition they are measured at amortised cost.

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.

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. In principle deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets or liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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.

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 2018, 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.

There are no key management judgements, or 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.

5. Key performance indicators

	Note	2018 £'000	2017 £'000
Revenue:			
Revenue	2	-	4,055
Total revenue		-	4,055
Adjusted EBITDA:			
Profit before taxation		69	1,637
Depreciation		-	28
Amortisation		-	423
Share based payments	20	-	8
Exceptional income	7	(5)	(2,571)
Finance income	9	(107)	-
Adjusted (negative EBITDA)		(43)	(475)
Adjusted profit/(loss) before taxation			
Profit before taxation		69	1,637
Share based payments	20	-	8
Exceptional income	7	(5)	(2,571)
Adjusted profit/(loss) before taxation		64	(926)

6. Operating profit/loss

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

	2018 £'000	2017 £'000
Depreciation of property, plant and equipment	-	28
Amortisation of intangible assets	-	423
Net foreign exchange gains	-	(35)
Staff costs (note 8)	-	3,030

Audit fees of £10,000 (2017: £15,000) were borne by its ultimate parent, Watchstone Group plc.

7. Exceptional income/(costs)

	2018 £'000	2017 £'000
Profit on disposal of trade and assets	5	2,332
Loan forgiveness	-	165
Other	-	99
Exceptional income	5	2,596
Business restructuring	-	(25)
Exceptional costs	-	(25)

Income and costs 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 year including directors was as follows:

	2018 Number	2017 Number
Front office technology, consulting and outsourcing	-	12
Back office management and administration	2	27
	2	39

The remuneration of the directors was as follows:

	2018 £'000	2017 £'000
Emoluments	-	267
	-	267

The emoluments of the highest paid director were £nil (2017: £267,000). Directors received a total of £nil (2017: One Director £5,000) in connection with contributions to money purchase pension schemes.

The cost of certain of the directors was borne by other group companies. No remuneration is disclosed as the directors' services to the company are insignificant compared to their services to other group companies.

Total employee costs were as follows:

	2018 £'000	2017 £'000
Wages and salaries	-	2,636
Social security costs	-	316
Pension costs	-	70
Share based payment charges	-	8
	-	3,030

9. Finance income

	2018 £'000	2017 £'000
Other interest receivable	107	-
Finance income	107	-

10. Taxation

	2018 £'000	2017 £'000
The taxation charge/(credit) comprises:		
Current tax:		
- Current year	-	-
- Adjustments in respect of prior years	-	4
Total current tax	-	4
Total deferred tax	-	-
Taxation	-	4

Income tax for the UK is calculated at the standard rate of UK corporation tax of 19% (2017: 19.25%) on the estimated assessable profit for the year. The total charge for the year can be reconciled to the accounting profit as follows:

	2018 £'000	2017 £'000
Profit before tax	69	1,637
Tax at 19% (2017: 19.25%) thereon	13	315
Effect of:		
Expenses not deductible for tax purposes	-	84
Movement in unrecognised deferred tax assets	-	106
Income/credits not taxable	(2)	(505)
Group relief claimed	(11)	-
Adjustments to tax charge in respect of prior periods	-	4
Total tax charge for the year	-	4

Deferred tax assets are recognised for tax losses available for carrying forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Company has recognised deferred tax assets of £nil (2017: £nil) in respect of losses that can be carried forward against future taxable income.

Factors affecting future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

11. Trade and other receivables

	2018 £'000	2017 £'000
Current assets		
Trade receivables (net of impairment provision)	-	355
Amounts due from related parties (note 24)	5,452	10,744
Other receivables	759	44
Prepayments	4	3
	6,215	11,146
Non-current assets		
Other receivables	-	759
	-	759
Total	6,215	11,905

The directors consider that the net carrying amount of trade receivables approximates to their fair value.

12. Cash and cash equivalents

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

	2018 £'000	2017 £'000
Cash	-	35
	-	35

The carrying amount of cash and bank overdrafts approximates to their fair value.

13. Trade and other payables

	2018 £'000	2017 £'000
Current liabilities		
Trade payables	-	5
Amounts due to related parties (note 24)	-	5,741
Accruals	-	48
	-	5,794

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.

14. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior year.

	Accelerated capital allowances £'000	Provisions and other temporary differences £'000	Total £'000
At 1 January 2017	168	(168)	-
Credit to Income Statement	(168)	168	-
At 1 January and 31 December 2018	-	-	-

At the Statement of Financial Position date, there are unrecognised deferred tax assets of £nil (2017: £nil).

15. Share capital

	2018		2017	
	Number 000's	Nominal value £'000	Number 000's	Nominal value £'000
1,740,879 issued and fully paid shares:	1,741	17	1,741	17
At the start and end of the year	1,741	17	1,741	17

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

16. Reserves

Share premium account

The share premium account represents the fair value of the share consideration over and above the share's nominal value of £0.01 per share.

Capital contribution reserve

The capital contribution reserve represents post combination vendor remuneration of £1,675,000 (2017: £1,675,000) in respect of a portion of contingent consideration relating to the purchase of the Company by Watchstone Group plc on 24 May 2012 that was payable only if certain employees remained in employment with the Company post acquisition; £259,000 (2017: £259,000) in respect of share options granted by Watchstone Group plc to employees of the Company; and £9,677,000 (2017: £9,677,000) relating to a related party debt forgiveness.

17. Operating lease commitments

At the Statement of Financial Position date the Company had no outstanding commitments for minimum lease payments.

18. Cash flow from operating activities

	2018 £'000	2017 £'000
Profit before taxation	69	1,637
Adjustments for:		
Finance expense	(107)	-
Depreciation of property, plant and equipment	-	28
Amortisation of intangible assets	-	423
Share based payments	-	8
Profit on disposal	(5)	(2,332)
Operating cash flows before movements in working capital	(43)	(236)
Decrease/(Increase) in trade and other receivables	5,695	(1,044)
Decrease in trade and other payables	(5,794)	(1,835)
Cash used by operations before finance expense and tax	(142)	(3,115)

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

	1 January £'000	Cash flow movements £'000	Non-cash movements £'000	31 December £'000
2018				
Cash	35	(35)	-	-
Net funds	35	(35)	-	-
2017				
Cash	156	(121)	-	35
Net funds	156	(121)	-	35

20. Share based payments

The Company recognised an expense of £nil in the current year (2017: £8,000 income) in respect of share options granted by Watchstone Group plc to employees of the Company (included as share based payments charges within administrative expenses).

21. Financial instruments

Financial risk management

The Company's financial instruments comprise cash 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				
2018				
Trade and other payables	-	-	-	-
	-	-	-	-
	Carrying amount £'000	Contractual cash flows £'000	Less than 1 year £'000	Between 1-5 years £'000
2017				
Trade and other payables	5,746	(5,746)	(5,746)	-
	5,746	(5,746)	(5,746)	-

Credit risk

When trading, the Company was not subject to significant concentration of credit risk with exposure spread over a number of companies. Policies were maintained to ensure that the Company entered into sales contracts that were 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 carrying amount of financial assets represents the maximum credit exposure. At the reporting date the principal financial assets were:

	Note	2018 £'000	2017 £'000
Non-derivative financial assets			
Trade and related parties receivables	11	5,452	11,099
Cash and cash equivalents	12	-	35
		5,452	11,134

The maximum exposure to credit risk for trade and related parties receivables at the reporting date all related to the UK (2017: all related to the UK) and the carrying amounts of trade and related parties receivables are all denominated in Sterling (2017: all are denominated in Sterling).

The ageing of loans and other receivables was as follows:

	2018 Gross £'000	2018 Impairment £'000	2018 Net £'000	2017 Gross £'000	2017 Impairment £'000	2017 Net £'000
Between 1-5 years	5,452	-	5,452	11,099	-	11,099
	5,452	-	5,452	11,099	-	11,099

An ageing of this past due but not impaired debt is shown below:

	2018 £'000	2017 £'000
Under 1 year	-	355
	-	355

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

	2018 £'000	2017 £'000
At 1 January	-	13
Receivables written off	-	(13)
At 31 December	-	-

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.

22. Dividends

The Directors do not propose the payment of a dividend for the year ended 31 December 2018 (2017: £nil).

23. Ultimate parent company and controlling party

The immediate parent company is Watchstone Group plc. The ultimate controlling party of the Company and the parent company of the smallest group to consolidate these Financial Statements is Watchstone Group plc. Copies of the consolidated accounts of Watchstone Group plc can be obtained by writing to the Company Secretary at Highfield Court, Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3TY.

24. Related party transactions

Transactions with companies within the Watchstone group:

	Sales made to / (expenses incurred from)		Receivable/(payable)	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Immediate parent	65	(400)	5,452	10,744
Fellow subsidiaries	-	(95)	-	(5,741)