

Registered number: 06080497

INSKIN MEDIA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015



INSKIN MEDIA LIMITED

COMPANY INFORMATION

Directors	H Drayton J Byam Shaw J Woodnott - Miller T Knapp T Hope (resigned 21 January 2016) A Walmsley S Doyle K McCormick (appointed 21 January 2016)
Registered number	06080497
Registered office	7th Floor Dashwood House 69 Old Broad Street London EC2M 1QS
Trading Address	233 High Holborn London WC1V 7DN
Independent auditors	Price Bailey LLP Chartered Accountants & Statutory Auditors Dashwood House 69 Old Broad Street London EC2M 1QS
Country of Incorporation	United Kingdom

INSKIN MEDIA LIMITED

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INSKIN MEDIA LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Introduction

InSkin Media (InSkin) is an advertising technology business, specialising in high-impact, non-intrusive brand advertising formats.

Founded in the UK in 2009, the company specialises in rich-media advertising, and employs 85 staff across its London, Hamburg, Sydney, Singapore and Hong Kong offices. InSkin recently launched a new software development team in Kiev, and will shortly open a new sales office in Dubai. Partnering with over 150 publishers, InSkin represents over 900 premium websites, globally, and delivers successful campaigns for over 700 blue-chip brand clients.

Business review

The year ended 31 December 2015 was a successful year in financial and operational terms. Global turnover increased by 20%, from £16.806m to £20.245m. To grow turnover by 20% demonstrates continued ability to drive value from our commercial relationships and increase market share, both in the UK and overseas.

Looking forward to 2016, it is expected that the annual growth rate will be maintained at 20%, per the latest forecasts.

The increase in overall revenue is bolstered by an increase in gross profit margin, from 38% in 2014 to 39% in 2015.

The positive revenue performance has naturally led to an increase in net profit before tax. Net profit before tax is £652,522 (2014 - £509,513); a growth rate of 28%.

Principal risks and uncertainties

The principal risks for the Group are: increasing competition; the introduction of automated trading models; losing key staff; and losing major clients or suppliers.

Competition is a risk in any industry, especially the crowded ad-tech market. We differentiate ourselves by our unique technology, the truly premium nature of our network, the responsiveness and quality of our award-winning client service, our highly creative design, and delivering first-rate campaign metrics.

All senior staff are incentivised, through share options and bonus schemes, to drive the maximum value for the business.

Across all our operating markets, InSkin Media has trading deal relationships (preferred suppliers) with the major media agencies, which helps to drive the commercial partnerships. On the supplier (Publishers) side we maintain our close relationships through the high revenue yield we offer, the ease of technical integration, and our quality of service.

INSKIN MEDIA LIMITED

GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

Financial key performance indicators

A number of Key Performance Indicators are measured and reviewed every month, to provide clear measurement and management tools. These include:

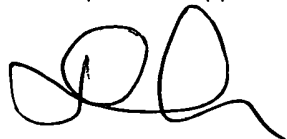
- Average campaign value
- Average CPM (cost per '000 impressions)
- Revenue by individual client
- New clients

Awards and market recognition

InSkin Media was delighted to be included on two of the most prestigious industry rankings;

- Sunday Times Hiscox Tech Track 100
- Deloitte Technology Fast 500 EMEA 2015

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



J Woodnott - Miller
Director

Date: 28-09-16

INSKIN MEDIA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Directors' responsibilities statement

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

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

- select suitable accounting policies for the Group financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the company during the year was software publishing and advertising.

Results and dividends

The profit for the year, after taxation, amounted to £783,102 (2014 - £649,956).

DIRECTORS

The directors who served during the year were:

H Drayton
J Byam Shaw
J Woodnott - Miller
T Knapp
T Hope (resigned 21 January 2016)
A Walmsley
S Doyle

Research and development activities

The group undertake research and development activities. All relevant research and development activities are recorded as expenditure in the income statement.

INSKIN MEDIA LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

Disclosure of information to auditors

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

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

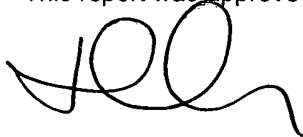
Post balance sheet events

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

Auditors

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

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



J Woodnott - Miller
Director

Date: 28-09-16

INSKIN MEDIA LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INSKIN MEDIA LIMITED

We have audited the financial statements of Inskin Media Limited for the year ended 31 December 2015, set out on pages 7 to 31. The financial reporting framework that has been applied in their preparation is applicable law including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Auditors

As explained more fully in the Directors' Responsibilities Statement, 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2015 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

INSKIN MEDIA LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INSKIN MEDIA LIMITED

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.



Richard Vass (Senior Statutory Auditor)

for and on behalf of
Price Bailey LLP

Chartered Accountants
Statutory Auditors

Dashwood House
69 Old Broad Street
London
EC2M 1QS

Date: *29 September 2016*

INSKIN MEDIA LIMITED

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

		2015 £	2014 £
Turnover		20,245,105	16,806,430
Cost of sales		<u>(12,434,739)</u>	<u>(10,374,383)</u>
Gross profit		7,810,366	6,432,047
Administrative expenses		(7,158,132)	(5,916,300)
Other operating charges		<u>-</u>	<u>(6,319)</u>
Operating profit		652,234	509,428
Interest receivable and similar income	8	<u>288</u>	<u>85</u>
Profit before tax		652,522	509,513
Tax on profit	9	<u>130,580</u>	<u>140,443</u>
Profit for the year		<u>783,102</u>	<u>649,956</u>
Profit attributable to owners of the parent company		<u>783,102</u>	<u>649,956</u>

The notes on pages 16 to 31 form part of these financial statements.

INSKIN MEDIA LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £	2014 £
Profit for the financial year		783,102	649,956
Other comprehensive income			
Movement on foreign exchange reserve		60,402	(37,982)
Other comprehensive income for the year		60,402	(37,982)
Total comprehensive income for the year		843,504	611,974
Profit for the year attributable to:			
Owners of the parent Company		783,102	649,956
Total comprehensive income attributable to:			
Owners of the parent Company		843,504	611,974

INSKIN MEDIA LIMITED
REGISTERED NUMBER: 06080497

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
Tangible assets	11	246,446	95,587
		<u>246,446</u>	<u>95,587</u>
Current assets			
Debtors: amounts falling due within one year	13	6,882,280	5,926,507
Cash at bank and in hand	14	1,527,135	1,010,304
		<u>8,409,415</u>	<u>6,936,811</u>
Creditors: amounts falling due within one year	15	(6,512,527)	(5,732,603)
Net current assets		<u>1,896,888</u>	<u>1,204,208</u>
Total assets less current liabilities		<u>2,143,334</u>	<u>1,299,795</u>
Net assets		<u><u>2,143,334</u></u>	<u><u>1,299,795</u></u>
Capital and reserves			
Called up share capital	18	44,433	44,398
Share premium account	19	4,150,264	4,150,264
Foreign exchange reserve	19	77	(60,325)
Other reserves	19	2,041	2,041
Profit and loss account	19	(2,053,481)	(2,836,583)
		<u>2,143,334</u>	<u>1,299,795</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



J Woodnott - Miller
Director

Date: 28-09-16

INSKIN MEDIA LIMITED
REGISTERED NUMBER: 06080497

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	11	240,333	91,659
Investments	12	20,277	20,277
		<u>260,610</u>	<u>111,936</u>
Current assets			
Debtors: amounts falling due within one year	13	7,736,055	6,794,607
Cash at bank and in hand	14	1,439,125	731,446
		<u>9,175,180</u>	<u>7,526,053</u>
Creditors: amounts falling due within one year	15	(6,312,460)	(5,607,495)
Net current assets		<u>2,862,720</u>	<u>1,918,558</u>
Total assets less current liabilities		<u>3,123,330</u>	<u>2,030,494</u>
Net assets		<u><u>3,123,330</u></u>	<u><u>2,030,494</u></u>
Capital and reserves			
Called up share capital	18	44,433	44,398
Share premium account	19	4,150,264	4,150,264
Other reserves	19	2,041	2,041
Profit and loss account	19	(1,073,408)	(2,166,209)
		<u>3,123,330</u>	<u>2,030,494</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


J Woodnott - Miller
 Director

Date:

28.09.16

INSKIN MEDIA LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital £	Share premium £	Foreign exchange reserve £	Other reserves £	Retained earnings £	Total equity £
At 1 January 2015	44,398	4,150,264	(60,325)	2,041	(2,836,583)	1,299,795
Comprehensive income for the year						
Profit for the year	-	-	-	-	783,102	783,102
Foreign exchange reserve	-	-	60,402	-	-	60,402
Other comprehensive income for the year	-	-	60,402	-	-	60,402
Total comprehensive income for the year	-	-	60,402	-	783,102	843,504
Shares issued during the year	35	-	-	-	-	35
Total transactions with owners	35	-	-	-	-	35
At 31 December 2015	<u>44,433</u>	<u>4,150,264</u>	<u>77</u>	<u>2,041</u>	<u>(2,053,481)</u>	<u>2,143,334</u>

INSKIN MEDIA LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Share capital £	Share premium £	Foreign exchange reserve £	Other reserves £	Retained earnings £	Total equity £
At 1 January 2014	44,335	4,144,674	(22,343)	2,041	(3,486,539)	682,168
Comprehensive income for the year						
Profit for the year	-	-	-	-	649,956	649,956
Foreign exchange reserve	-	-	(37,982)	-	-	(37,982)
Other comprehensive income for the year	-	-	(37,982)	-	-	(37,982)
Total comprehensive income for the year	-	-	(37,982)	-	649,956	611,974
Shares issued during the year	63	5,590	-	-	-	5,653
Total transactions with owners	63	5,590	-	-	-	5,653
At 31 December						
2014	<u>44,398</u>	<u>4,150,264</u>	<u>(60,325)</u>	<u>2,041</u>	<u>(2,836,583)</u>	<u>1,299,795</u>

The notes on pages 16 to 31 form part of these financial statements.

INSKIN MEDIA LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
	£	£	£	£	£
At 1 January 2015	44,398	4,150,264	2,041	(2,166,209)	2,030,494
Comprehensive income for the year					
Profit for the year	-	-	-	1,092,801	1,092,801
Other comprehensive income for the year					
	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,092,801	1,092,801
Contributions by and distributions to owners					
Shares issued during the year	35	-	-	-	35
Total transactions with owners	35	-	-	-	35
At 31 December 2015	44,433	4,150,264	2,041	(1,073,408)	3,123,330

INSKIN MEDIA LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
	£	£	£	£	£
At 1 January 2014	44,335	4,144,674	2,041	(3,033,242)	1,157,808
Comprehensive income for the year					
Profit for the year	-	-	-	867,033	867,033
Other comprehensive income for the year					
	-	-	-	-	-
Total comprehensive income for the year	-	-	-	867,033	867,033
Contributions by and distributions to owners					
Shares issued during the year	63	5,590	-	-	5,653
At 31 December 2014	44,398	4,150,264	2,041	(2,166,209)	2,030,494

The notes on pages 16 to 31 form part of these financial statements.

INSKIN MEDIA LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 £	2014 £
Cash flows from operating activities		
Profit for the financial year	783,102	649,956
Adjustments for:		
Amortisation of intangible assets	-	119,091
Depreciation of tangible assets	60,368	52,747
Interest received	(288)	(85)
Taxation	(130,580)	(140,443)
Increase in debtors	(825,193)	(2,166,293)
Increase in creditors	779,924	2,194,652
Corporation tax	-	17,243
Net cash generated from operating activities	<u>667,333</u>	<u>726,868</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(83,892)
Purchase of tangible fixed assets	(211,227)	(32,906)
Interest received	288	85
Net cash from investing activities	<u>(210,939)</u>	<u>(116,713)</u>
Cash flows from financing activities		
Issue of ordinary shares	35	5,653
Net cash used in financing activities	<u>35</u>	<u>5,653</u>
Net increase / (decrease) in cash and cash equivalents	456,429	615,808
Cash and cash equivalents at beginning of year	1,010,304	432,478
Foreign exchange gains and losses	60,402	(37,982)
Cash and cash equivalents at the end of year	<u><u>1,527,135</u></u>	<u><u>1,010,304</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,527,135	1,010,304
	<u><u>1,527,135</u></u>	<u><u>1,010,304</u></u>

INSKIN MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies

1.1 General information and basis of preparation

Inskin Media Limited is a private company limited by shares incorporated in England. The address of the registered office is 69 Old Broad Street, London EC2M 1QS. The nature of the company's operations and principal activities are detailed in the directors report.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 25.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

INSKIN MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	- 25%
Office equipment	- 25%
Computer equipment	- 25%
Other fixed assets	- 25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Income Statement.

1.5 Operating leases: Lessee

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

1.6 Valuation of investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently they are measured at cost less impairment.

1.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.9 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans

INSKIN MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.9 Financial instruments (continued)

and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

1.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.11 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

INSKIN MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.12 Share based payments

The cost and corresponding increase in equity in respect of equity-settled share-based payment transactions with employees are measured by reference to the fair value of equity instruments issued at the date of grant. Amounts are expenses on a straight line basis over the vesting period based on the estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. The cost and fair value of the liability incurred in respect of cash-settled transactions is measured using an appropriate option pricing model with changes in fair value recognised in the income statement for the period. Further detail is provided in note 20.

1.13 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

1.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

INSKIN MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.15 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured.

If it is not possible to distinguish between the research phase and the development phase of an internal project. The expenditure is treated as if it were all incurred in the research phase only.

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Judgements in applying the above accounting policies are detailed in the individual policies.

There are not considered to be any key sources of estimation uncertainty which, if proven to be inaccurate, would cause a material error in the financial statements.

3. Analysis of turnover

Analysis of turnover by country of destination:

	2015 £	2014 £
United Kingdom	19,036,012	16,145,880
Rest of Europe	422,168	550,787
Rest of the world	786,925	109,763
	<u>20,245,105</u>	<u>16,806,430</u>

4. Operating profit

The operating profit is stated after charging:

	2015 £	2014 £
Research & development charged as an expense	182,351	83,892
Depreciation of tangible fixed assets	60,368	52,747
Amortisation of intangible assets, including goodwill	-	119,091
Exchange differences	30,935	24,053
Defined contribution pension cost	10,136	40,000
	<u>283,790</u>	<u>319,783</u>

INSKIN MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

5. Auditors' remuneration

	2015 £	2014 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	13,925	8,250
	<u>13,925</u>	<u>8,250</u>

6. Employees

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

	2015 £	2014 £
Wages and salaries	4,459,464	3,566,955
Social security costs	478,260	402,057
Cost of defined contribution scheme	10,136	40,000
	<u>4,947,860</u>	<u>4,009,012</u>

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

	2015 No.	2014 No.
	74	63
	<u>74</u>	<u>63</u>

7. Directors' remuneration

	2015 £	2014 £
Directors' emoluments	772,891	662,267
Company contributions to defined contribution pension schemes	-	40,000
	<u>772,891</u>	<u>702,267</u>

During the year retirement benefits were accruing to no directors (2014 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £280,128 (2014 - £226,011).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2014 - £40,000).

INSKIN MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

8. Interest receivable

	2015 £	2014 £
Other interest receivable	288	85
	<u>288</u>	<u>85</u>

9. Taxation

	2015 £	2014 £
Corporation tax		
Adjustments in respect of previous periods	-	(17,243)
Total current tax	<u>-</u>	<u>(17,243)</u>
Deferred tax		
Origination and reversal of timing differences	(130,580)	(123,200)
Total deferred tax	<u>(130,580)</u>	<u>(123,200)</u>
Taxation on loss on ordinary activities	<u>(130,580)</u>	<u>(140,443)</u>

INSKIN MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 20% (2014 - 20%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	609,038	509,513
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 - 20%)	121,816	101,903
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	20,276	28,123
Capital allowances for year in excess of depreciation	(21,627)	2,798
Utilisation of tax losses	(182,405)	(176,239)
Adjustments to tax charge in respect of prior periods	-	(17,243)
Short term timing difference leading to an increase (decrease) in taxation	(130,580)	(123,200)
Unrelieved loss on foreign subsidiaries	61,940	43,415
Total tax charge for the year	(130,580)	(140,443)

Factors that may affect future tax charges

The company has trading losses available of approximately £1.27m (2014 - approximately £2.05m) to offset against future taxable profits.

10. Parent Company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements. The profit after tax of the parent Company for the year was £1,187,421 (2014 - £867,032).

INSKIN MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

11. Tangible fixed assets

Group

	Fixtures & fittings £	Office equipment £	Computer equipment £	Other fixed assets £	Total £
Cost or valuation					
At 1 January 2015	54,558	19,203	153,414	25,393	252,568
Additions	192,155	2,722	12,188	4,162	211,227
Disposals	(1,992)	-	-	-	(1,992)
At 31 December 2015	<u>244,721</u>	<u>21,925</u>	<u>165,602</u>	<u>29,555</u>	<u>461,803</u>
Depreciation					
At 1 January 2015	27,977	14,471	104,193	10,340	156,981
Charge owned for the period	21,716	2,068	29,195	7,389	60,368
Disposals	(1,992)	-	-	-	(1,992)
At 31 December 2015	<u>47,701</u>	<u>16,539</u>	<u>133,388</u>	<u>17,729</u>	<u>215,357</u>
Net book value					
At 31 December 2015	<u>197,020</u>	<u>5,386</u>	<u>32,214</u>	<u>11,826</u>	<u>246,446</u>
At 31 December 2014	<u>26,581</u>	<u>4,732</u>	<u>49,221</u>	<u>15,053</u>	<u>95,587</u>

INSKIN MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

11. Tangible fixed assets (continued)

Company

	Fixtures & fittings £	Office equipment £	Computer equipment £	Other fixed assets £	Total £
Cost or valuation					
At 1 January 2015	50,830	18,611	151,270	25,393	246,104
Additions	190,398	2,655	10,614	4,162	207,829
At 31 December 2015	241,228	21,266	161,884	29,555	453,933
Depreciation					
At 1 January 2015	25,986	14,471	103,648	10,340	154,445
Charge owned for the period	21,439	2,068	28,259	7,389	59,155
At 31 December 2015	47,425	16,539	131,907	17,729	213,600
At 31 December 2015	193,803	4,727	29,977	11,826	240,333
At 31 December 2014	24,844	4,140	47,622	15,053	91,659

12. Fixed asset investments

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Inskin Media Asia Ltd	Hong Kong	Ordinary	100 %	Trading subsidiary
InSkin Media GmbH	Germany	Ordinary	100 %	Trading subsidiary
Inskin Media Singapore Pte Ltd	Singapore	Ordinary	100 %	Trading subsidiary
Inskin Media Australia Pty Ltd	Australia	Ordinary	100 %	Trading subsidiary
Manufactura Ltd	United Kingdom	Ordinary	100 %	Non-trading subsidiary

INSKIN MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

12. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2015	20,277
At 31 December 2015	20,277
At 31 December 2015	-
Net book value	
At 31 December 2015	20,277
At 31 December 2014	20,277

13. Debtors

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Trade debtors	6,303,550	5,703,760	5,859,354	5,493,560
Amounts owed by group undertakings	-	-	1,414,492	1,093,043
Other debtors	109,033	18,477	27,653	11,000
Prepayments and accrued income	215,917	81,070	180,776	73,804
Deferred taxation	253,780	123,200	253,780	123,200
	<u>6,882,280</u>	<u>5,926,507</u>	<u>7,736,055</u>	<u>6,794,607</u>

14. Cash and cash equivalents

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Cash at bank and in hand	1,527,135	1,010,304	1,439,125	731,446
	<u>1,527,135</u>	<u>1,010,304</u>	<u>1,439,125</u>	<u>731,446</u>

INSKIN MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

15. Creditors: Amounts falling due within one year

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Trade creditors	2,487,770	2,258,824	2,487,025	2,182,146
Taxation and social security	608,237	591,765	586,022	587,625
Other creditors	7,034	-	-	-
Accruals and deferred income	3,409,486	2,882,014	3,239,413	2,837,724
	<u>6,512,527</u>	<u>5,732,603</u>	<u>6,312,460</u>	<u>5,607,495</u>

16. Financial instruments

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	6,412,583	5,722,237	7,301,499	6,597,603
	<u>6,412,583</u>	<u>5,722,237</u>	<u>7,301,499</u>	<u>6,597,603</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(5,902,343)	(5,140,838)	(5,726,437)	(5,019,870)
	<u>(5,902,343)</u>	<u>(5,140,838)</u>	<u>(5,726,437)</u>	<u>(5,019,870)</u>

Financial assets measured at amortised cost comprise trade and other debtors. The group net income attributable from financial assets that are debt instruments measured at amortised cost is £690,346 (2014: £2,134,953). The company net income attributable from financial assets that are debt instruments measured at amortised cost is £703,896 (2014: £2,534,602).

Financial Liabilities measured at amortised cost comprise trade and other creditors; and accruals. The group net expense attributable from financial liabilities measured at amortised cost is £761,505 (2014: £2,028,222). The company net expense attributable from financial liabilities measured at amortised cost is £706,567 (2014: £1,923,986).

17. Deferred taxation

Group

	Deferred tax £
At 1 January 2015	123,200
Charged to the profit or loss	130,580
At 31 December 2015	<u><u>253,780</u></u>

INSKIN MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Company

	Deferred tax £
At 1 January 2015	123,200
Charged to the profit or loss	130,580
At 31 December 2015	253,780

The deferred tax asset is made up as follows:

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Tax losses carried forward	253,780	123,200	253,780	123,200
	<u>253,780</u>	<u>123,200</u>	<u>253,780</u>	<u>123,200</u>

18. Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
1,805,385 A ordinary shares of £0.01 each	18,053.85	18,053.85
915,655 (2014 - 912,155) B ordinary shares of £0.01 each	9,156.55	9,121.55
822,304 C ordinary shares of £0.01 each	8,223.04	8,223.04
900,000 Preference shares of £0.01 each	9,000.00	9,000.00
	<u>44,433</u>	<u>44,398</u>

19. Reserves

Share premium

The share premium account represents the premium arising on the issue of shares net of issue costs.

Foreign exchange reserve

The foreign exchange translation reserve comprises translation differences arising from the translation of financial statements of the Group's foreign entities into Sterling (£).

Other reserves

Other reserves comprise EMI Trust set-up reserves.

Profit & loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

INSKIN MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

20. Share based payments

Equity settled share based payment arrangements existed at the year end.

The share options relate to ordinary shares and the weighted average exercise price on the options is £0.76 per share (2014: £0.74 per share).

The fair value of each option award is estimated on the date of the grant by applying the Black-Scholes option pricing model. The assumptions used in the calculation were as follows:

	Weighted average exercise price (pence) 2015	Number 2015	Weighted average exercise price (pence) 2014	Number 2014
Outstanding at the beginning of the year	74	645,846	69	487,524
Granted during the year	250	25,000	40	164,655
Exercised during the year		-	130	(6,333)
Expired during the year	250	(13,000)		-
Outstanding at the end of the year	76	657,846	74	645,846

	2015	2014
Weighted average share price (pence)	76	74
Exercise price	£0.01 - £2.50	£0.01 - £2.50
Contractual life	3 years	3 years
Expected volatility	25%	25%
Risk-free interest rate	0.5%	0.5%

21. Pension commitments

The parent company operates a defined contribution pension scheme. Pension costs for the year of £10,136 (2014: £40,000) have been charged to the profit and loss account. At the year end the parent company owed £Nil (2014: £40,000) to the scheme, which is included in other creditors.

INSKIN MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

22. Commitments under operating leases

At 31 December 2015 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Not later than 1 year	191,424	173,802	176,419	157,076
Later than 1 year and not later than 5 years	776,243	4,293	776,243	-
Total	967,667	178,095	952,662	157,076

Total operating lease payments made by Inskin Media Limited in 2015 was £204,735 (2014: £221,988).

23. Related party transactions

During the year the group made purchases totalling £1,050,400 (2014: £971,305) from ESI Media, a company in which J Byam Shaw is a director.

The amount due to ESI Media at the year end was £295,748 (2014: £222,727).

During the year the parent company paid directors' fees of £31,527 (2014: £23,220) and accrued an additional £Nil (2014: £7,885) to Media Assets Limited, a company in which J Byam Shaw is a director.

The amount due to Media Assets Limited at the year end was £Nil (2014: £7,885).

During the year the parent company paid directors' fees of £23,754 (2014: £23,220) and accrued an additional £7,916 (2014: £7,885) to Beringea LLP, a Limited Liability Partnership in which T Hope is a non-designated member.

The amount owed to Beringea LLP at the year end was £7,916 (2014: £7,885).

During the year the parent company paid directors' fees of £13,500 (2014: £10,500) and accrued an additional £4,500 (2014: £7,500) to Walmsley Media Limited, a company in which A Walmsley is a director.

The amount due to Walmsley Media Limited at the year end was £4,500 (2014: £7,500).

Inskin Media Limited has a senior Management Team comprised of Executive Directors and a secondary Management Team comprised of Heads of Department. The two teams are considered the key management personnel. The combined total of team members is 17 (2014: 17), with total remuneration being £1,533,484 (2014: £1,405,928).

The furniture shop owned by Geoffrey Drayton, the father of Hugo Drayton, supplied office furniture to the company for the full market value of £10,582 (2014: £1,721).

24. Controlling party

The directors do not consider there to be an ultimate controlling party.

INSKIN MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

25. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.