

INSKIN MEDIA LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017



INSKIN MEDIA LIMITED

COMPANY INFORMATION

Directors	H Drayton J Byam Shaw J Woodnott - Miller (resigned 24 January 2018) T Knapp (resigned 20 July 2018) S Veale (appointed 7 November 2017) A Walmsley S Doyle (resigned 30 May 2018) K McCormick (resigned 7 November 2017) M Hine (appointed 20 July 2018) S E Hansen (appointed 30 August 2018)
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 2017

Introduction

Inskin Media is a brand advertising technology business, which creates and commercialises high-impact, non-intrusive brand advertising formats. Inskin specialises in cross-device, rich-media display advertising, partners with over 170 publishers, worldwide, and delivers campaigns to more than 1,000 premium websites, globally.

Inskin has delivered successful campaigns for over 1,000 blue-chip brand clients. Since its launch in the UK in 2009, Inskin has grown from a start-up to an international business, employing 100+ staff across its London, Hamburg, Sydney, Singapore, Hong Kong, Dubai & Kiev offices. The company's expansion across Europe, APAC and MENA has been recognised with multiple high-growth awards. Inskin was named as a National Champion in the European Business Awards 2016/17, and has featured in The Sunday Times Tech Track 100, Media Momentum Awards, and the Deloitte Technology Fast 500. Inskin's commercial success is built on our focus on technology, creativity, and the highest quality in display advertising.

Business review

The financial year ended 31 December 2017 was challenging, but there were a number of positive developments in the business during the year which strengthened the company's market position. For the year as a whole, global turnover was broadly flat at £20.5m vs £21.1m in 2016. However, in June 2017 we launched our new programmatic platform, which was a key driver of significant year-on-year revenue growth in the second half of the year. We saw strong growth in Australia and Asia, and generated new revenues in France, MENA and through our International (multi-territory) activity. These overseas successes continue to demonstrate Inskin's transferability and scalability.

Profitability was reduced because of the ongoing investment in the programmatic offering, and to accelerate revenue growth in overseas markets. The global average campaign value increased year on year and average campaign profitability increased as technology efficiencies kicked in.

Already, in 2018, Inskin has started to reap the rewards of the recent investment: we are seeing continued year-on-year growth in revenue across the whole business, with H1 2018 revenue up 13% on H1 2017 (unaudited).

In July 2018 Inskin completed a fundraising of £1.2 million from existing shareholders, giving the company a platform to accelerate the growth already seen through H1 2018.

Principal risks and uncertainties

The principal risks for the Group remain: increasing competition; the complexity of the programmatic market; losing key staff; and losing major clients or suppliers.

Competition is a risk in any industry and one we take particularly seriously, Inskin differentiates itself by the truly premium nature of our network, the responsiveness and quality of our award-winning client service, the creative flexibility of designing all creative builds in HTML5, and delivering first-rate campaign metrics, in terms of viewability and performance. The programmatic market remains erratic, with many different players. Inskin has created a true niche, with a unique skill-set to deliver rich media in an automated (scalable) way.

All senior staff are incentivised, through share options or regular remuneration incentive schemes, to drive maximum value for the business. To mitigate the risk of losing major clients, we engage with them and agree mutually beneficial trading deal relationships (preferred supplier list). These help to cement the partnerships. We have Agency Trading Deals in Germany, Hong Kong, Singapore, Australia and MENA. Publisher partners). We support our Publisher (supply) relationships through delivering high-yield for their inventory, an easy technical integration and a very high quality of service.

INSKIN MEDIA LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

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)
- Average campaign profitability
- Gross margin analysis
- New business v Repeat business

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



H Drayton
Director

Date: 10 October 2018

INSKIN MEDIA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and 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 loss for the year, after taxation, amounted to £1,297,839 (2016 - loss £61,429).

DIRECTORS

The directors who served during the year were:

H Drayton
J Byam Shaw
J Woodnott - Miller (resigned 24 January 2018)
T Knapp (resigned 20 July 2018)
S Veale (appointed 7 November 2017)
A Walmsley
S Doyle (resigned 30 May 2018)
K McCormick (resigned 7 November 2017)

Research and development activities

The group undertakes research and development activities. Research and development activities are capitalised in the statement of financial position within intangible assets.

INSKIN MEDIA LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Disclosure of information to auditors

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

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

Post balance sheet events

Post balance sheet events are detailed in note 24.

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.



H Drayton
Director

Date: 10 October 2018

INSKIN MEDIA LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INSKIN MEDIA LIMITED

Opinion

We have audited the financial statements of Inskin Media Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2017 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

INSKIN MEDIA LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INSKIN MEDIA LIMITED (CONTINUED)

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

INSKIN MEDIA LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INSKIN MEDIA LIMITED
(CONTINUED)**

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



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:

11th October 2018

INSKIN MEDIA LIMITED

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Turnover	3	20,542,054	21,111,188
Cost of sales		(12,033,881)	(12,898,327)
Gross profit		<u>8,508,173</u>	<u>8,212,861</u>
Administrative expenses		(10,182,807)	(8,282,350)
Operating loss	4	<u>(1,674,634)</u>	<u>(69,489)</u>
Interest receivable and similar income	8	965	2,319
Interest payable and similar expenses	9	(57,460)	(11)
Loss before tax		<u>(1,731,129)</u>	<u>(67,181)</u>
Tax on loss	10	433,290	5,752
Loss for the financial year		<u>(1,297,839)</u>	<u>(61,429)</u>
Loss for the year attributable to:			
Owners of the parent		<u>(1,297,839)</u>	<u>(61,429)</u>

The notes on pages 17 to 34 form part of these financial statements.

INSKIN MEDIA LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Loss for the financial year		<u>(1,297,839)</u>	<u>(61,429)</u>
Other comprehensive income			
Movement on foreign exchange reserve		<u>108,744</u>	<u>(295,008)</u>
Other comprehensive income for the year		<u>108,744</u>	<u>(295,008)</u>
Total comprehensive income for the year		<u><u>(1,189,095)</u></u>	<u><u>(356,437)</u></u>
(Loss) for the year attributable to:			
Owners of the parent Company		<u><u>(1,297,839)</u></u>	<u><u>(61,429)</u></u>
Total comprehensive income attributable to:			
Owners of the parent Company		<u><u>(1,189,095)</u></u>	<u><u>(356,437)</u></u>


The notes on pages 17 to 34 form part of these financial statements.

INSKIN MEDIA LIMITED
REGISTERED NUMBER: 06080497

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	11	1,428,477	822,190
Tangible assets	12	173,791	208,885
		<u>1,602,268</u>	<u>1,031,075</u>
Current assets			
Debtors: amounts falling due within one year	14	8,632,130	7,051,878
Cash at bank and in hand	15	364,332	954,655
		<u>8,996,462</u>	<u>8,006,533</u>
Creditors: amounts falling due within one year	16	(9,968,947)	(7,218,730)
Net current (liabilities)/assets		<u>(972,485)</u>	<u>787,803</u>
Total assets less current liabilities		<u>629,783</u>	<u>1,818,878</u>
		<u>629,783</u>	<u>1,818,878</u>
Net assets		<u>629,783</u>	<u>1,818,878</u>
Capital and reserves			
Called up share capital	18	45,233	45,233
Share premium account	19	4,181,445	4,181,445
Foreign exchange reserve	19	(186,187)	(294,931)
Other reserves	19	2,041	2,041
Profit and loss account	19	(3,412,749)	(2,114,910)
		<u>629,783</u>	<u>1,818,878</u>

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


H. Drayton
Director

Date: 10 October 2018

INSKIN MEDIA LIMITED
REGISTERED NUMBER: 06080497

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	11	1,428,477	822,190
Tangible assets	12	132,197	177,616
Investments	13	183,992	173,478
		<u>1,744,666</u>	<u>1,173,284</u>
Current assets			
Debtors: amounts falling due within one year	14	7,802,097	6,928,508
Cash at bank and in hand	15	36,106	360,370
		<u>7,838,203</u>	<u>7,288,878</u>
Creditors: amounts falling due within one year	16	(8,228,503)	(6,239,733)
Net current (liabilities)/assets		<u>(390,300)</u>	<u>1,049,145</u>
Total assets less current liabilities		<u>1,354,366</u>	<u>2,222,429</u>
		<u>1,354,366</u>	<u>2,222,429</u>
Net assets		<u>1,354,366</u>	<u>2,222,429</u>
Capital and reserves			
Called up share capital	18	45,233	45,233
Share premium account	19	4,181,445	4,181,445
Other reserves	19	2,041	2,041
Profit and loss account brought forward		(2,006,290)	(1,073,408)
Loss for the year		(868,063)	(932,882)
Profit and loss account carried forward		<u>(2,874,353)</u>	<u>(2,006,290)</u>
		<u>1,354,366</u>	<u>2,222,429</u>

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

H Drayton
Director

Date: 10 October 2018

The notes on pages 17 to 34 form part of these financial statements.

INSKIN MEDIA LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Share premium account	Foreign exchange reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2017	45,233	4,181,445	(294,931)	2,041	(2,114,910)	1,818,878
Comprehensive income for the year						
Loss for the year	-	-	-	-	(1,297,839)	(1,297,839)
Foreign exchange reserve	-	-	108,744	-	-	108,744
Other comprehensive income for the year	-	-	108,744	-	-	108,744
Total comprehensive income for the year	-	-	108,744	-	(1,297,839)	(1,189,095)
Total transactions with owners	-	-	-	-	-	-
At 31 December 2017	45,233	4,181,445	(186,187)	2,041	(3,412,749)	629,783

The notes on pages 17 to 34 form part of these financial statements.

INSKIN MEDIA LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital £	Share premium account £	Foreign exchange reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2016	44,433	4,150,264	77	2,041	(2,053,481)	2,143,334
Comprehensive income for the year						
Loss for the year	-	-	-	-	(61,429)	(61,429)
Foreign exchange reserve	-	-	(295,008)	-	-	(295,008)
Other comprehensive income for the year	-	-	(295,008)	-	-	(295,008)
Total comprehensive income for the year	-	-	(295,008)	-	(61,429)	(356,437)
Shares issued during the year	800	31,181	-	-	-	31,981
Total transactions with owners	800	31,181	-	-	-	31,981
At 31 December 2016	45,233	4,181,445	(294,931)	2,041	(2,114,910)	1,818,878

The notes on pages 17 to 34 form part of these financial statements.

INSKIN MEDIA LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2017	45,233	4,181,445	2,041	(2,006,290)	2,222,429
Comprehensive income for the year					
Loss for the year	-	-	-	(868,063)	(868,063)
Total comprehensive income for the year	-	-	-	(868,063)	(868,063)
Total transactions with owners	-	-	-	-	-
At 31 December 2017	<u>45,233</u>	<u>4,181,445</u>	<u>2,041</u>	<u>(2,874,353)</u>	<u>1,354,366</u>

The notes on pages 17 to 34 form part of these financial statements.

INSKIN MEDIA LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2016	44,433	4,150,264	2,041	(1,073,408)	3,123,330
Comprehensive income for the year					
Loss for the year	-	-	-	(932,882)	(932,882)
Total comprehensive income for the year	-	-	-	(932,882)	(932,882)
Contributions by and distributions to owners					
Shares issued during the year	800	31,181	-	-	31,981
At 31 December 2016	45,233	4,181,445	2,041	(2,006,290)	2,222,429

The notes on pages 17 to 34 form part of these financial statements.

INSKIN MEDIA LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
Cash flows from operating activities		
Loss for the financial year	(1,297,839)	(61,429)
Adjustments for:		
Amortisation of intangible assets	532,482	274,064
Depreciation of tangible assets	91,102	96,054
Interest paid	57,460	11
Interest received	(965)	(2,319)
Taxation charge	(433,290)	(5,752)
(Increase) in debtors	(1,378,893)	(423,378)
Increase in creditors	1,488,465	706,203
Increase in provisions	27,000	-
Corporation tax received	237,006	259,532
Net cash generated from operating activities	<u>(677,472)</u>	<u>842,986</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(1,138,769)	(1,096,254)
Purchase of tangible fixed assets	(56,008)	(58,493)
Interest received	965	2,319
Net cash from investing activities	<u>(1,193,812)</u>	<u>(1,152,428)</u>
Cash flows from financing activities		
Issue of ordinary shares	-	31,981
New secured loans	1,229,677	-
Interest paid	(57,460)	(11)
Net cash used in financing activities	<u>1,172,217</u>	<u>31,970</u>
Net (decrease) in cash and cash equivalents	<u>(699,067)</u>	<u>(277,472)</u>
Cash and cash equivalents at beginning of year	954,655	1,527,135
Foreign exchange gains and losses	108,744	(295,008)
Cash and cash equivalents at the end of year	<u><u>364,332</u></u>	<u><u>954,655</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u><u>364,332</u></u>	<u><u>954,655</u></u>

The notes on pages 17 to 34 form part of these financial statements.

INSKIN MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 and the trading address is 233 High Holborn, London, WC1V 7DN. 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 unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement 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 Going concern

As detailed in note 24, post year end the Company raised £1.2m of loan notes and share capital, and current results suggest that trading is growing year on year by 13%. The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. Accounting policies (continued)

1.4 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 Consolidated Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into GBP 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.

1.5 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.

1.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Income Statement on a straight line basis over the period of the lease.

INSKIN MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies (continued)

1.7 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.

1.8 Borrowing costs

All borrowing costs are recognised in the Consolidated Income Statement in the year in which they are incurred.

1.9 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 payment obligations.

The contributions are recognised as an expense in the Consolidated 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.

1.10 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 expensed 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 21.

1.11 Taxation

Tax is recognised in the Consolidated Income Statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. Accounting policies (continued)

1.12 Intangible assets

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

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

Amortisation is provided on the following bases:

Development expenditure	-	25 % straight-line method
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1.13 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 in the Consolidated Income Statement.

1.14 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.

1.15 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.

1.16 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 Group's cash management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. Accounting policies (continued)

1.17 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.

1.18 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, 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 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 debtors and creditors, 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 the case of an out-right 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 Consolidated 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2.

Judgements in applying accounting policies and key sources of estimation and uncertainty

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors make estimates and assumptions concerning the future based on their knowledge of the business and the markets it operates in. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

a. Capitalised development costs and the subsequent rate of amortisation.

The directors have considered the feasibility of the projects, the likelihood that the asset will generate probable future economic benefit, and the period over which these benefits will be generated. Whilst this is dependent on a number of factors, the directors consider that the future cash flows will meet or exceed the carrying value of intangible assets held as at the Balance Sheet date, that no provision for impairment is required, and that the amortisation period is a fair reflection of the rate of consumption of the economic benefits.

b. The valuation of the provision against potentially unrecoverable trade debt.

In setting the provision against potentially unrecoverable trade debt the directors have considered a number of factors including the terms of sale, the geographical locations in which their clients operate, historic evidence of recoverability and debtor days, and the positive relationships maintained with the client base.

3. Turnover

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	12,296,266	15,335,077
Rest of Europe	2,524,090	2,178,398
Rest of the world	5,721,698	3,597,713
	<u>20,542,054</u>	<u>21,111,188</u>

INSKIN MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. Operating loss

The operating loss is stated after charging:

	2017 £	2016 £
Research & development charged as an expense	53,547	51,220
Depreciation of tangible fixed assets	91,102	96,054
Amortisation of intangible assets, including goodwill	532,482	274,064
Exchange differences	159,125	(163,084)
Defined contribution pension cost	81,090	13,398
	<u> </u>	<u> </u>

5. Auditors' remuneration

	2017 £	2016 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	14,000	14,000
	<u> </u>	<u> </u>

6. Employees

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Wages and salaries	5,613,589	5,451,669	4,165,395	4,294,581
Social security costs	631,088	497,341	514,082	497,341
Cost of defined contribution scheme	81,090	13,398	23,643	13,398
	<u>6,325,767</u>	<u>5,962,408</u>	<u>4,703,120</u>	<u>4,805,320</u>

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

	2017 No.	2016 No.
	108	98
	<u> </u>	<u> </u>

INSKIN MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	697,186	765,549
Company contributions to defined contribution pension schemes	2,569	1,734
	<u>699,755</u>	<u>767,283</u>

During the year retirement benefits were accruing to 4 directors (2016 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £252,500 (2016 - £274,783).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £251 (2016 - £372).

During the year no directors received shares under the long term incentive schemes (2016 - 1)

8. Interest receivable

	2017 £	2016 £
Other interest receivable	965	2,319
	<u>965</u>	<u>2,319</u>

9. Interest payable and similar expenses

	2017 £	2016 £
Bank interest payable	-	11
Other interest payable	57,460	-
	<u>57,460</u>	<u>-</u>

10. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	(433,290)	(259,532)
Deferred tax		
Origination and reversal of timing differences	-	253,780
Taxation on loss on ordinary activities	<u>(433,290)</u>	<u>(5,752)</u>

INSKIN MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - lower than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	(1,731,129)	(67,181)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(333,242)	(13,436)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(185,079)	37,337
Capital allowances for year in excess of depreciation	110,864	66,872
Utilisation of tax losses	573,108	(462)
Short term timing difference leading to an increase/(decrease) in taxation	-	253,780
Adjustment in research and development tax credit leading to a (decrease) in the tax charge	(755,621)	(533,989)
Profits from, and taxes paid in, overseas subsidiaries	(71,633)	(200,218)
Unrelieved tax losses carried forward	148,426	358,436
Unrelieved loss on foreign subsidiaries	79,887	25,928
Total tax charge for the year	(433,290)	(5,752)

Factors that may affect future tax charges

The company has trading losses available of £2.60m (2016 - £1.72m) to offset against future taxable profits.

Parent company (loss)/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 loss after tax of the parent company for the year was £868,063 (2016 - loss of £932,882).

INSKIN MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

11. Intangible assets

Group and Company

	Development £
Cost	
At 1 January 2017	1,738,973
Additions	1,138,769
At 31 December 2017	<u>2,877,742</u>
Amortisation	
At 1 January 2017	916,783
Charge for the year	532,482
At 31 December 2017	<u>1,449,265</u>
Net book value	
At 31 December 2017	<u>1,428,477</u>
At 31 December 2016	<u>822,190</u>

All of the Group's intangible fixed assets are held in the Parent Company.

INSKIN MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

12. Tangible fixed assets

Group

	Fixtures & fittings £	Office equipment £	Computer equipment £	Other fixed assets £	Total £
Cost or valuation					
At 1 January 2017	266,016	24,177	192,071	38,032	520,296
Additions	13,478	7,083	18,897	16,550	56,008
At 31 December 2017	<u>279,494</u>	<u>31,260</u>	<u>210,968</u>	<u>54,582</u>	<u>576,304</u>
Depreciation					
At 1 January 2017	108,356	18,918	157,751	26,386	311,411
Charge for the year on owned assets	62,684	3,589	16,934	7,895	91,102
At 31 December 2017	<u>171,040</u>	<u>22,507</u>	<u>174,685</u>	<u>34,281</u>	<u>402,513</u>
Net book value					
At 31 December 2017	<u>108,454</u>	<u>8,753</u>	<u>36,283</u>	<u>20,301</u>	<u>173,791</u>
At 31 December 2016	<u>157,660</u>	<u>5,259</u>	<u>34,320</u>	<u>11,646</u>	<u>208,885</u>

INSKIN MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Tangible fixed assets (continued)

Company

	Fixtures & fittings £	Office equipment £	Computer equipment £	Other fixed assets £	Total £
Cost or valuation					
At 1 January 2017	243,606	23,518	186,897	29,555	483,576
Additions	13,478	6,161	13,914	-	33,553
At 31 December 2017	<u>257,084</u>	<u>29,679</u>	<u>200,811</u>	<u>29,555</u>	<u>517,129</u>
Depreciation					
At 1 January 2017	107,081	18,918	154,930	25,031	305,960
Charge for the year on owned assets	57,757	3,273	15,586	2,356	78,972
At 31 December 2017	<u>164,838</u>	<u>22,191</u>	<u>170,516</u>	<u>27,387</u>	<u>384,932</u>
Net book value					
At 31 December 2017	<u>92,246</u>	<u>7,488</u>	<u>30,295</u>	<u>2,168</u>	<u>132,197</u>
At 31 December 2016	<u>136,525</u>	<u>4,600</u>	<u>31,967</u>	<u>4,524</u>	<u>177,616</u>

13. Fixed asset investments

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Inskin Media Asia Limited	Ordinary	100 %	Trading subsidiary
InSkin Media GmbH	Ordinary	100 %	Trading subsidiary
Inskin Media Singapore Pte Ltd	Ordinary	100 %	Trading subsidiary
Inskin Media Australia Pty Ltd	Ordinary	100 %	Trading subsidiary
Manufactura Limited	Ordinary	100 %	Non-trading subsidiary
InSkin Media FZ-LLC	Ordinary	100 %	Trading subsidiary

INSKIN MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

13. Fixed asset investments (continued)

Manufactura Ukraine LLC	Ordinary	100 %	Trading subsidiary
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Name	Registered office
Inskin Media Asia Limited	Suite 1504, 15/F Chinachem Tower 34-37 Connaught Rd Central, Hong Kong
InSkin Media GmbH	Neuer Kamp 32, 20357, Hamburg
Inskin Media Singapore Pte Ltd	36 Robinson Road, #13-01, City House, Singapore (068877)
Inskin Media Australia Pty Ltd	Suite 1 Level 4, 3 Carlingford Road, Epping 3rd Floor Fairgate House, 78 New Oxford Street, London, WC1A
Manufactura Limited	1HB, United Kingdom Office 3108, Shatha Tower, Media City,
InSkin Media FZ-LLC	Dubai, UAE 01004, 42-44
Manufactura Ukraine LLC	Shovkovychna Street, Kiev, Ukraine

The aggregate of the share capital and reserves as at 31 December 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Inskin Media Asia Limited	(580,632)	(127,630)
InSkin Media GmbH	(132,317)	184,714
Inskin Media Singapore Pte Ltd	198,253	(84,156)
Inskin Media Australia Pty Ltd	154,361	179,100
InSkin Media FZ-LLC	(305,200)	(199,467)
Manufactura Ukraine LLC	106,454	(2,156)

INSKIN MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

13. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2017	173,478
Additions	10,514
At 31 December 2017	<u>183,992</u>
Net book value	
At 31 December 2017	<u>183,992</u>
At 31 December 2016	<u>173,478</u>

14. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	7,703,086	6,458,498	4,696,273	4,849,896
Amounts owed by group undertakings	-	-	2,390,057	1,622,882
Other debtors	88,710	70,180	49,952	9,946
Prepayments and accrued income	408,643	263,668	234,124	186,252
Tax recoverable	431,691	259,532	431,691	259,532
	<u>8,632,130</u>	<u>7,051,878</u>	<u>7,802,097</u>	<u>6,928,508</u>

15. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	<u>364,332</u>	<u>954,655</u>	<u>36,106</u>	<u>360,370</u>

INSKIN MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

16. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Other loans	1,229,677	-	1,229,677	-
Trade creditors	5,464,265	4,566,368	4,865,188	4,188,731
Corporation tax	5,075	-	-	-
Other taxation and social security	632,867	585,261	465,335	441,015
Other creditors	196,194	18,352	100,000	3,710
Accruals and deferred income	2,440,869	2,048,749	1,568,303	1,606,277
	<u>9,968,947</u>	<u>7,218,730</u>	<u>8,228,503</u>	<u>6,239,733</u>

17. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>7,791,797</u>	<u>6,528,678</u>	<u>7,119,565</u>	<u>6,482,724</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(9,331,005)</u>	<u>(6,633,469)</u>	<u>(8,207,116)</u>	<u>(5,798,718)</u>

Financial assets measured at amortised cost comprise trade and other debtors.

Financial Liabilities measured at amortised cost comprise trade and other creditors, and accruals.

18. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
1,805,385 (2016 - 1,805,385) A ordinary shares of £0.01 each	18,053.85	18,053.85
995,597 (2016 - 995,597) B ordinary shares of £0.01 each	9,955.97	9,955.97
822,304 (2016 - 822,304) C ordinary shares of £0.01 each	8,223.04	8,223.04
900,000 (2016 - 900,000) Preference shares of £0.01 each	9,000.00	9,000.00
	<u>45,232.86</u>	<u>45,232.86</u>

INSKIN MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

19. Reserves

Share premium account

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.

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 (2016: £0.75 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) 2017	Number 2017	Weighted average exercise price (pence) 2016	Number 2016
Outstanding at the beginning of the year	74	656,377	76	657,846
Granted during the year	250	92,000	50	50,500
Exercised during the year	0	-	0	-
Expired during the year	0	(16,000)	0	(51,969)
Outstanding at the end of the year	96	732,377	74	656,377
Weighted average share price (pence)	2017		2016	
	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%	

INSKIN MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

21. Pension commitments

The parent Company operates a defined contribution pension scheme. Pension costs for the year of £23,643 (2016: £13,566) have been charged to the profit and loss account. At the year end the parent company owed £5,519 (2016: £4,507) to the scheme, which is included in other creditors.

22. Commitments under operating leases

At 31 December 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Not later than 1 year	325,461	260,987	211,703	211,703
Later than 1 year and not later than 5 years	392,433	564,540	352,838	564,540
	<u>717,894</u>	<u>825,527</u>	<u>564,541</u>	<u>776,243</u>

Total operating lease payments made by Inskin Media Limited in 2017 was £326,011 (2016: £258,113).

INSKIN MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

23. Related party transactions

During the year the Group made purchases totalling £385,906 (2016: £600,705) from ESI Media, a company in which J Byam Shaw is a director.

The amount due to ESI Media at the year end was £176,554 (2016: £172,957).

During the year the parent Company incurred directors' fees of £8,141 (2016: £33,668) 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 £33 (2016: £7,518).

During the year the Group made purchases totalling £118,430 (2016: £65,649) from Future Plc, a company in which H Drayton is a director.

The amount due to Future Plc at the year end was £39,327 (2016: £27,066).

During the year the parent Company incurred directors' fees of £32,564 (2016: £32,096) to Beringea LLP, a Limited Liability Partnership in which S Veale is a non-designated member.

The amount owed to Beringea LLP at the year end was £40,677 (2016: £7,639).

During the year the parent Company paid directors' fees of £Nil (2016: £15,000) 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 £Nil (2016: £Nil).

Inskin Media Limited has a senior management team of 7 (2016: 7) comprising directors and executive managers. This team is considered the key management personnel. The total remuneration for this team was £968,278 (2016: £971,341).

During the year, the Company made total advances to Mr. Borchardt of £Nil (2016: £77,312). At the end of the reporting period the company was owed £77,312 (2016: £77,312). This advance was made on the condition of shares being purchased in the Ukrainian subsidiary and being transferred back to Inskin Media Limited.

24. Post balance sheet events

In July 2018 the Company issued £1.152m of loan notes and issued 4,800,000 D ordinary shares for a total consideration of £48,000. These loan notes and shares were issued together, such that a subscription for shares was matched with a pro-rata subscription of loan notes. The loan notes are secured on the assets of the company and its subsidiaries, but are subordinated to the company's bank facilities.

25. Controlling party

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