

Ciklum UK Limited

Annual report and financial statements

Registered number 07322381

31 December 2017



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Directors' report

Research and development

The Company was not committed to any research and development activities during the year 2017.

Financial instruments

Details of the Company's financial risk management policies and objectives in respect of its use of financial instruments are included in Note 1 to the financial statements.

Proposed dividend

No dividend was proposed for 2017 as well as for 2016.

Directors

The directors who held office during the year and subsequent to year-end were as follows:

James Martin Dalziel, who was appointed as a director on 12 February 2018

James Edward Donaldson, who was appointed as a director on 17 March 2016, resigned on 12 February 2018

Political contributions

The Company made no disclosable political donations or incurred any disclosable political expenditure during the year (2016: £Nil).

Disclosure of information to auditor

The director who held office at the date of approval of this directors' report confirm that, so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and the director has taken all the steps that he ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Other information

The Company's principal activities are delivery of IT services, software development and related support services, sales and marketing services to other group companies, and facilitation and servicing of UK software companies.

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Company's principal financial liabilities comprise trade and other payables. The Company has trade and other receivables, and cash and cash equivalents that arrive directly from its operations. The Company is exposed to credit risk, liquidity risk and market risk.

The Board oversees the management of these risks and ensures financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and Company risk parameters. All activities for risk management purposes are carried out by specialist teams that have appropriate skills, experience and supervision.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Auditor

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

By order of the board

James Martin Dalziel

DocuSigned by:
James Dalziel
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Date: 28th September 2018

Registered office address:
2 Stone Buildings, Lincoln's Inn, London, England,
WC2A 3TH

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CIKLUM UK LIMITED

Opinion

We have audited the financial statements of Ciklum UK Limited ("the company") for the year ended 31 December 2017 which comprise the Statement of Profit and Loss and other comprehensive income, Balance Sheet, Statement of Changes in Equity, Cash flow statement, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CIKLUM UK LIMITED (CONTINUED)

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Peter Hine (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

28 September 2018

Statement of profit and loss and other comprehensive income
for the year ended 31 December 2017

	<i>Note</i>	2017 Total £000	2016 Total £000
Revenue	3	4,279	2,623
Cost of sales		(1,615)	(1,203)
Gross profit		2,664	1,420
Selling and distribution expenses		(1,394)	(802)
Administrative expenses		(824)	(505)
Operating profit		446	113
Finance expenses		(53)	(1)
Profit on ordinary activities before taxation		393	112
Tax on profit on ordinary activities	6	(54)	-
Profit for the financial year		339	112
Total comprehensive income for the year		339	112

The notes on pages 11 to 19 form part of these financial statements

Balance Sheet
at 31 December 2017

	Note	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets					
Tangible fixed assets	7	57		49	
			<u>57</u>		<u>49</u>
Current assets					
Trade and other debtors	8	577		360	
Cash at bank and in hand		12		122	
		<u>589</u>		<u>482</u>	
Creditors: amounts falling due within one year	9	(413)		(637)	
		<u>(413)</u>		<u>(637)</u>	
Net current assets/(liabilities)			<u>176</u>		<u>(155)</u>
Total assets less current liabilities		233		(106)	
Net assets/(liabilities)			<u>233</u>		<u>(106)</u>
Equity					
Called up share capital	10	-		-	
Retained earnings		233		(106)	
			<u>233</u>		<u>(106)</u>
Total equity			<u>233</u>		<u>(106)</u>

The notes on pages 11 to 19 form part of these financial statements

These financial statements were approved by the board of directors on 28th September 2018 and were signed on its behalf by:

DocuSigned by:

James Dalziel

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James Martin Dalziel
 Director

Company registered number: 07322381

Statement of Changes in Equity

	Called up share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2016	-	(218)	(218)
Total comprehensive income for the year			
Profit for the year	-	112	112
Total comprehensive income for the year	<u>-</u>	<u>112</u>	<u>112</u>
Balance at 31 December 2016	<u>-</u>	<u>(106)</u>	<u>(106)</u>
Total comprehensive income for the year			
Profit for the year	-	339	339
Total comprehensive income for the year	<u>-</u>	<u>339</u>	<u>339</u>
Balance at 31 December 2017	<u><u>-</u></u>	<u><u>233</u></u>	<u><u>233</u></u>

The notes on pages 11 to 19 form part of these financial statements

Cash Flow Statement
for year ended 31 December 2017

	2017 £000	2016 £000
Cash flows from operating activities		
Cash receipts from customers	4,730	3,286
Cash paid to suppliers and employees	(4,811)	(3,144)
Net cash from operating activities	<u>(81)</u>	<u>142</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(30)	(22)
Net cash from investing activities	<u>(30)</u>	<u>(22)</u>
Cash flows from financing activities	-	-
Net cash from financing activities	<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	(111)	120
Cash and cash equivalents at 1 January 2017	123	3
Cash and cash equivalents at 31 December 2017	<u><u>12</u></u>	<u><u>123</u></u>

The notes on pages 11 to 19 form part of these financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

Ciklum UK Limited (the "Company") is a company incorporated and domiciled in England, United Kingdom.

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 16.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

Management has a reasonable expectation that the Company has adequate resources to manage its liquidity position in the foreseeable future. The company has net current assets at 31 December 2017 of £176,000 (2016: net current liabilities of £155,000). Management believes it is taking all necessary measures to support the sustainability and growth of the Company's business in the current circumstances. For these reasons, management believes that the going concern assumption is appropriate for the preparation of these financial statements.

1.3 Foreign currency

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

Notes (continued)

1 Accounting policies (continued)

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents and trade and other creditors.

Trade and other debtors

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

Trade and other creditors

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Computer equipment	3 years
Fixtures and fittings	3 years
Other	4-5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.6 Impairment excluding stocks, investment properties and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes (continued)**1 Accounting policies (continued)****1.7 Employee benefits***Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

1.8 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.9 Revenue

The Company's main sources of revenue include the following:

- Revenues from outsourcing of IT teams are determined either (a) based on cost plus method where remuneration of IT teams and related charges are absorbed within selling prices with a mark-up on top of direct costs, or (b) based on agreed charge-out rates per hour of IT consultant's work charged by the Company to the customers. Revenue from this type of services is recognised in profit or loss on the accrual basis in the period when the service is provided and when the amount of revenue can be measured reliably. Management believes that the Company acts as a principal rather than an agent substantially in all projects when it outsources IT teams of subcontractors to work on client assignments. Management believes that the substance of its contractual relationships with clients supports this determination as (a) the Company bears ultimate responsibility for providing services to its customers (b) the Company undertakes to settle direct damages and direct losses incurred by clients as a result of services by subcontractors engaged, predominantly limited to the amount of fees received from these clients, even though contracts with clients do not provide for such an obligation (c) the Company bears the credit risk as it is responsible for settlement of amounts due to subcontractors irrespective of collection of the amount receivable from clients (d) the Company exercises discretion in establishing prices as it is able to adjust profitability of a particular project through negotiations. Management exercises significant judgement in presentation of revenues from outsourcing of IT teams as principal, since the contractual arrangements with clients, if taken in isolation from the substance of the arrangements, may in certain cases provide for a different view.
- Revenues from software development projects are recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.
- Revenues from consulting services and other revenues are recognised in profit or loss on the accrual basis in the period when the service is provided and when the amount of revenue can be measured reliably.

Notes (continued)**1 Accounting policies (continued)****1.10 Expenses***Operating lease payments*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.11 Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.12 Adopted IFRS not yet applied

There are no Adopted IFRSs which have been issued but not yet applied in these financial statements that would be expected to have an effect on the financial statements.

2 Auditor's remuneration

	2017 £000	2016 £000
Audit of these financial statements	18	16

3 Revenue

All revenue is earned in the United Kingdom from continuing operations

	2017 £000	2016 £000
Revenue	4,279	2,623

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2017	2016
Employees	18	18
Directors	1	1
	<u>19</u>	<u>19</u>

The aggregate payroll costs of these persons were as follows:

	2017 £000	2016 £000
Wages and salaries	1,572	1,151
Social security costs	191	121
	<u>1,763</u>	<u>1,272</u>

5 Directors' remuneration

	2017 £000	2016 £000
Directors' remuneration	30	24
	<u>30</u>	<u>24</u>

Notes (continued)

6 Taxation

The current tax expense and deferred tax expense is £54,000 (2016: £nil).

Reconciliation of effective tax rate

	2017 £000	2016 £000
Profit for the year	339	112
Total tax expense	(54)	-
Profit excluding taxation	393	112
Tax using the UK corporation tax rate of 19 % (till April 2017: 20%; 2016: 20 %)	76	22
Recognition of previously unrecognised tax losses	(22)	(22)
	<u>54</u>	<u>-</u>
Total tax expense (including tax on discontinued operations)	<u>54</u>	<u>-</u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. A previously unrecognised deferred tax asset incurred on tax losses of £22,000 during year ended 31 December 2017 were recognized and offset with current tax liability.

7 Tangible fixed assets

	Fixtures & Fittings £000	Total £000
Cost		
Balance at 1 January 2016	8	8
Additions	49	49
Balance at 31 December 2016	<u>57</u>	<u>57</u>
Additions	23	23
Balance at 31 December 2017	<u>80</u>	<u>80</u>
Depreciation and impairment		
Balance at 1 January 2016	-	-
Depreciation charge for the year	8	8
Balance at 31 December 2016	<u>8</u>	<u>8</u>
Depreciation charge for the year	15	15
Balance at 31 December 2017	<u>23</u>	<u>23</u>
Net book value		
At 1 January 2016	8	8
At 31 December 2016	49	49
At 31 December 2017	<u>57</u>	<u>57</u>

Notes (continued)

8 Debtors

	2017	2016
	£000	£000
Trade debtors	421	231
Prepayments	156	99
Other debtors	-	30
Due within one year	<u>577</u>	<u>360</u>
Total trade and other debtors	<u>577</u>	<u>360</u>

9 Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Payables to related parties	143	604
Other creditors	270	33
Total Trade and other creditors	<u>413</u>	<u>637</u>

Notes (continued)**10 Capital and reserves****Share capital**

	Ordinary shares	
	2017	2016
In number of shares		
On issue at 1 January 2017		
Issued for cash	<u>1</u>	<u>1</u>
On issue at 31 December – fully paid	<u>1</u>	<u>1</u>
	2017	2016
	£	£
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £ 1 each	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

11 Operating leases

Company has non-cancellable operating lease rentals in amount of £73,500 (2016: £21,725) payable within one year, and nil payable beyond one year.

During the year £505,505 (2016: £424,929) was recognised as an expense in the profit and loss account in respect of operating leases.

12 Related parties

Identity of related parties with which the Company has transacted

Other related party transactions

	Sales to:	
	2017	2016
	£000	£000
Ciklum SA (Switzerland)	1,100	851
(Companies are related as they have a common shareholder)	<u>1,100</u>	<u>851</u>

Notes (continued)

12 Related parties (continued)

Companies are related as they have a common shareholder

	Balances at 31 December:	
	2017 £000	2016 £000
Ciklum SA (Switzerland)	(1,392)	(937)
Ciklum Holding (Cyprus)	<u>1,249</u>	<u>328</u>
	<u>(143)</u>	<u>(609)</u>

13 Fair values of financial instruments

The estimated fair value of cash and cash equivalents, trade and other receivables, and accounts payable and accrued expenses approximate their carrying amounts due to the short maturity of these instruments.

14 Ownerships and control

The Company is a subsidiary of Ciklum Holding Limited (Cyprus), owned by Ciklum Group Holdings Ltd. (BVI), which is the highest level in which Ciklum UK Limited is consolidated (financial statements are not publicly available).

From 22 December 2017 and as of 31 December 2017 Ciklum Group Holdings Ltd. (BVI) was under joint control by Mr. Torben Majgaard and Soros Fund Management. Prior to 22 December 2017, Ciklum Group Holdings Ltd. (BVI) was controlled by Mr. Torben Majgaard.

15 Subsequent events

There have not been any events after the balance sheet date that have any substantial impact on the Company's financial position that have not been incorporated in the financial statements.

16 Accounting estimates and judgements

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is described below:

- *Impairment of trade and other accounts receivable.* Management estimates impairment by assessing the likelihood of recovery of trade and other accounts receivable based on an analysis of individual accounts. Factors taken into consideration include the ageing of trade and other accounts receivable in comparison with the credit terms allowed to customers, and the financial position and collection history with the customer. Trade and other accounts receivable for which a provision was not created as a result of individual assessment and that are not individually significant are collectively assessed for impairment by grouping together based on similar risk characteristics. Should actual collections be less than management estimates, the Company would be required to record additional impairment expense.