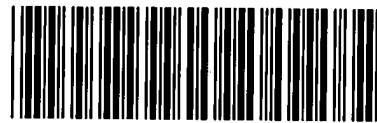


Company Registration No. 07425899 (England and Wales)

VIVO REWARDS LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017
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VIVO REWARDS LIMITED

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VIVO REWARDS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Intangible assets	3		140,384		158,827
Tangible assets	4		8,240		35,917
Current assets					
Stocks		17,143		78,405	
Debtors	5	680,597		542,610	
Cash at bank and in hand		4,090		143,525	
		<u>701,830</u>		<u>764,540</u>	
Creditors: amounts falling due within one year	6	<u>(6,188,530)</u>		<u>(6,489,190)</u>	
Net current liabilities			<u>(5,486,700)</u>		<u>(5,724,650)</u>
Total assets less current liabilities			<u>(5,338,076)</u>		<u>(5,529,906)</u>
Capital and reserves					
Called up share capital	8		1,111		1,111
Profit and loss reserves			<u>(5,339,187)</u>		<u>(5,531,017)</u>
Total equity			<u>(5,338,076)</u>		<u>(5,529,906)</u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

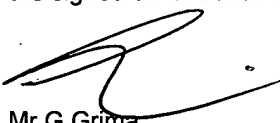
For the financial year ended 31 August 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 1 August 2018 and are signed on its behalf by:



Mr G Grima
Director

Company Registration No. 07425899

VIVO REWARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

Company information

Vivo Rewards Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 160, 6 Robert Dashwood Way, London, SE17 3PZ.

The principal activity of the company continued to be that of providing a web-based reward system for young people at schools and other organisations under the name of "Vivo Miles".

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 August 2017 are the first financial statements of Vivo Rewards Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

The directors believe the company remains a going concern as the deferred income balances give a false negative view of the company, due to the nature of the vivo points redemption history. No material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors.

1.3 Turnover

Turnover represents sales to external customers at invoiced amounts, excluding value added tax, made during the year and derives from the provision of goods and services falling within the company's ordinary activities and includes licence fees and Vivo credits.

Turnover from the sale of Vivo credits is accounted for as deferred credit income until such Vivo credits are redeemed.

Vivo credits are initially purchased by schools who award the credits to students for performance and behavioural achievements. The students redeem their Vivo credits to purchase products that the company has supplied, products that the school has supplied or donate the monetary value of the Vivo credits to a charitable cause.

The company has various reseller contracts with third parties to sell annual licences on behalf of the company, with the reseller invoicing the customer directly for the licence fee and the company invoicing the reseller at a discounted rate. The company recognises the gross value of the invoices sold by the reseller, i.e. the reseller buy price and the reseller margin.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred.

VIVO REWARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.5 Intangible fixed assets other than goodwill

Intangible assets which comprise intellectual property are acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development Costs	Over 10 years
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1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	straight line over 2-4 years
Computer equipment	straight line over 2-4 years
Motor vehicles	straight line over 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

1.9 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

VIVO REWARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

VIVO REWARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

VIVO REWARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 33 (2016 - 33).

3 Intangible fixed assets

	Other £
Cost	
At 1 September 2016 and 31 August 2017	184,425
Amortisation and impairment	
At 1 September 2016	25,598
Amortisation charged for the year	18,443
At 31 August 2017	44,041
Carrying amount	
At 31 August 2017	140,384
At 31 August 2016	158,827

VIVO REWARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

4 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 September 2016	105,799
Disposals	(81,954)
At 31 August 2017	23,845
Depreciation and impairment	
At 1 September 2016	69,882
Depreciation charged in the year	5,254
Eliminated in respect of disposals	(59,531)
At 31 August 2017	15,605
Carrying amount	
At 31 August 2017	8,240
At 31 August 2016	35,917

5 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	432,566	390,592
Corporation tax recoverable	147,734	-
Other debtors	100,297	152,018
	680,597	542,610

6 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	204,183	103,742
Other taxation and social security	238,786	201,848
Other creditors	5,745,561	6,183,600
	6,188,530	6,489,190

VIVO REWARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

7 Share-based payment transactions

During the year ended 31 August 2017, the company had one share-based payment arrangement, which is described as below:

	Number of share options		Weighted average exercise price	
	2017 Number	2016 Number	2017 £	2016 £
Outstanding at 1 September 2016 and 31 August 2017	1	1	1.00	1.00
Exercisable at 31 August 2017	1	1	1.00	1.00

The options outstanding at 31 August 2017 had an exercise price of £1. They are part of an EMI share scheme.

The estimated fair value was calculated by applying the Black-Scholes option pricing model.

The model inputs were:

share price at grant date of £1.00;
exercise price of £1.00;
expected volatility of 75 per cent;
no expected dividends;
contractual life of 1 year; and
a risk-free interest rate of 5 per cent.

The estimated fair value of each share option granted in the general employee share plan is £1.

The company has a share option scheme for certain employees. Options are exercisable at a price equal to the estimated fair value of the company's shares on the date of the grant. The vesting period is 3 years. If the option remains unexercised after a period of 10 years from the date of the grant 27 March 2012 the options expire. The number granted was 55. Options are forfeited if the employee leaves the company before the options vest. There were no options granted in the year end 31 August 2017.

8 Called up share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
1,111 Ordinary shares of £1 each	1,111	1,111
	<u>1,111</u>	<u>1,111</u>

VIVO REWARDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

9 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2017	2016
£	£
28,645	160,355
<u>28,645</u>	<u>160,355</u>

10 Parent company

The parent company is Vivo Technology Inc., a company registered in the United States of America.