

**MIND SPORTS (INTERNATIONAL) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

These financial statements have not been audited as the company is exempt under s477 of the Companies Act 2006 from the requirement to have its financial statements audited.

MIND SPORTS (INTERNATIONAL) LIMITED

COMPANY INFORMATION

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Directors	David Brannan Caroline Wilson (appointed 1 January 2016)
Registered number	08099257
Registered office	Unit 9, Bowker House Lee Mill Bridge Ivybridge Devon PL21 9EF
Accountants	Bishop Fleming LLP Chartered Accountants Salt Quay House 4 North East Quay Sutton Harbour Plymouth PL4 0BN

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**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

		2016	As restated
	Note	£	2015 £
<b>Fixed assets</b>			
Intangible assets	4	308,048	66,614
		<u>308,048</u>	<u>66,614</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	5	266,544	148,876
Cash at bank and in hand	6	9,739	12,186
		<u>276,283</u>	<u>161,062</u>
Creditors: amounts falling due within one year	7	(446,106)	(103,050)
<b>Net current (liabilities)/assets</b>		<u>(169,823)</u>	<u>58,012</u>
<b>Total assets less current liabilities</b>		<u>138,225</u>	<u>124,626</u>
Creditors: amounts falling due after more than one year	8	-	(137,602)
<b>Net assets/(liabilities)</b>		<u><u>138,225</u></u>	<u><u>(12,976)</u></u>
<b>Capital and reserves</b>			
Called up share capital		10	10
Profit and loss account		138,215	(12,986)
		<u><u>138,225</u></u>	<u><u>(12,976)</u></u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and mem Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

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

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies n

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to com companies' regime.

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

**David Brannan**

**MIND SPORTS (INTERNATIONAL) LIMITED**  
**REGISTERED NUMBER:08099257**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2016**

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Director

Date: 21 March 2017  
The notes on pages 3 to 9 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

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**1. Accounting policies**

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounts in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Companies Act 2006.

The following principal accounting policies have been applied:

**1.2 GOING CONCERN**

The Company made a profit after tax in the year of £151,201 and as a result of the funding forwarded to the company by the company has net liabilities of £169,823 at 31 December 2016. Based on the ongoing growth and profitability forecast, the going concern basis of preparation to be appropriate.

**1.3 TURNOVER**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax. The following criteria must also be met before turnover is recognised:

**Rendering of services**

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

- the amount of turnover can be measured reliably;
- it is probable that the Company 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.

**1.4 INTANGIBLE ASSETS**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less 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 is indefinite.

**1.5 DEVELOPMENT COSTS**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits. Expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of an internal project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits that can be reliably measured. The capitalised development costs are subsequently amortised over their useful economic lives on a straight-line basis.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure shall be recognised as an expense in the period in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

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1. Accounting policies (continued)

1.6 DEBTORS

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

1.7 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 three months from the date of acquisition and that are highly liquid investments that mature in no more than three months from the date of acquisition and that are amounts of cash with insignificant risk of change in value.

1.8 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities. 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, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. If the debt instrument is payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value 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 Statement of income and retained earnings.

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

1.9 CREDITORS

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

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1. Accounting policies (continued)

1.10 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 measured using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate at the date the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end of assets and liabilities denominated in foreign currencies are recognised in the Statement of income and retained earnings except for those relating to qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of income within 'other operating income'.

1.11 FINANCE COSTS

Finance costs are charged to the Statement of income and retained earnings over the term of the debt using the effective interest method. The amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the instrument.

1.12 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the term of the lease.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the term of the lease. The systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives to be charged over the period to the first market rent review date.

1.13 INTEREST INCOME

Interest income is recognised in the Statement of income and retained earnings using the effective interest method.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. Accounting policies (continued)**

**1.14 TAXATION**

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

**2. General information**

Mind Sports (International) Limited is a limited liability company, incorporated in the UK. The address of the registered office is Unbridge, Ivybridge, Devon, PL21 9EF.

**3. Employees**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	126,093	101,509
Social security costs	9,398	8,234
	<u>135,491</u>	<u>109,743</u>

The average monthly number of employees, including directors, during the year was 7 (2015: 7).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

4. Intangible assets

	Development £
<b>Cost</b>	
Prior Year Adjustment	74,016
At 1 January 2016 (as restated)	74,016
Additions	263,151
At 31 December 2016	337,167
<b>Amortisation</b>	
Prior Year Adjustment	7,402
At 1 January 2016 (as restated)	7,402
Charge for the year	21,717
At 31 December 2016	29,119
<b>Net book value</b>	
At 31 December 2016	308,048
At 31 December 2015 (as restated)	66,614

5. Debtors

	2016 £	2015 £
Trade debtors	140,463	80,923
Other debtors	107,489	62,738
Prepayments and accrued income	18,592	5,215
	<u>266,544</u>	<u>148,876</u>

6. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	<u>9,739</u>	<u>12,186</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

7. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	69,701	15,414
Corporation tax	1	-
Other taxation and social security	6,720	2,976
Other creditors	312,022	-
Accruals and deferred income	57,662	84,660
	<u>446,106</u>	<u>103,050</u>

8. Creditors: amounts falling due after more than one year

	2016 £	2015 £
Other creditors	<u>-</u>	<u>137,602</u>

9. Financial instruments

	2016 £	2015 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	9,739	12,186
Financial assets measured at amortised cost	247,952	143,661
	<u>257,691</u>	<u>155,847</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	395,474	162,500
	<u>395,474</u>	<u>162,500</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise total current assets, excluding cash at bank and in hand and prepayments.

Financial liabilities measured at fair value through profit or loss comprise bank overdrafts.

Financial liabilities measured at amortised cost comprise total liabilities, excluding bank overdrafts, deferred income, corporation tax and deferred tax.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**10. Prior year adjustment**

During the year, there has been a change in accounting policy in respect of the treatment of development expenditure, which adjustment to the prior year. Where development expenditure meets the criteria of Section 18 of FRS102, development expenditure is then treated as an Income Statement expense.

**11. Related party transactions**

During the year, there were no transactions between the company and Mr D Brannan (Director). As at 31 December 2016, the company owed Mr D Brannan £212,802 (2015: £80,000).

During the year, the company received additional funding from Living It Loving It Limited (a company under the control of Mr D Brannan (Director)) totalling a net amount of £40,420 (2015: paid £5,768). The company also purchased intellectual property from Living It Loving It Limited for £120,000 and was charged for rental costs totalling £14,000. As at 31 December 2016, the company owed Living It Loving It Limited £99,220 (2015: £57,602).

During the year, the company has been provided additional funding to Living It Loving It LLC (a company under the control of Mr D Brannan (Director)) totalling a net amount of £39,267 (2015: provided £23,415). As at 31 December 2016, the Living It Loving It LLC owed the company £62,682 (2015: £23,415).

**12. Controlling party**

The company was under the control of Mr D Brannan (Director) throughout the current and previous years.

**13. First time adoption of FRS 102**

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