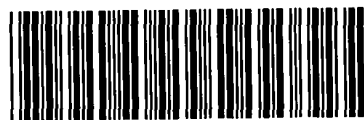


Folk2Folk Limited

**Annual Report and Financial Statements
Year Ended 31 January 2017**

Registration number: 08178576

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Folk2Folk Limited

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Folk2Folk Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 apply them consistently;
- make judgements 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 company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Folk2Folk Limited

Balance Sheet

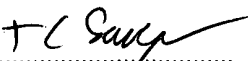
31 January 2017


	Note	Year ended 31 January 2017 £	Period ended 31 January 2016 £
Fixed assets			
Intangible assets	5	265,826	155,358
Tangible assets	6	<u>155,637</u>	<u>12,203</u>
		<u>421,463</u>	<u>167,561</u>
Current assets			
Debtors	7	89,156	108,053
Cash at bank and in hand		<u>465,297</u>	<u>156,626</u>
		554,453	264,679
Creditors: Amounts falling due within one year	8	<u>(344,240)</u>	<u>(123,653)</u>
Net current assets		<u>210,213</u>	<u>141,026</u>
Total assets less current liabilities		631,676	308,587
Provisions for liabilities		<u>(27,179)</u>	<u>(16,546)</u>
Net assets		<u>604,497</u>	<u>292,041</u>
Capital and reserves			
Called up share capital		15,500	11,500
Share premium reserve		1,946,400	628,000
Capital contribution reserve		77,826	14,797
Profit and loss account		<u>(1,435,229)</u>	<u>(362,256)</u>
Total equity		<u>604,497</u>	<u>292,041</u>

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

These financial statements have been prepared and delivered in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised by the Board on 23/5/17 and signed on its behalf by:


.....
Mr T C Sawyer
Director


.....
Mrs J G Dumeresque
Director

Company Registration Number: 08178576

The notes on pages 4 to 12 form an integral part of these financial statements.
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Folk2Folk Limited

Statement of Changes in Equity Year Ended 31 January 2017

	Share capital £	Share premium £	Capital contribution reserve £	Profit and loss account £	Total £
At 1 February 2016	11,500	628,000	14,797	(362,256)	292,041
Loss for the year	-	-	-	(1,072,973)	(1,072,973)
Total comprehensive income	-	-	-	(1,072,973)	(1,072,973)
New share capital subscribed	4,000	1,318,400	-	-	1,322,400
Capital contribution from Folk Group Limited	-	-	63,029	-	63,029
At 31 January 2017	15,500	1,946,400	77,826	(1,435,229)	604,497

	Share capital £	Share premium £	Capital contribution reserve £	Profit and loss account £	Total £
At 8 February 2015	9,500	199,350	-	(62,945)	145,905
Loss for the year	-	-	-	(498,661)	(498,661)
Total comprehensive income	-	-	-	(498,661)	(498,661)
New share capital subscribed	2,000	628,000	-	-	630,000
Capital reduction	-	(199,350)	-	199,350	-
Capital contribution from Folk Group Limited	-	-	14,797	-	14,797
At 31 January 2016	11,500	628,000	14,797	(362,256)	292,041

During the period 4,000 Ordinary A shares having an aggregate nominal value of £4,000 were allotted for an aggregate consideration of £1,322,400.

The notes on pages 4 to 12 form an integral part of these financial statements.

Folk2Folk Limited

Notes to the Financial Statements

Year Ended 31 January 2017

1 General information

The company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is:

Number One Business Centre
Western Road
Launceston
Cornwall
PL15 7FJ

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Change in basis of accounting

The company's financial statements have been prepared in accordance with FRS102 - the Financial Reporting Standard applicable in the UK and Republic of Ireland. The company has transferred from previously extant UK GAAP to FRS102 as at 8 February 2015. There is no material impact on the reported financial position and financial performance. There are no material departures from FRS102.

Audit report

The Independent Auditors' Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report on ~~23/5/17~~ was Duncan Leslie, who signed for and on behalf of PKF Francis Clark.

Going concern

Notwithstanding the trading losses for the year amounting to £1,072,973 (2016 - £498,661), the directors believe the company continues to be a going concern as they have sought confirmation from the parent company, Folk Group Limited, that they will continue to support the company for the foreseeable future.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Folk2Folk Limited

Notes to the Financial Statements

Year Ended 31 January 2017

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Computer equipment	25% straight line
Fixtures and fittings	25% straight line
Assets under construction	No depreciation

Intangible assets

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Research and development

Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Software development	25% straight line
Website	25% straight line
Trade marks	10% straight line

Share based payments

The share options programme allows employees to acquire shares of the parent company Folk Group Limited. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured based on market values at the date of grant, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of options that are vesting.

Where the Company's parent grant rights to its equity instruments to the Company's employees, which are accounted for as equity-settled in the accounts of the parent, the Company accounts for these share-based payments as equity-settled.

Folk2Folk Limited

Notes to the Financial Statements

Year Ended 31 January 2017

Financial instruments

Classification

The company holds the following financial instruments:

- Short term trade and other debtors and creditors;
- Bank loans; and
- Cash and bank balances.

All financial instruments are classified as basic.

Recognition and measurement

The company has chosen to apply the recognition and measurement principles in FRS102.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Except for bank loans, such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Bank loans are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 26 (2016 - 12).

4 Auditors' remuneration

	Year ended 31 January 2017 £	Period ended 31 January 2016 £
Audit of the financial statements	<u>5,000</u>	<u>4,500</u>

Folk2Folk Limited

Notes to the Financial Statements

Year Ended 31 January 2017

5 Intangible assets

	Software development £	Trade marks £	Website £	Total £
Cost or valuation				
At 1 February 2016	126,180	12,058	34,256	172,494
Additions	180,730	-	-	180,730
At 31 January 2017	306,910	12,058	34,256	353,224
Amortisation				
At 1 February 2016	3,077	1,055	13,004	17,136
Amortisation charge	60,492	1,206	8,564	70,262
At 31 January 2017	63,569	2,261	21,568	87,398
Carrying amount				
At 31 January 2017	243,341	9,797	12,688	265,826
At 31 January 2016	123,103	11,003	21,252	155,358

6 Tangible assets

	Fixtures and fittings £	Assets under construction £	Office equipment £	Total £
Cost or valuation				
At 1 February 2016	1,742	-	12,761	14,503
Additions	64,568	68,363	19,949	152,880
At 31 January 2017	66,310	68,363	32,710	167,383
Depreciation				
At 1 February 2016	350	-	1,950	2,300
Charge for the period	3,445	-	6,001	9,446
At 31 January 2017	3,795	-	7,951	11,746
Carrying amount				
At 31 January 2017	62,515	68,363	24,759	155,637
At 31 January 2016	1,392	-	10,811	12,203

Folk2Folk Limited

Notes to the Financial Statements

Year Ended 31 January 2017

7 Debtors

	Year ended 31 January 2017 £	Period ended 31 January 2016 £
Amounts owed by group undertakings	-	8,850
Amounts owed by related undertakings	5,800	18,369
Other debtors	1,155	-
Directors' current account	-	28,110
Corporation tax	56,334	46,704
Prepayments and accrued income	25,867	6,020
	<u>89,156</u>	<u>108,053</u>

8 Creditors

	Year ended 31 January 2017 £	Period ended 31 January 2016 £
Due within one year		
Trade creditors	58,739	59,311
Amounts due to group undertakings	92,687	-
Social security and other taxes	40,162	17,401
Accrued expenses	152,652	46,941
	<u>344,240</u>	<u>123,653</u>

Folk2Folk Limited

Notes to the Financial Statements

Year Ended 31 January 2017

9 Share-based payments

Share options issued under intended EMI scheme

Certain employees of the Company participate in share incentive schemes operated by the parent company Folk Group Limited, providing shares in the ultimate parent company.

The terms and conditions of the grants are as follows, all options will be settled in the future by the physical delivery of shares:

Grant type	Number of instruments granted	Number of instruments outstanding at year end	Vesting status
Share Options granted on 11 November 2015	4,816	4,566	Vesting
Share Options granted on 12 October 2016	1,200	1,000	Vesting

Contractual life of options

The share options granted on the 11 November 2015 are exercisable after a vesting period ranging between 2 and 3.5 years. The options are then exercisable by the employee up to November 2025.

The share options granted on the 12 October 2016 are exercisable after a vesting period ranging between 3 and 3.5 years. The options are then exercisable by the employee up to October 2026.

The number and weighted average exercise prices of share options are as follows:

	2017 £	2017 Number of options	2016 £	2016 Number of options
	Weighted average exercise price		Weighted average exercise price	
Outstanding at the beginning of the year	51	4,816	-	-
Forfeited/expired during the year	120	(450)	-	-
Granted during the year	200	1,200	51	4,816
Exercised during the year	-	-	-	-
Outstanding at the end of the year	78	5,566	51	4,816
Exercisable at the end of the year	-	-	-	-

Folk2Folk Limited

Notes to the Financial Statements

Year Ended 31 January 2017

The options outstanding at the year end have an exercise price in the range of £3.91 to £200.

The total expense recognised for the year arising from share based payments are:

	2017 £	2016 £
Share based payment expenses	63,029	14,797
Group contribution to equity	63,029	14,797

The fair value of the options is calculated based on the Black Scholes valuation model and assumptions as determined by management at the date of grant of the share options.

10 Financial commitments, guarantees and contingencies

The total amount of financial commitments not included in the balance sheet is £671,936 (2016 - £Nil). The financial commitments relate to operating leases.

11 Related party transactions

The company has taken advantage of the exemption provided by FRS102 to not disclose transactions entered in to between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Advances to directors

	At 1 February 2016 £	Advances to director £	Repayments by director £	At 31 January 2017 £
2017				
Mr R M B Parnall				
Interest free, unsecured and repayable on demand	12,000	-	(12,000)	-
Mr L A Mathers				
Interest free, unsecured and repayable on demand	12,000	-	(12,000)	-
Mr D I Brown				
Interest free, unsecured and repayable on demand	4,111	-	(4,111)	-

Folk2Folk Limited

Notes to the Financial Statements

Year Ended 31 January 2017

	At 8 February 2015 £	Advances to director £	Repayments by director £	At 31 January 2016 £
2016				
Mr R M B Parnall				
Interest free, unsecured and repayable on demand	-	12,000	-	12,000
Mr L A Mathers				
Interest free, unsecured and repayable on demand	-	12,000	-	12,000
Mr D I Brown				
Interest free, unsecured and repayable on demand	-	4,111	-	4,111

Summary of transactions with other related parties

During the year the company entered into various transactions, in the ordinary course of business. Transactions entered into, and trading balances outstanding at the year end, are as shown below. Purchases between related parties are made at normal market prices. Outstanding balances with entities are unsecured, interest free and cash settled.

Expenditure with and payables to/from related parties

	Entities under common control £
2017	
Rendering of services	118,541
Amounts payable from related party	5,800
Amounts payable to related party	4,399
	Entities under common control £
2016	
Rendering of services	112,004
Amounts payable from related party	18,369
Amounts payable to related party	8,892

There is no interest charged on these balances and the amounts are presented in trade creditors and amounts owed by related undertakings.

Folk2Folk Limited

Notes to the Financial Statements

Year Ended 31 January 2017

12 Parent and ultimate parent undertaking

The company's immediate parent is Folk Group Limited, incorporated in England and Wales.

The most senior parent entity producing publicly available financial statements is Folk Group Limited. These financial statements are available upon request from Companies House.

13 Transition to FRS 102

The company transitioned to FRS102 from previously extant UK GAAP as at 8 February 2015. There were no changes to the previously stated equity as at 8 February 2015 and 1 February 2016 or in the profit for the year ended 31 January 2016 as a result of the transition to FRS102.