

RFA (UK) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	4	-	42
Tangible assets	5	180,504	183,849
		<u>180,504</u>	<u>183,891</u>
Current assets			
Debtors: amounts falling due within one year	6	1,527,529	769,184
Cash at bank and in hand	7	89,660	97,515
		<u>1,617,189</u>	<u>866,699</u>
Creditors: amounts falling due within one year	8	(3,369,996)	(1,784,580)
Net current liabilities		<u>(1,752,807)</u>	<u>(917,881)</u>
Total assets less current liabilities		<u>(1,572,303)</u>	<u>(733,990)</u>
Net liabilities		<u>(1,572,303)</u>	<u>(733,990)</u>
Capital and reserves			
Called up share capital		1	1
Other reserves		2,106,978	2,106,978
Profit and loss account		(3,679,282)	(2,840,969)
		<u>(1,572,303)</u>	<u>(733,990)</u>

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018

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

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

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

.....
Yohan Kim
Director

Date: 20 September 2019

The notes on pages 3 to 10 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

RFA (UK) Limited is a private company limited by shares, incorporated in England and Wales with a registered number 09049628. The registered office address of the Company is Berger House, 36 Berkely Square, London, W1J 5AE.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company, and the Group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and Group are considered eligible for the exemption to prepare consolidated accounts.

2.3 Going concern

It is the view of the directors that the Company is a going concern. The directors have reviewed the market and considered future trading conditions and remain confident for the future of the business. The parent company, Richard Fleischman & Associates Inc., has confirmed its continued support of the business for the foreseeable future and has confirmed it will not seek repayment of the amounts payable to it from the Company, amounting to £2,463,009 (2017 - £1,450,140), until the Company is in a position to do so.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.5 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 Statement of Income and Retained Earnings except when deferred in other comprehensive income as 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 and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within 'other operating income'.

2.6 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 lease term.

2.7 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. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

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.

2.8 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 2018**

2. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.10 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.

The estimated useful lives range as follows:

Development expenditure	-	4	
			years
Computer software	-	3	
			years

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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:

Leasehold improvements	-	10 years
Fixtures and fittings	-	20 years
Computer equipment	-	5 years

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 Statement of Income and Retained Earnings.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.12 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.

2.13 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.

2.14 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.

2.15 Financial instruments

The Company 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 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 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 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.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

3. Employees

The average monthly number of employees, including directors, during the year was 31 (2017 - 22).

4. Intangible assets

	Development expenditure £
Cost	
At 1 January 2018	509
	<hr/>
At 31 December 2018	509
	<hr/>
Amortisation	
At 1 January 2018	467
Charge for the year	42
	<hr/>
At 31 December 2018	509
	<hr/>
Net book value	
At 31 December 2018	-
	<hr/>
At 31 December 2017	42
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2018	-	-	313,915	313,915
Additions	21,542	11,312	32,878	65,732
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	21,542	11,312	346,793	379,647
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 2018	-	-	130,066	130,066
Charge for the year on owned assets	2,225	630	66,222	69,077
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	2,225	630	196,288	199,143
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2018	<u>19,317</u>	<u>10,682</u>	<u>150,505</u>	<u>180,504</u>
At 31 December 2017	<u>-</u>	<u>-</u>	<u>183,849</u>	<u>183,849</u>

6. Debtors

	2018 £	2017 £
Trade debtors	1,198,356	594,784
Other debtors	131,063	85,546
Prepayments and accrued income	198,110	88,854
	<hr/>	<hr/>
	<u>1,527,529</u>	<u>769,184</u>

7. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>89,660</u>	<u>97,515</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	152,009	54,057
Amounts owed to group undertakings	2,463,009	1,450,140
Other taxation and social security	215,094	112,806
Other creditors	19,667	6,744
Accruals and deferred income	520,217	160,833
	<u>3,369,996</u>	<u>1,784,580</u>

9. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Contributions totalling £11,045 (2017 - £6,349) were payable to the fund at the balance sheet date and are included in creditors.

10. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	190,000	61,059
Later than 1 year and not later than 5 years	696,667	-
	<u>886,667</u>	<u>61,059</u>

11. Parent undertaking

The smallest group which prepares consolidated accounts which include the results of the Company is headed by Richard Fleischman & Associates Inc. which has a registered office address of 330 Madison Avenue, New York, NY 10017, USA and is incorporated in the United States of America.

12. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2018 was unqualified.

The audit report was signed on 26 September 2019 by Richard Powell BA FCA (Senior Statutory Auditor) on behalf of MHA MacIntyre Hudson.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.