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EDINBURGH

28 SEP 2018

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IT IS ON LIMITED

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

FRIDAY



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28/09/2018 #39  
SCT COMPANIES HOUSE

Martin Aitken & Co Ltd  
Statutory Auditor  
Chartered Accountants  
Caledonia House  
89 Seaward Street  
Glasgow  
G41 1HJ

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FOR THE YEAR ENDED 31 DECEMBER 2017**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their strategic report for the year ended 31 December 2017.

2017 saw a programme of investment across our core platforms and teams to gear up for geographical expansion as well as enhance our culture and working environments.

**REVIEW OF BUSINESS**

Below are top line highlights of the year:

**Financials:**

- Turnover grew 15% from £23.7m in 2016 to £27.3m in 2017
- Pre-tax profit grew from £1.57m in 2016 to £1.59m in 2017

**Market position:**

- The market has seen ongoing consolidation with key competitors merging allowing us to further enhance our market leading position as the key supplier of quality deals and events.
- We continue to grow our roster of clients (hosts) from the best of local and multi-national brands to over 4650.

**Services:**

- We refined our key services through ongoing experimentation and fully re-designed all elements of our core services and back office systems to gear up for new city launches.
- We invested in new teams to ensure we are first to market with our key mission of ensuring our members are the first to discover all that's great in their cities and beyond.
- We continued to improve our analytics platform, HUB, and unlocked key reports and data direct to the inboxes of thousands of key business decision makers.

**Head office & workplace:**

- We have bedded into our new world class head office with immediate benefits for the itison team through enhanced technology; incredible spaces; weekly pilates and yoga and a smile to end each Friday with Town Halls held in our own fully stocked cafe.
- We finished the year with a top 50 placing for Sunday Times Best Companies to Work For in Scotland.

**Charity & awesome:**

- We surpassed our 2016 Xmas campaign by raising funds of £450,580 in 2017 for Social Bite and continue to fully fund their programme to feed the homeless throughout the year.
- We built on our series of major events by hosting a number of sold out itison Drive In Movie's including our Xmas series selling out in 90 minutes for 20,000 movie goers.

The year ahead sees significant ongoing investment in new services, geographical expansion and an ongoing commitment to do more good in the communities in which we work with the launch of our own charity programme.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**PRINCIPAL RISKS AND UNCERTAINTIES**

- Our ability to grow is determined on our ability to acquire and retain members alongside servicing the needs of the businesses we promote
- We operate in a highly competitive market and often compete against far larger companies with greater resources, our ability to compete is predicated on our ability to innovate and continue to develop market leading services that constantly deliver results to our hosts

**Financial Instruments:**

- The company has adopted the disclosure and presentational requirements of FRS 102. When a financial asset or liability is disclosed initially it is measured at its fair value plus or minus transaction costs. The company regularly monitors its exposure to risks including pricing, credit, liquidity and cash flow.
- The company is satisfied with the level of cash flow being maintained after taking into consideration the timing aspect of debtor recoverability and the payment trade creditors and business expenses.
- The company's deposits are all in place with major UK financial institutions which are regulated by the Financial Conduct Authority.

**ON BEHALF OF THE BOARD:**



O J Norman - Director

21 September 2018

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of promotion and sale of discount vouchers.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2017.

**DIRECTORS**

O J Norman has held office during the whole of the period from 1 January 2017 to the date of this report.

Other changes in directors holding office are as follows:

Miss J MacSporran - appointed 23 October 2017

Miss J Wallace - appointed 23 October 2017

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable laws 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 the affairs of the company and of the profit and 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 accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**



O J Norman - Director

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21-September-2018

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF IT IS ON LIMITED**

### **Opinion**

We have audited the financial statements of It Is On Limited (the 'company') for the year ended 31 December 2017 which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF IT IS ON LIMITED**

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

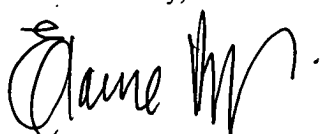
### **Auditors' responsibilities for the audit of the financial statements**

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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

### **Use of our report**

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 a Report of the Auditors 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.



Elaine Dyer BA CA (Senior Statutory Auditor)  
for and on behalf of Martin Aitken & Co Ltd  
Statutory Auditor  
Chartered Accountants  
Caledonia House  
89 Seaward Street  
Glasgow  
G41 1HJ

21 September 2018

IT IS ON LIMITED (REGISTERED NUMBER: SC354098)

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	2016 £
<b>TURNOVER</b>		<b>27,342,318</b>	<b>23,752,567</b>
Cost of sales		<u>25,405,659</u>	<u>21,940,636</u>
<b>GROSS PROFIT</b>		<b>1,936,659</b>	<b>1,811,931</b>
Administrative expenses		<u>538,661</u>	<u>313,216</u>
		<b>1,397,998</b>	<b>1,498,715</b>
Other operating income	2	<u>197,649</u>	<u>78,839</u>
<b>OPERATING PROFIT</b>	4	<b>1,595,647</b>	<b>1,577,554</b>
Interest receivable and similar income		<u>3,167</u>	<u>1,053</u>
<b>PROFIT BEFORE TAXATION</b>		<b>1,598,814</b>	<b>1,578,607</b>
Tax on profit	5	<u>166,541</u>	<u>190,615</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>1,432,273</u></b>	<b><u>1,387,992</u></b>

The notes form part of these financial statements



IT IS ON LIMITED (REGISTERED NUMBER: SC354098)

**OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	2016 £
<b>PROFIT FOR THE YEAR</b>		<b>1,432,273</b>	<b>1,387,992</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>1,432,273</u></b>	<b><u>1,387,992</u></b>

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The notes form part of these financial statements

**BALANCE SHEET**  
**31 DECEMBER 2017**

	Notes	2017 £	2016 £
<b>FIXED ASSETS</b>			
Intangible assets	7	-	65,143
Tangible assets	8	785,741	600,504
		<u>785,741</u>	<u>665,647</u>
<b>CURRENT ASSETS</b>			
Debtors	9	2,286,887	2,206,708
Cash at bank and in hand		11,134,815	8,382,143
		<u>13,421,702</u>	<u>10,588,851</u>
<b>CREDITORS</b>			
Amounts falling due within one year	10	9,313,281	7,867,739
<b>NET CURRENT ASSETS</b>		<u>4,108,421</u>	<u>2,721,112</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,894,162</u>	<u>3,386,759</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	11	(68,789)	-
<b>PROVISIONS FOR LIABILITIES</b>	13	(70,856)	(64,515)
<b>NET ASSETS</b>		<u><u>4,754,517</u></u>	<u><u>3,322,244</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	107	107
Retained earnings	15	4,754,410	3,322,137
<b>SHAREHOLDERS' FUNDS</b>		<u><u>4,754,517</u></u>	<u><u>3,322,244</u></u>

The financial statements were approved by the Board of Directors on 21 September 2018 and were signed on its behalf by:



O J Norman - Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1 January 2016</b>	107	1,934,145	1,934,252
<b>Changes in equity</b>			
Total comprehensive income	-	1,387,992	1,387,992
<b>Balance at 31 December 2016</b>	107	3,322,137	3,322,244
<b>Changes in equity</b>			
Total comprehensive income	-	1,432,273	1,432,273
<b>Balance at 31 December 2017</b>	107	4,754,410	4,754,517

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	3,361,824	3,848,292
Tax paid		(144,972)	(153,535)
Net cash from operating activities		<u>3,216,852</u>	<u>3,694,757</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		-	(15,375)
Purchase of tangible fixed assets		(319,924)	(578,444)
Interest received		3,167	1,053
Net cash from investing activities		<u>(316,757)</u>	<u>(592,766)</u>
<b>Cash flows from financing activities</b>			
Amount introduced by directors		128,270	240,000
Amount withdrawn by directors		(240,000)	(120,000)
Loans to related undertaking		(35,693)	(1,455,754)
Net cash from financing activities		<u>(147,423)</u>	<u>(1,335,754)</u>
<b>Increase in cash and cash equivalents</b>		<u>2,752,672</u>	<u>1,766,237</u>
<b>Cash and cash equivalents at beginning of year</b>	2	8,382,143	6,615,906
<b>Cash and cash equivalents at end of year</b>	2	<u><u>11,134,815</u></u>	<u><u>8,382,143</u></u>

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2017	2016
	£	£
Profit before taxation	1,598,814	1,578,607
Depreciation charges	199,829	84,755
Government grants	(32,898)	(17,232)
Finance income	(3,167)	(1,053)
	<u>1,762,578</u>	<u>1,645,077</u>
Increase in trade and other debtors	(58,326)	(10,379)
Increase in trade and other creditors	<u>1,657,572</u>	<u>2,213,594</u>
<b>Cash generated from operations</b>	<u><u>3,361,824</u></u>	<u><u>3,848,292</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 December 2017**

	31/12/17	1/1/17
	£	£
Cash and cash equivalents	<u><u>11,134,815</u></u>	<u><u>8,382,143</u></u>

**Year ended 31 December 2016**

	31/12/16	1/1/16
	£	£
Cash and cash equivalents	<u><u>8,382,143</u></u>	<u><u>6,615,906</u></u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

It Is On Limited is a private company, limited by shares, incorporated in Scotland. The registered office is 29 Cochrane Street, Glasgow, G1 1HL.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy. There were no material departures from this standard.

The financial statements are presented in Sterling (£).

**Going concern**

After reviewing the company's financial position and forecasts, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

**Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Turnover**

Turnover represents the sale of vouchers, excluding value added tax and net of discounts. The company's policy is to recognise turnover when the voucher is purchased through its online platform and all the risks and rewards in connection with the voucher have been passed to the buyer.

**Intangible fixed assets**

Development expenditure in connection with the design, construction and testing of the mobile app is capitalised as an intangible fixed asset. The mobile app expenditure is stated at cost less accumulated amortisation and any accumulated impairment losses and amortised over its estimated useful life of three years.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold improvements	- written off over the term of the lease
Plant and machinery	- 25% on reducing balance and Straight line over 10 years
Computer equipment	- 33.3% on cost

Tangible fixed assets are included at cost less depreciation and impairment. Depreciation of an asset begins when it is available for use.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. ACCOUNTING POLICIES - continued**

**Taxation**

Taxation represents the sum of tax currently payable and deferred tax. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred taxation is measured on a non-discounted basis at the average tax rates that would apply when the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date.

With the exception of changes arising on the initial recognition of a business combination, the tax expense is presented either in profit or loss, other comprehensive income or statement of changes in equity depending on the transaction that resulted in the tax expense.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

**Research and development**

Expenditure on research activities is recognised as an expense in the period in which it is incurred. In the event that an internally generated intangible asset arises from the company's development activities then it will be recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- the project from which the asset arises meets the company's criteria for assessing technical feasibility;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme on behalf of the employees. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate. The assets of the scheme are held separately from those of the company in administered funds.

**Operating leases**

Rentals paid under operating leases are charged to the profit and loss on a straight line basis over the period of the lease.

**Government grants**

Government grants of a capital nature are taken to a separate deferred income account and released to the profit and loss account in accordance with the company's depreciation policy over the useful economic life of the asset concerned. Grants of a revenue nature are taken to the profit and loss account in the period in which the expenditure is incurred.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. ACCOUNTING POLICIES - continued**

**Financial instruments**

The company only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

**Debtors**

Short term debtors are measured at transaction price, less any impairment.

**Creditors**

Short term trade creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2. OTHER OPERATING INCOME**

Other operating income consists of government grants totalling £197,649 (2016 : £78,839).

**3. EMPLOYEES AND DIRECTORS**

	2017	2016
	£	£
Wages and salaries	2,207,124	1,949,708
Social security costs	29,677	22,043
Other pension costs	35,634	16,302
	<u>2,272,435</u>	<u>1,988,053</u>

The average number of employees during the year was as follows:

	2017	2016
Production staff	53	49
Administration staff	3	3
	<u>56</u>	<u>52</u>

	2017	2016
	£	£
Directors' remuneration	-	-
Directors' pension contributions to money purchase schemes	<u>3,000</u>	<u>2,000</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2017	2016
Money purchase schemes	<u>1</u>	<u>1</u>



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**4. OPERATING PROFIT**

The operating profit is stated after charging:

	2017	2016
	£	£
Hire of plant and machinery	1,447	-
Depreciation - owned assets	134,687	19,614
Computer development amortisation	65,143	65,141
Auditors' remuneration	13,500	11,500
Auditors' remuneration for non audit work	18,298	14,573
	<u>18,298</u>	<u>14,573</u>

**5. TAXATION****Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2017	2016
	£	£
Current tax:		
UK corporation tax	160,000	158,612
Under/(Over) provision in prior year	200	(10,305)
Total current tax	<u>160,200</u>	<u>148,307</u>
Deferred tax	6,341	42,308
Tax on profit	<u>166,541</u>	<u>190,615</u>

UK corporation tax has been charged at 19.25%.

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2017	2016
	£	£
Profit before tax	<u>1,598,814</u>	<u>1,578,607</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2016 - 20%)	303,775	315,721
Effects of:		
Expenses not deductible for tax purposes	2,570	2,130
Income not taxable for tax purposes	(9,809)	(3,446)
Capital allowances in excess of depreciation	(16,083)	(40,239)
Adjustments to tax charge in respect of previous periods	200	(10,305)
Deferred tax movement	6,341	42,308
Research and development	(129,252)	(115,554)
Adjustment for tax rate change	1,961	-
General provision	6,838	-
Total tax charge	<u>166,541</u>	<u>190,615</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2017

## 6. RESEARCH AND DEVELOPMENT

Research and development expenditure incurred during the year was £523,288 (2016: £444,439).

## 7. INTANGIBLE FIXED ASSETS

	Computer development £
<b>COST</b>	
At 1 January 2017	
and 31 December 2017	<u>187,738</u>
<b>AMORTISATION</b>	
At 1 January 2017	122,595
Amortisation for year	<u>65,143</u>
At 31 December 2017	<u>187,738</u>
<b>NET BOOK VALUE</b>	
At 31 December 2017	-
At 31 December 2016	<u><u>65,143</u></u>

## 8. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Plant and machinery £	Computer equipment £	Totals £
<b>COST</b>				
At 1 January 2017	337,610	331,701	73,272	742,583
Additions	91,995	183,152	44,777	319,924
Disposals	(93,213)	-	-	(93,213)
At 31 December 2017	<u>336,392</u>	<u>514,853</u>	<u>118,049</u>	<u>969,294</u>
<b>DEPRECIATION</b>				
At 1 January 2017	93,213	25,140	23,726	142,079
Charge for year	12,057	90,966	31,664	134,687
Eliminated on disposal	(93,213)	-	-	(93,213)
At 31 December 2017	<u>12,057</u>	<u>116,106</u>	<u>55,390</u>	<u>183,553</u>
<b>NET BOOK VALUE</b>				
At 31 December 2017	<u><u>324,335</u></u>	<u><u>398,747</u></u>	<u><u>62,659</u></u>	<u><u>785,741</u></u>
At 31 December 2016	<u><u>244,397</u></u>	<u><u>306,561</u></u>	<u><u>49,546</u></u>	<u><u>600,504</u></u>

## 9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade debtors	13,984	15,349
Due by related undertaking	2,224,895	2,149,202
Corporation tax receivable	-	13,840
Prepayments and accrued income	<u>48,008</u>	<u>28,317</u>
	<u><u>2,286,887</u></u>	<u><u>2,206,708</u></u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued**

Although technically repayable on demand, the company has confirmed to the related undertaking that it does not intend to seek repayment of this balance for at least a period of twelve months from the date of approval of these financial statements.

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017	2016
	£	£
Trade creditors	7,075,373	5,977,810
Corporation tax	160,000	158,612
Social security and other taxes	128,386	113,306
VAT	1,186,517	845,788
Director's current account	22,439	134,169
Accruals and deferred income	706,172	605,155
Deferred government grants	34,394	32,899
	<u>9,313,281</u>	<u>7,867,739</u>

**11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2017	2016
	£	£
Deferred government grants	<u>68,789</u>	<u>-</u>

**12. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2017	2016
	£	£
Within one year	60,000	45,000
Between one and five years	300,000	300,000
In more than five years	160,000	220,000
	<u>520,000</u>	<u>565,000</u>

**13. PROVISIONS FOR LIABILITIES**

	2017	2016
	£	£
Deferred tax	<u>70,856</u>	<u>64,515</u>
		<b>Deferred tax</b>
		£
Balance at 1 January 2017		64,515
Accelerated capital allowances		<u>6,341</u>
Balance at 31 December 2017		<u>70,856</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**14. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2017	2016
Number:	Class:		£	£
10,651	Ordinary	£0.01	<u>107</u>	<u>107</u>

**15. RESERVES**

	Retained earnings £
At 1 January 2017	3,322,137
Profit for the year	<u>1,432,273</u>
At 31 December 2017	<u>4,754,410</u>

**16. PENSION COMMITMENTS**

The company operates a defined contribution pension scheme. Contributions payable for the year were £35,634 (2016: £16,302). The assets of the pension scheme are held separately from the assets of the company.

At the balance sheet date, £5,850 (2016: £nil) was due to be paid to the scheme.

**17. RELATED PARTY DISCLOSURES**

At the balance sheet date, a director was owed £22,439 (2016: £134,169) from the company. The loan is interest free and unsecured with no fixed terms for repayment.

A management charge of £195,000 (2016: £240,000) was paid to Dada Events Limited which is a company wholly owned by O J Norman.

Included in accruals is a balance due to Dada Events Limited of £30,333 (2016: £18,833).

Included in debtors is a balance due from Dada Events Limited of £2,224,895 (2016: £2,149,202).

Total remuneration for key management personnel in the year was £244,512 (2016: £222,264)

**18. ULTIMATE CONTROLLING PARTY**

The controlling party is O J Norman.