

**emnos UK Limited**

# **emnos UK Limited**

*Registered number 04134523*

## **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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# **emnos UK Limited**

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# **emnos UK Limited**

## **Officers & Advisors**

### **DIRECTOR**

J. Garcia

### **SECRETARY**

J. Bates

### **INDEPENDENT AUDITOR**

RSM UK AUDIT LLP  
25 Farringdon Street  
London EC4A 4AB

### **BANKERS**

Commerzbank  
30 Gresham Street  
London  
EC2V 7PG

### **REGISTERED OFFICE**

Belgrave House  
76 Buckingham Palace Road  
London  
SW1W 9AX

## **Director's Report for the year ended 31 December 2016**

The Director present their Director's report and the audited financial statements of emnos UK Limited ("the Company") for the year ended 31 December 2016.

### **PRINCIPAL ACTIVITY**

emnos UK Limited is based in Richmond TW9 1DL Surrey in England. The principal activities of the Company are marketing and customer relationship management services.

### **FUTURE DEVELOPMENTS**

The key priorities for the company in the mid to long term are in line with the overall international strategy of emnos in its several markets. Over the next year the company will foster the new strategy based on solutions pillars in order to transform business and compose significant growth potential for 2018 and beyond. For 2017 key target is to win one new customer and to support the implementation of the new strategy.

### **GOING CONCERN**

The director believes that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Loyalty Partner GmbH. The director has received confirmation that Loyalty Partner GmbH intend to support the company for at least one year after these financial statements are signed.

### **RESULTS AND DIVIDENDS**

The results for the year are set out on page 8 and show the loss on ordinary activities before taxation was £200,634 (2015 loss: £71,823). The loss for the financial year amounted to £200,634 (2015 loss: £71,823) and has been transferred to reserves. The Directors do not propose the payment of a dividend (2015: £nil).

### **DIRECTORS**

The Director of the Company who served during the year and up to the date of signing the financial statements is:

J. Garcia

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Director is responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director has to prepare financial statements for each financial year. Under that law the Director has prepared the financial statements in accordance with United Kingdom Accounting Standards and applicable law. (United Kingdom Generally Accepted Accounting Practice), including FRS101 Reduced Disclosure Framework. Under company law the Director 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 Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

## **emnos UK Limited**

- state whether applicable UK Accounting Standards, including FRS101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is 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.

### **DISCLOSURE OF INFORMATION TO AUDITORS**

The Director also confirms that as far as he is aware, there is no relevant audit information of which the Company's auditors are unaware and that they have taken all the necessary steps to ensure that both they and the Company's auditors are aware of any relevant audit information.

### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

The Company made no political or charitable contributions during the year (2015: £nil).

### **INDEPENDENT AUDITORS**

RSM UK AUDIT LLP are deemed to be appointed as auditors under section 487(2) of the Companies Act 2006.

The financial statements on pages 8 to 23 were approved by the Board of Directors on 31.03.2017 and signed on its behalf by:

31. March 2017



J. Garcia  
Director

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF emnos UK LIMITED**

### **Opinion on financial statements**

We have audited the company financial statements (the "financial statements") on pages 8 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of the company's loss 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.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

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

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Directors' Report have been prepared in accordance with applicable legal requirements.

### **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 any material misstatements in the Directors' report.

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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. or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report

### **Respective responsibilities of directors and auditor**

## emnos UK Limited

As more fully explained in the Directors' Responsibilities Statement on pages 4 to 5, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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 an auditor's report 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.

*RSM UK Audit LLP*

David Blacher (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
United Kingdom  
EC4A 4AB

*7 APRIL 2017*

**STATEMENT OF COMPREHENSIVE INCOME**

**For the year ended 31 December 2016**

	Note	2016 £	2015 £
<b>Turnover</b>	2	1,262,143	1,726,437
Cost of sales		(61,053)	(15,275)
Gross profit		<u>1,201,090</u>	<u>1,711,162</u>
Administrative expenses	3/4	(1,324,583)	(1,701,093)
<b>Operating (loss)/ profit</b>	3	<u>(123,493)</u>	<u>10,069</u>
Interest receivable and similar income	6	298	-
Interest payable and similar charges	7	<u>(77,439)</u>	<u>(81,892)</u>
<b>Loss on ordinary activities before taxation</b>		(200,634)	(71,823)
Tax on loss on ordinary activities	8	<u>-</u>	<u>-</u>
<b>Loss for the financial year</b>		<u>(200,634)</u>	<u>(71,823)</u>

Turnover and operating (loss)/ profit all derive from continuing activities for the years ended 31 December 2016 and 31 December 2015.

There is no difference between the results disclosed in the income statement and the results on an unmodified historical cost basis.

The notes on pages 11 to 23 form an integral part of the financial statements.




# STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

Registered number: 04134523

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	9	-	249,365
		-	249,365
<b>Current assets</b>			
Debtors	11	27,108	222,067
Cash at bank and in hand	10	161,999	251,052
		<u>189,107</u>	<u>473,119</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(1,982,468)</u>	<u>(2,248,243)</u>
<b>Net current liabilities</b>		<u>(1,793,361)</u>	<u>(1,775,124)</u>
<b>Total assets less current liabilities</b>		<u>(1,793,361)</u>	<u>(1,525,759)</u>
<b>Provision for liabilities</b>	13	<u>-</u>	<u>(66,964)</u>
<b>Net liabilities</b>		<u>(1,793,361)</u>	<u>(1,592,723)</u>
<b>Capital and reserves</b>			
Called up share capital	15	1,250	1,250
Profit and loss account		<u>(1,794,611)</u>	<u>(1,593,977)</u>
<b>Total shareholders' deficit</b>		<u>(1,793,361)</u>	<u>(1,592,727)</u>

The financial statements on pages 8 to 9 were approved by the Board of Directors taking small companies exemption on 31.03.2017 and signed on its behalf by:

  
J. Garcia  
Director

The notes on pages 11 to 23 form an integral part of the financial statements.

**STATEMENT OF CHANGES IN EQUITY**

**As at 31 December 2016**

**Registered number: 04134523**

	Share Capital	Retained Earnings	Total
	£	£	£
<b>At 1 January 2016</b>	<b>1,250</b>	<b>(1,593,977)</b>	<b>(1,592,727)</b>
Loss for the financial year	-	(200,634)	(200,634)
Other comprehensive income	-	-	-
Total comprehensive income	-	-	-
Share based payments	-	-	-
Amounts charged for share based payments	-	-	-
Dividend paid	-	-	-
<b>At 31 December 2016</b>	<b>1,250</b>	<b>(1,794,611)</b>	<b>(1,793,361)</b>
<b>For the year ended 31 December 2015</b>			
<b>At 1 January 2015</b>	<b>1,250</b>	<b>(1,522,155)</b>	<b>(1,520,905)</b>
Loss for the financial year	-	(71,822)	(71,822)
Other comprehensive income	-	-	-
Total comprehensive income	-	-	-
Share based payments	-	-	-
Amounts charged for share based payments	-	-	-
Dividend paid	-	-	-
<b>At 31 December 2015</b>	<b>1,250</b>	<b>(1,593,977)</b>	<b>(1,592,727)</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2016**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies which have been consistently applied in the preparation of these financial statements are set out below.

The country of incorporation is London, United Kingdom. The company is limited by shares.

#### **1.1. Basis of preparation**

The financial statements are prepared in accordance with FRS101 Reduced Disclosure Framework (FRS101) and the Companies Act 2006. The financial statements are prepared on a going concern basis under the historical cost convention, modified by the revaluation of financial instruments and derivatives to fair value through profit and loss. The functional currency is pounds sterling (£) and the financial statements are presented in pounds sterling with values rounded to the nearest pound (£) unless otherwise stated.

The preparation of financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1.17.

The Company has taken advantage of the following disclosure exemptions allowed under FRS101:

- the requirement of IAS 1 Presentation of financial statements (IAS1) paragraph 38 to present comparative information in respect of a reconciliation of the number of shares outstanding,
- the requirements of IAS 1 paragraph 38 to present comparative information in respect of IAS16 Property, plant and equipment paragraph 73e and IAS38 Intangible Assets paragraph 118e concerning the reconciliation between the carrying amounts at the beginning and end of the period,
- the requirements of IAS 1 and IAS 7 Statement of Cash Flows to prepare a statement of cash flows,
- the requirement IAS 24 Related Party Disclosures (IAS24) paragraph 17 to disclose the compensation of key management personnel,
- the requirement of IAS 24 to disclose related party transactions entered into 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,
- the requirements of IAS 8 Accounting policies changes in estimates and errors paragraphs 30 and 31 concerning new IFRS that have been issued but are not yet effective.
- the requirements of IFRS 7 Financial Instruments: Disclosures relating to equivalent disclosures that are included in the consolidated financial statements of the group in which the entity is consolidated.
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement requiring equivalent disclosures that is included in the financial statements of the group in which the entity is consolidated.
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements

## **NOTES TO THE FINANCIAL STATEMENTS (*continued*)**

**For the year ended 31 December 2016**

### **1.2. Foreign currency translation**

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements of the Company are presented in pounds sterling (£), which is the Company's functional and presentation currency.

Transactions of the Company denominated in foreign currencies are translated into sterling at the rates applicable on the date the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at exchange rates prevailing at the end of the year. Resulting exchange gains and losses were booked in the P&L.

### **1.3. Tangible fixed assets**

Tangible fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses. Costs include 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 the Company's management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Depreciation is provided on a straight-line basis to write off the net cost each item of property, plant and equipment to its residual value over their expected useful life to the Company. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The depreciation rates of each class of assets are:

Fixture, fittings and equipment                      - 25%

### **1.4. Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (i.e. the higher of an asset's fair value less costs to sell and its value-in-use). For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the

## **NOTES TO THE FINANCIAL STATEMENTS (*continued*)**

**For the year ended 31 December 2016**

carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value on a systematic basis over its remaining useful life.

### **1.5. Financial assets**

The Company classifies its financial assets in to the category of loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of financial assets and liabilities at initial recognition and re-evaluates this designation at every reporting date. The designation of financial assets at fair value through profit or loss is generally irrevocable.

Regular way purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase or sell the asset. Loans are recognized when cash is advanced to the borrower.

#### **(a) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Loans and receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less impairment.

Interest is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Loans and receivables as disclosed in the balance sheet include the following categories:

- **Trade and Other Receivables**

#### **(i) Other receivables**

Other receivables relate to travel and regular trade receivables due to the Company in the normal course of business.

### **1.6. Impairment of financial assets**

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

#### **(a) Trade Receivables**

A provision for impairment of trade receivables (including travel related receivables) is established when there is objective evidence that the Company will not be able to collect all

## **NOTES TO THE FINANCIAL STATEMENTS (*continued*)**

**For the year ended 31 December 2016**

amounts due according to the original terms of the receivables. Trade receivables are assessed individually and on a collective basis.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the income statement.

The carrying amount of the financial asset is reduced by the impairment loss directly for all other financial assets.

### **1.7. Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously.

### **1.8. Cash at bank and in hand**

Cash at bank and in hand includes cash and amounts due from banks that are repayable on demand.

All cash and bank balances are carried at the principal amount. Interest is recognised on an accrual basis using effective interest method.

### **1.9. Called up Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **1.10. Trade payables**

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

### **1.11. Financial liabilities**

#### **(a) Other financial liabilities**

Other financial liabilities are initially measured at fair value, net of transaction costs. Subsequent measurement is at amortized cost using the effective interest method, with interest expense recognized in the income statement on an effective yield basis. Other financial liabilities are classified as Borrowings, Trade payables, Other Creditors and Accruals in the balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS (*continued*)**

**For the year ended 31 December 2016**

**1.12. Current and Deferred tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

**1.13. Employee Benefits**

(a) **Wages and salaries, annual leave and sick leave, bonuses and long service leave**  
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in provision in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(b) **Pension Obligation**

The Company operates a defined contribution scheme. The pension charge in the financial statements represents the contribution payable by the Company during the year.

**1.14. Turnover**

Turnover represents invoiced amounts for services rendered, net of value added tax.

Turnover on fixed price contracts is recognised in proportion to the cost of work performed on each contract relative to the estimated total cost of completing the contract, provided costs incurred is a reasonable reflection of contract activity and progress. If the contract outcome cannot be measured reliably then turnover is only recognised to the extent of the expenses recognised that are recoverable.

The Director considers that the Company operates in one class of business, namely that of the provision of marketing consultancy services.

**1.15. Interest receivable and payable**

Interest income is presented gross of related interest expense.

Interest income and expense are recognized in the income statement using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial

**NOTES TO THE FINANCIAL STATEMENTS (*continued*)**

**For the year ended 31 December 2016**

liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

**1.16. Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), including upfront payment made for leasehold land and land use rights, are charged to the income statement on a straight-line basis over the period of the lease.

**1.17. Critical accounting estimates and assumptions**

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

*Income taxes*

Significant judgment is required in determining the capital allowances and deductibility of certain expenses during the estimate of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

*Revenue cut-off*

Turnover on fixed price contracts is recognised in proportion to the cost of work performed on each contract relative to the estimated total cost of completing the contract, provided costs incurred is a reasonable reflection of contract activity and progress. If the contract outcome cannot be measured reliably then turnover is only recognised to the extent of the expenses recognised that are recoverable.

*Going Concern*

The company is reliant on sales to its ultimate parent Loyalty Partners in order to continue as a going concern. Loyalty Partner has confirmed that they will continue to trade with the company and provide financial support for at least twelve months from the date of approval of the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2016

### 2. TURNOVER

Turnover comprises income from services £1,262,143 (2015: £1,726,437).

	2016	2015
The company operate only one class of business, marketing consulting services:		
UK	2%	50%
Europe	98%	50%
North America	-	-

### 3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2016 £	2015 £
Loss on ordinary activities is stated after charging		
Fees payable to the Company's auditors	(13,000)	(26,846)
Depreciation on tangible fixed assets -under lease	(50,510)	(58,555)
Loss on Disposal of tangible fixed assets (net of proceeds)	(182,966)	-
Operating lease rentals - land and buildings	(123,709)	(112,218)
Gain on exchange differences	698	378

### 4. STAFF COSTS

	2016 £	2015 £
Wages and salaries	546,908	825,197
Social Security Cost	69,524	97,697
Other pension Costs	18,329	15,416
	<u>634,761</u>	<u>938,310</u>

**NOTES TO THE FINANCIAL STATEMENTS (*continued*)**

**For the year ended 31 December 2016**

The monthly average number of staff employed by the Company during the year was as follows:

	2016 No.	2015 No.
Average number of full time employees	7	9
Average number of part time employees	1	2
	<u>8</u>	<u>11</u>

**5. DIRECTORS' REMUNERATION**

Directors who served during the year are employed by and receive their remuneration from another Loyalty Partner group company; their remuneration is recharged to the Company. The recharged amount in 2016 is £83,413.84 (2015: £41,448.40).

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2016 £	2015 £
Bank interest receivable	298	-
	<u>298</u>	<u>-</u>

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	2016 £	2015 £
Other interest payable on intercompany loans	(77,439)	(81,892)
	<u>(77,439)</u>	<u>(81,892)</u>

## NOTES TO THE FINANCIAL STATEMENTS (*continued*)

For the year ended 31 December 2016

### 8. TAX ON LOSS ON ORDINARY ACTIVITIES

The differences between the taxation reflected in the financial statements and the amounts calculated at the statutory rate of 20.00% (2015: 20.25%) are as follows:

	2016 £	2015 £
Profit/(loss) before income tax	(200,634)	(71,822)
Tax calculated at a tax rate of 20.00% (2015: 20.25%)	(40,127)	(14,544)
<u>Adjusted for the effects of:</u>		
Non-deductible expenses	800	810
Current year tax losses surrendered as group relief for nil consideration	-	-
Tax losses for which no deferred income tax asset was recognised	33,441	9,558
Prior year adjustments	-	-
Temporary differences not recognised	5,886	4,176
Reduction in closing deferred taxes resulting from reduced enacted tax rate	-	-
<b>Tax charge</b>	<b>-</b>	<b>-</b>

#### Factors affecting the tax charge for the period:

The company's profits for this accounting period are taxed at a rate of 20.00%.

As a result of the change in UK corporation tax rate from 20% to 19% effective from 1 April 2017 that was substantively enacted on 18 November 2015, and the further reduction to 17% effective from 1 April 2020 that was substantively enacted on 15 September 2016, the relevant deferred tax balances have been remeasured.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. A deferred tax asset has not been recognised in relation to tax losses carried forward amounting to a total of £345k (2015: £177k). The deferred tax asset that has not been recognised in relation to the losses is £66k (2015: £35k), based on the tax rates substantively enacted at the balance sheet date. These tax losses may be utilised in future periods if there are sufficient future taxable profits arising in those periods, against which the losses may be offset. There is no expiry date for these losses.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

## 9. TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment £	Total £
<b>Cost</b>		
At 1 January 2016	515,851	515,851
At 31 December 2016	515,851	515,851
<b>Accumulated depreciation</b>		
At 1 January 2015	266,486	266,486
Charge for the year	50,510	50,510
Disposal for the year	198,855	198,855
At 31 December 2016	515,851	515,851
<b>Net book value</b>		
At 31 December 2016	-	-
At 31 December 2015	249,365	249,365

## 10. CASH AT BANK AND IN HAND

	2016 £	2015 £
Cash at bank in hand	161,999	251,052

## 11. DEBTORS

	2016 £	2015 £
Trade debtors	-	76,057
Other debtors	25,088	78,177
Prepayments and accrued income	2,020	67,833
	27,108	222,067

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2016**

**12. CREDITORS: amounts falling within one year**

	2016 £	2015 £
Trade creditors	1,361	8,314
Amounts owed to group undertakings	1,924,837	2,056,466
Other creditors	33,245	139,545
Accruals	23,025	43,918
	<u>1,982,468</u>	<u>2,248,243</u>

Amounts owed to group undertakings and falling within one year are unsecured and repayable on demand.

**13. PROVISIONS FOR LIABILITIES**

	Dilapidation £	Total £
Cost:		
At 1 January 2016	66,964	66,964
Increase in provision	-	-
Utilisations	(66,964)	(66,964)
Releases	-	-
At 31 December 2016	<u>-</u>	<u>-</u>

Potential liabilities have been assessed in line with the Company's accounting policy on Provisions for Liabilities, and have been provided accordingly.

**Dilapidation provision:**

The dilapidation provision represents the estimated cost of returning buildings leased by the Company to their original state prior to their occupation by emnos. The liability was sold to the new tenant and recorded net of losses in administration expenses.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the year ended 31 December 2016

#### 14. COMMITMENTS

The Company has entered into commercial operating leases on certain properties, motor vehicles and other office plant and machinery.

The future minimum lease payments under non-cancelable operating leases for each period as follows:

	2016 £	2015 £
Not later than one year	48,360	110,047
After one year but not later than five years	-	210,922
After five years	-	-
	<u>48,360</u>	<u>320,969</u>

#### 15. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

Issued, called up and fully paid

	2016 No.	2015 No.	2016 £	2015 £
A Ordinary shares of £0.01 each	125,000	125,000	1,250	1,250
	<u>125,000</u>	<u>125,000</u>	<u>1,250</u>	<u>1,250</u>

#### 16. PARENT UNDERTAKING

The immediate parent undertaking is emnos GmbH. emnos GmbH is the parent undertaking of the smallest group of undertakings to consolidate these financial statements.

The ultimate parent and controlling entity is American Express Company, incorporated in the United States of America. American Express Company is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2016. Copies of the American Express Company financial statements can be obtained from American Express Company, American Express Tower, World Financial Center, New York, NY 10285, USA.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 December 2016**

**17. RELATED PARTIES**

The amount owed by Loyalty Partner GmbH held at year end is £1,924,837 (2015: £2,150,000).

	2016	2015
	£	£

The company charged the following amounts to related parties.

emnos GmbH	1,147,998	713,648
PAYBACK GmbH	18,194	62,207
emnos S.A.R.L.	57,728	22,258
emnos Iberia, S.L.	24,578	65,700
	<u>1,248,498</u>	<u>863,813</u>