

COMPANY REGISTRATION NUMBER 07755791

AVES DIGITAL LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2017



AVES DIGITAL LIMITED
FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2017

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AVES DIGITAL LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2017

Company registration number

07755791

The board of directors

Mr W K Chiu
Mr W H Tong
Mr W M Chan

Registered office

Unit 1 The IO Centre
Fingle Drive
Stonebridge
Milton Keynes
MK13 0AT

Accountants

Keens Shay Keens MK LLP
Chartered Accountants
Sovereign Court
230 Upper Fifth Street
Central Milton Keynes
MK9 2HR

AVES DIGITAL LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and financial statements for the year ended 31 December 2017.

DIRECTORS

The directors who served the company during the year were as follows:

Mr W K Chiu
Mr W H Tong
Mr W M Chan

SMALL COMPANY PROVISIONS

The directors have prepared this report in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Signed by order of the directors



MR W K CHIU
Director

Approved by the directors on **19.04.18**

AVES DIGITAL LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors are responsible for preparing 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires faithful representation of the effect of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out on the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all situations, a fair presentation will be achieved by complying with all applicable IFRSs. In preparing these financial statements, the directors are also required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance; and
- 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 proper accounting records that 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 and Article 4 of the IAS Regulation. 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.

AVES DIGITAL LIMITED
CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF
DIRECTORS ON THE UNAUDITED FINANCIAL STATEMENTS OF
AVES DIGITAL LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2017

In accordance with our terms of engagement, and in order to assist you to fulfil your duties under the Companies Act 2006, we have compiled the financial statements of the company which comprise the Income Statement, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and the related notes from the accounting records and information and explanations you have given to us. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters that we have agreed to state to them in this 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 Board of Directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet as at 31 December 2017 your duty to ensure that the company has kept adequate accounting records and to prepare financial statements that give a true and fair view under the Companies Act 2006. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.



KEENS SHAY KEENS MK LLP
Chartered Accountants

Sovereign Court
230 Upper Fifth Street
Central Milton Keynes
MK9 2HR

25 APRIL 2018

AVES DIGITAL LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
TURNOVER		49,200	39,500
Cost of sales		-	-
GROSS PROFIT/LOSS		49,200	39,500
Other operating income		14	23
Profit/(loss) on foreign exchange		83,066	(218,207)
Administrative expenses		(50,396)	(55,009)
OPERATING PROFIT/(LOSS)	3	81,884	(233,693)
Finance costs	5	(4,812)	(25,151)
PROFIT/(LOSS) BEFORE TAX		77,072	(258,844)
Income tax expense	6	-	-
PROFIT/(LOSS) FOR THE YEAR		77,072	(258,844)

The notes on pages 10 to 17 form part of these financial statements.

AVES DIGITAL LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Issued capital £	Retained earnings £	Total equity £
Balance at 1 January 2017	500,000	(2,114,782)	(1,614,782)
Profit for the year	-	77,072	77,072
Issue of share capital	-	-	-
Balance at 31 December 2017	500,000	(2,037,710)	(1,537,710)

	Issued capital £	Retained earnings £	Total equity £
Balance at 1 January 2016	500,000	(1,855,938)	(1,355,938)
Loss for the year	-	(258,844)	(258,844)
Issue of share capital	-	-	-
Balance at 31 December 2016	500,000	(2,114,782)	(1,614,782)

The notes on pages 10 to 17 form part of these financial statements.

AVES DIGITAL LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	2017 £	2016 £
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	275,294	297,273
Intangible assets	8	3,295	3,991
Deferred tax assets	17	-	-
		278,589	301,264
CURRENT ASSETS			
Trade and other receivables	12	-	104
Prepayments	13	513	486
Cash and cash equivalents	14	69,926	46,406
		70,439	46,996
TOTAL ASSETS		349,028	348,260
EQUITY			
ISSUED CAPITAL AND RESERVES			
Issued share capital	15	500,000	500,000
Retained profits		(2,037,710)	(2,114,782)
TOTAL EQUITY		(1,537,710)	(1,614,782)
NON CURRENT LIABILITIES			
Deferred tax payables		(223)	(223)
CURRENT LIABILITIES			
Trade and other payables	16	1,886,961	1,963,265
TOTAL EQUITY AND LIABILITIES		349,028	348,260

For the year ended 31 December 2017 the company was entitled to exemptions from audit under section 477 of the Companies Act 2006.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These accounts were approved by the directors and authorised for issue on **19.04.18** and are signed on their behalf by:

MR W K CHIU

Company registration number: 07755741

The notes on pages 10 to 17 form part of these financial statements.

AVES DIGITAL LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Total profit/(loss)	77,072	(258,844)
NON-CASH ADJUSTMENTS		
Depreciation	21,979	25,655
Amortisation of other intangible non-current assets	696	696
NON-CASH ADJUSTMENTS	22,675	26,351
Decrease in trade and other receivables	77	156
(Decrease)/increase in trade and other payables	(76,304)	152,232
NET CASH FROM OPERATING ACTIVITIES	(76,227)	152,388
Cash and cash equivalents as at start of year	46,406	126,511
Net increase/(decrease) in cash and cash equivalents	23,520	(80,105)
CASH AND CASH EQUIVALENTS AT END OF YEAR	69,926	46,406

The notes on pages 10 to 17 form part of these financial statements.

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS'S

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the company are set out in note 2.

2. ACCOUNTING POLICIES

Revenue recognition

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. All such revenue is reported net of discounts and value added and other sales taxes.

Borrowing costs

All borrowing costs are recognised in the profit or loss in the period in which they are incurred.

Interest expense recognition

Expense is recognised as interest accrues, using the effective interest method, to the net carrying amount of the financial liability.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

AVES DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES (continued)

Property, plant and equipment

Items of property, plant and equipment are stated at cost of acquisition or production cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight line method, on the following bases:

Buildings	5%
Motor vehicles	30%
Fixtures and fittings	20%
Office equipment	20%

Freehold property is held as investment property and is valued in accordance with IAS 40 under the cost model, where investment property is measured at cost less accumulated depreciation and any accumulated impairment losses. The fair value of the property is included as a disclosure requirement.

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost.

The carrying values of intangible assets are reviewed for impairment on an annual basis for events or changes in circumstances that indicate that the carrying value may not be recoverable.

Intangible assets are stated at cost or fair value on recognition less accumulated amortisation and any impairment in value.

Amortisation is calculated so as to write off the cost or valuation of intangible assets over their estimated useful lives, using the straight line method, on the following basis:

Software	10%
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Trade and other receivables

Trade and other receivables are recognised by the company and carried at original invoice amount less an allowance for any uncollectible or impaired amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when they are identified as being bad.

Other receivables are recognised at fair value.

AVES DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits. Short term deposits are defined as deposits with an initial maturity of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Trade and other payables

Trade and other payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into sterling using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expense.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the manufacture price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future repayments discounted at a market rate of interest for a similar debt instrument.

3. OPERATING PROFIT

Operating loss is stated after charging/(crediting) the following:

	2017	2016
	£	£
Depreciation of property, plant and equipment	21,979	25,655
Amortisation of intangible assets	696	696
Included in administrative expenses:		
Depreciation and amortisation	22,674	26,351
	22,675	26,351

4. EMPLOYEE EXPENSES

The company had no employees during the year (2016: Nil) and as a consequence there were no employee expenses (2016: £Nil).

AVES DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

5. FINANCE COSTS

	2016 £	2015 £
Bank charges	933	1,151
Bank interest	3,879	24,000
	<u>4,812</u>	<u>25,151</u>

6. INCOME TAX - OUTSTANDING

Components of income tax expense

	2017 £	2016 £
Current income tax expense		
Current income tax charge	-	-
	<u>-</u>	<u>-</u>

7. PROPERTY, PLANT AND EQUIPMENT

At 31 December 2017

	Freehold property £	Fixtures and fittings £	IT Equipment £	Total £
Cost				
At 1 January and 31 December 2017	388,500	12,097	19,056	419,653
Depreciation				
At 1 January 2017	(93,888)	(11,065)	(17,427)	(122,380)
Charge for year	(19,425)	(1,032)	(1,522)	(21,979)
At 31 December 2017	<u>(113,313)</u>	<u>(12,097)</u>	<u>(18,949)</u>	<u>(144,359)</u>
Net book value				
At 31 December 2017	<u>275,187</u>	<u>-</u>	<u>107</u>	<u>275,294</u>
At 31 December 2016	<u>294,612</u>	<u>1,032</u>	<u>1,629</u>	<u>297,273</u>

Following a formal valuation, at 31 December 2017 the fair value of the freehold property was £581,250 (2016: £550,000).

AVES DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

8. INTANGIBLE ASSETS
At 31 December 2017

	Software £
Cost	
At 1 January and 31 December 2017	6,961
Amortisation	
At 1 January 2017	(2,970)
Charge for the year	(696)
At 31 December 2017	(3,666)
Carrying value	
At 31 December 2017	3,295
At 31 December 2016	3,991

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit risk

The company trades only with recognised, credit worthy customers. All customers who wish to trade on credit are subject to credit verification checks. Customer balances are checked regularly to ensure that the risk of exposure to bad debts is minimised.

Liquidity risk

The company has given responsibility of liquidity risk management to the board who have formulated liquidity management tools to service this requirement.

Management of liquidity risk is achieved by monitoring budgets and forecasts and actual cash flows.

Market risk

The company's main exposure to risk is through foreign currency exchange rates and interest rates. The company manages the risk through an ongoing system of monitoring.

Capital management

	2017 £	2016 £
Less: Cash and short term deposits	(69,926)	(46,406)
Net funds	(69,926)	(46,406)
Equity	(1,537,710)	(1,614,782)
Total capital	(1,537,710)	(1,614,782)
Capital and net funds	(1,607,636)	(1,661,188)

AVES DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

10. FINANCIAL INSTRUMENTS

	Carrying amount		Fair value	
	2017	2016	2017	2016
	£	£	£	£
Financial assets				
Cash and cash equivalents	69,926	46,406	69,926	46,406
Trade and other receivables	-	104	-	104
	<u>69,926</u>	<u>46,406</u>	<u>69,926</u>	<u>46,406</u>
Financial liabilities				
Trade and other payables	(1,886,961)	(1,963,265)	(1,886,961)	(1,963,265)
	<u>(1,886,961)</u>	<u>(1,963,265)</u>	<u>(1,886,961)</u>	<u>(1,963,265)</u>

11. RELATED PARTY TRANSACTIONS

Subsidiaries

The financial statements include related party transactions with the following related parties:

Name	Country of incorporation	Relationship	Transactions	Balance
Wecan Holdings Ltd	Hong Kong	Parent Company		
		Loan	-	300,000
		Interest & repayments	3,879	51,879
Dongbaoli Electrical (Shenzhen) Co. Ltd	China (PRC)	Fellow Subsidiary	-	1,519,098

12. TRADE AND OTHER RECEIVABLES

	2017	2016
	£	£
Receivable from trade customers	-	104
	<u>-</u>	<u>104</u>

Amounts receivable from trade customers are non-interest bearing and are generally on 30 - 90 day terms.

AVES DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

13. PREPAYMENTS

	2017 £	2016 £
Current Prepayments	513	486

14. CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash at bank	69,926	46,406

15. SHARE CAPITAL

Issued share capital

	No.	2017 £	No.	2016 £
At 1 January and 31 December 2017	500,000	500,000	500,000	500,000

16. TRADE AND OTHER PAYABLES

	2017 £	2016 £
Other payables	12,007	9,236
Accrued liabilities	2,059	2,282
Tax payable	1,918	1,071
Payable to related parties	1,870,977	1,950,676
	<u>1,886,961</u>	<u>1,963,265</u>

AVES DIGITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

17. DEFERRED TAX ASSET

The company has tax losses carried forward at the balance sheet date amounting to £1,907,865 (2016: £2,005,108) and a liability due to accelerated capital allowances of £45,421 (2016: £54,597). The asset that would arise in this respect, amounts to £278,916 (2016: £326,373), calculated at 17% (2016: 19%). It has not been recognised as an asset due to uncertainties surrounding the probability of generating sufficient taxable profits in the next and subsequent accounting periods.

18. POST-REPORTING DATE EVENTS

No adjusting or significant non-adjusting events have occurred between the 31 December 2017 and the date of authorisation of the financial statements.