

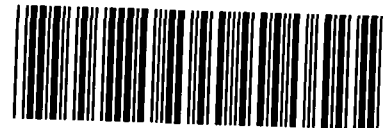
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WELLCOM LONDON LIMITED

FINANCIAL STATEMENTS

30 JUNE 2018

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WELLCOM LONDON LIMITED
FINANCIAL STATEMENTS
AS AT 30 JUNE 2018

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WELLCOM LONDON LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 30 JUNE 2018

Company registration number	00979521
The board of directors	Mr W W Sidwell Mr C A Anzarut Mr A S Lumsden
Company secretary	Mr A S Lumsden
Registered office	1 Berry Place London EC1V 0JD
Auditor	Sayers Butterworth LLP 3rd Floor 12 Gough Square London EC4A 3DW
Bankers	Lloyds TSB Holborn Circus Thavies Inn House 6 Holborn Circus London EC1N 2HP
Solicitors	Excello Law 5 Chancery Lane London WC2A 1LG

WELLCOM LONDON LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2018

The directors present their strategic report for the year ended 30 June 2018.

We aim to present a balanced and comprehensive review of the development and performance of our business during the period and its position at the period end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

Business Review

- The business made a Profit before tax for the year of £344,958 against a Profit of £490,861 for 2017. Sales for the year were £10,513,928 against £10,725,410 for 2017, producing a value add margin of £3,927,659 for 2018 (37.40%), and £3,582,730 for 2017 (33.40%) respectively.
- The business cash position remains positive.
- Future planned developments that will further improve the profitability of the business are anticipated early in year 2018 / 2019.

Principal Risks and Uncertainties

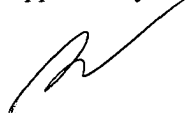
- Competitive pricing pressure within the sector and the economy generally is a key risk to the business as are potentially associated decisions by Clients to consolidate or change supply, or supply in-house. The company manages this risk by providing value added services, continually improving and extending service offerings, and by maintaining strong client relationships.

Year End Position

During the year to 30 June 2018, the company has recognised Profit of £259,551 (2017: £384,912).

There are no immediate developments relevant at the year end.

Approved by the board on 21 August 2018 and signed on its behalf by



W Sidwell
Director

WELLCOM LONDON LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2018

The directors present their report and financial statements for the year ended 30 June 2018.

PRINCIPAL ACTIVITY

The principal activity of the company was that of the provision of marcomms creative production services.

DIRECTORS

The following directors served during the year

Mr W W Sidwell
Mr C A Anzarut
Mr A S Lumsden

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £259,551 (2017 - £384,912).

There were no dividends proposed or paid during the year (2017 - £Nil).

MATTERS COVERED IN THE STRATEGIC REPORT

Disclosures of strategic importance that would usually be contained in the Directors' Report are presented in the Strategic Report.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

Sayers Butterworth LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

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

Approved by the board on 21 August 2018 and signed on its behalf by



W Sidwell
Director

WELLCOM LONDON LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 30 JUNE 2018

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that year.

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 IFRSs as adopted by the European Union 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.

WELLCOM LONDON LIMITED

Independent auditor's report to the shareholders of Wellcom London Limited FOR THE YEAR ENDED 30 JUNE 2018

OPINION ON FINANCIAL STATEMENTS

We have audited the financial statements of Wellcom London Limited (the 'company') for the year ended 30 June 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and;
- have been prepared in accordance with 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 Auditor's 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

WELLCOM LONDON LIMITED

Independent auditor's report to the shareholders of Wellcom London Limited FOR THE YEAR ENDED 30 JUNE 2018

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 material misstatements in the strategic report or 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, 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 Directors' Responsibilities Statement set out on page 5 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 is 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.

AUDITOR'S RESPONSIBILITY 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 an auditor's report 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.

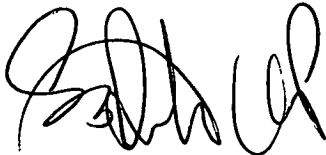
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

WELLCOM LONDON LIMITED

**Independent auditor's report to the shareholders of Wellcom London Limited (continued)
FOR THE YEAR ENDED 30 JUNE 2018**

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 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.



Martin Dunne (Senior Statutory Auditor)
For and on behalf of:

Sayers Butterworth LLP
Chartered Accountants and Statutory Auditor
3rd Floor
12 Gough Square
London
EC4A 3DW

21 August 2018

WELLCOM LONDON LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 £	2017 £
CONTINUING OPERATIONS			
Revenue		10,513,928	10,725,410
Cost of sales		(6,586,269)	(7,142,680)
GROSS PROFIT		3,927,659	3,582,730
Other operating income		44,516	136,366
Administrative expenses		(3,627,217)	(3,228,235)
OPERATING PROFIT	3	344,958	490,861
Other non-operating income		-	-
PROFIT BEFORE TAX		344,958	490,861
Income tax expense	6	(85,407)	(105,949)
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		259,551	384,912

The notes on pages 13 to 32 form part of these financial statements.

WELLCOM LONDON LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Issued capital	Other reserves	Retained earnings	Total equity
	£	£	£	£
Balance at 1 July 2017	1,700	300	3,257,294	3,259,294
Profit for the year	-	-	259,551	259,551
Total comprehensive income for the year	-	-	259,551	259,551
Balance at 30 June 2018	<u>1,700</u>	<u>300</u>	<u>3,516,845</u>	<u>3,518,845</u>

	Issued capital	Other reserves	Retained earnings	Total equity
	£	£	£	£
Balance at 1 July 2016	1,700	300	2,872,382	2,874,382
Profit for the year	-	-	384,912	384,912
Total comprehensive income for the year	-	-	384,912	384,912
Balance at 30 June 2017	<u>1,700</u>	<u>300</u>	<u>3,257,294</u>	<u>3,259,294</u>

The notes on pages 13 to 32 form part of these financial statements.

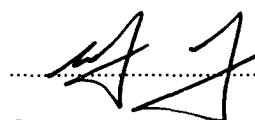
WELLCOM LONDON LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	2018 £	2017 £
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	847,256	344,232
Goodwill	8	900,000	900,000
Deferred tax assets	9	1,080	12,153
Other receivables	14	126,707	-
		1,875,043	1,256,385
CURRENT ASSETS			
Inventories	13	401,500	351,928
Trade and other receivables	14	1,719,057	2,364,335
Prepayments		720,652	590,923
Cash and cash equivalents	15	869,564	840,024
		3,710,773	4,147,210
TOTAL ASSETS		5,585,816	5,403,595
EQUITY			
ISSUED CAPITAL AND RESERVES			
Issued share capital	16	1,700	1,700
Reserves	17	300	300
Retained profits		3,516,845	3,257,294
TOTAL EQUITY		3,518,845	3,259,294
NON CURRENT LIABILITIES			
Trade and other payables	18	-	-
CURRENT LIABILITIES			
Provisions	19	51,617	63,559
Trade and other payables	18	2,015,354	2,080,742
		2,066,974	2,144,301
TOTAL EQUITY AND LIABILITIES		5,585,816	5,403,595

Approved by the Board on 21 August 2018 and signed on its behalf by



W Sidwell
Director



C Anzarut
Director

Company registration number: 00979521

The notes on pages 13 to 32 form part of these financial statements.

WELLCOM LONDON LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 £	2017 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		344,958	490,861
Adjustment for			
Depreciation		191,242	182,236
Loss on disposal of non-current assets		-	-
Investment income		-	-
Decrease/(Increase) in trade and other receivables		388,843	168,757
(Increase)/decrease in inventories		(49,572)	(128,237)
Increase/(decrease) in trade payables		(62,957)	169,314
Increase/(decrease) in provisions		(11,942)	20,397
Cash generated from operations		800,572	903,328
Income taxes received/(paid)		(76,743)	(300,408)
NET CASH FROM OPERATING ACTIVITIES		723,829	602,920
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(694,289)	(130,578)
Purchase of goodwill		-	-
Interest received		-	-
NET CASH USED IN INVESTING ACTIVITIES		(694,289)	(130,578)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term borrowings		-	-
NET CASH USED IN FINANCING ACTIVITIES		-	-
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS		29,540	472,342
Cash and cash equivalents at 30 June 2016		840,024	367,682
CASH AND CASH EQUIVALENTS AT 30 JUNE 2017	15	869,564	840,024

The notes on pages 13 to 32 form part of these financial statements.

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 JUNE 2018

1. AUTHORISATION OF FINANCIAL STATEMENTS

The company's financial statements for the year were authorised for issue on 21 August 2018 and the balance sheet signed on the board's behalf by Mr W W Sidwell and Mr C A Anzarut.

2. ACCOUNTING POLICIES

Basis of preparation

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 financial report is presented in UK Sterling and all values are rounded to the nearest pound (£) unless otherwise stated.

(i) New and amended standards adopted by the company

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2017 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(ii) Early adoption of standards

The company has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2017.

(iii) Historical cost convention

The financial report has been prepared on a historical cost basis unless otherwise stated.

Statement of compliance with IFRS

Wellcom London Limited is a Limited company incorporated and domiciled in England and Wales. The company was incorporated on 6 May 1970. The registered office of the company is 1 Berry Place, London, EC1V 0JD. The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the ISAB and as adopted by the European Union.

Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions can be found in the relevant notes to the financial statements.

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
AS AT 30 JUNE 2018

2. ACCOUNTING POLICIES (continued)

(i) Significant accounting judgements

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Impairment of non-financial assets other than goodwill

The company assesses impairment of all assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. These include product performance, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. Management does not consider that the triggers for impairment testing have been significant enough and as such these assets have not been tested for impairment in this financial period.

(ii) Significant accounting estimates and assumptions

Impairment of goodwill

The company determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology, to which the goodwill is allocated.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Changes in accounting policies and disclosures

New and amended standards and interpretations

The company applied, for the first time, certain standards that have come into effect since the previous financial statements. The effect of these changes and amendments, effective for annual periods beginning on or after 1 January 2017, are described below:

IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments do not have an impact on the company

2. ACCOUNTING POLICIES (continued)

IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose this fact. These amendments do not have any impact on the company on application.

Annual Improvements 2014-2016 Cycle

IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or associate) that is classified (or included in a disposal group that is classified) as held for sale. These amendments do not have any impact on the company.

Accounting standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the year ended 30 June 2018 for the company's financial statements are disclosed below. The company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

2. ACCOUNTING POLICIES (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This is for annual reporting periods beginning on or after 1 January 2019.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies the date of a transaction, for the purpose of determining the exchange rate, in the case that consideration is denominated in a foreign currency and there is a prepayment or deferred income liability recognised in respect of that consideration where it is non-monetary. In this situation, the transaction date should be the date of initial recognition of the prepayment or deferred income liability. This is effective for annual reporting periods beginning on or after 1 January 2018 and is not expected to have any impact on the company.

IFRS 2 Share-based Payment Transactions

The amendment clarifies the accounting treatment of cash-settled share-based payment transactions with a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for accounting periods beginning on or after 1 January 2018 and will not affect the company at this date.

IAS 40 Transfers of Investment Property

The amendment to paragraph 57 states that an entity may only transfer a property to, or from, investment property when there is evidence of change in use. This occurs if a property meets, or ceases to meet, the definition of investment property. A change in management intention does not constitute evidence of a change in use. This amendment is effective for annual reporting periods beginning on or after 1 January 2018 and is not expected to have any impact on the company.

2. ACCOUNTING POLICIES (continued)

Annual Improvements 2014-2016 Cycle

IFRS 1 First Time Adoption of International Financial Reporting Standards

The amendment deletes the short-term exemptions in paragraphs E3-E7 of IFRS 1, because they have now served their intended purpose. These amendments are effective for periods commencing on or after 1 January 2018 and will not affect the company as they are not adopting IFRS for the first time.

IAS 28 Investments in Associates and Joint Ventures

The amendments clarify that the election to measure an investment in an associate or a joint venture that is held by an entity who is a venture capital organisation, or other qualifying entity, at fair value through profit or loss is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. These amendments are effective for periods commencing on or after 1 January 2018 and are not expected to have any impact on the company.

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.

Revenue relating to services in progress but not yet completed at the year end is recognised to the extent that costs incurred are recoverable from the customer.

Income tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as the cost accrues.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the identifiable net assets of the acquired entity at the date of acquisition. Goodwill arising from acquisitions is included in intangible assets, tested annually for impairment and carried at cost less accumulated impairment losses.

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2018

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:

Short leasehold property	Over the life of the lease
Plant and equipment	20% - 33.33%
Motor vehicles	25%
Fixtures and fittings	20% - 25%

The carrying values of plant and equipment, leasehold improvements and equipment under finance lease are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate the carrying value may be impaired.

For assets that do not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount.

The asset or cash-generating unit is then written down to its recoverable amount. An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in profit or loss in the year the asset is derecognised.

Deferred tax

Deferred tax is provided in full, using the statement of financial position liability method, on temporary differences arising between the tax bases of assets and liabilities and the carrying amounts in the financial statements.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than as a business combination) or other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, and interest in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (continued)

Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is determined using the tax rates that are expected to apply in the year when the asset is realised or the liability is settled.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxed levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate portion of variable and fixed overhead expenditure. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Trade and other receivables

Trade and other receivables are recognised by the company and carried at the 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.

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.

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the company has a present obligation that arises as a consequence of a past event, it is probable that an outflow of resources will be required to settle that obligation and the obligation can be reliably estimated. The provisions are measured as the estimated expenditure that will be required to settle such obligations as at the balance sheet date. Discounting to present value is employed in the estimation process when the effect of the time value of money is material.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Trade payables and other payables represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid and arise when the company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Operating lease commitments

Operating leases payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Finance leases

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges, if applicable, and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charges directly against income.

Finance leased assets are recognised on a straight-line basis over the estimated useful life of the asset.

Foreign currency translation

All foreign currency translations during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Where foreign currency monetary items exist at reporting date, they are translated at the exchange rate existing at reporting date.

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (continued)

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within twelve months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

3. OPERATING PROFIT

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

	2018 £	2017 £
Loss on disposal of property, plant and equipment		-
Depreciation of property, plant and equipment	191,242	182,236
Net foreign currency differences	33,924	(10,704)
Operating leases:		
Operating lease rentals	548,199	475,265
Auditor's remuneration - audit services	20,143	20,798
	<u>20,143</u>	<u>20,798</u>

	2018 £	2017 £
Included in cost of sales:		
Changes in inventories	(49,572)	(128,238)
Employee benefits expense	3,617,004	3,931,487
	<u>3,567,432</u>	<u>3,803,249</u>
Included in administrative expenses:		
Employee benefits expense	906,599	957,965
Depreciation and amortisation	191,242	182,236
Net foreign currency exchange	33,924	(10,704)
	<u>1,131,135</u>	<u>1,129,497</u>

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2018

4. EMPLOYEE EXPENSES

	2018	2017
	£	£
Wages and salaries	3,887,424	4,196,568
Post employment expense for defined contribution plans	180,957	205,918
Social security costs	455,222	486,966
	<u>4,523,603</u>	<u>4,889,452</u>

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

	2018	2017
	No.	No.
Administration	6	7
Sales and marketing	4	4
Production	66	75
	<u>76</u>	<u>86</u>

5. KEY MANAGEMENT PERSONNEL REMUNERATION

	2018	2017
	£	£
Remuneration	<u>181,401</u>	<u>231,101</u>
Contributions to money purchase pension schemes	<u>9,000</u>	<u>10,473</u>

During the year retirement benefits were accruing to 1 key management personnel (2017: 2) in respect of money purchase pension schemes.

During the year short-term employee benefits of £Nil were accruing to no key management personnel (2017: £Nil) in respect of bonuses for the year.

The highest paid key management personnel received remuneration of £181,401 (2017: £146,590).

The value of the contributions to a money purchase pension scheme in respect of the highest paid key management personnel amounted to £9,000 (2017: £5,950).

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2018

6. INCOME TAX

Components of income tax expense

	2018 £	2017 £
Current income tax expense/(income)		
Current income tax expense	74,334	99,778
Under provision for prior year	-	-
Current income tax expense/(income)	<u>74,334</u>	<u>99,778</u>
Deferred income tax expense		
Relating to origination and reversal of temporary differences	11,073	6,171
Income tax expense reported in income statement	<u>85,407</u>	<u>105,949</u>

Reconciliation of current income tax charge to accounting profit

	2018 % age	£	2017 % age	£
Accounting profit at applicable rate	19	65,542	19.75	96,945
Tax effect of brought forward losses	19	-	19.75	-
Tax effect of differences between tax treatment and accounting standards	19	19,865	19.75	9,004
Tax expense using effective rate		<u>85,407</u>		<u>105,949</u>

7. PROPERTY, PLANT AND EQUIPMENT

At 30 June 2018

	Short leasehold property £	Plant and equipment £	Fixtures and fittings £	Total £
Cost				
At 1 July 2017	37,020	1,707,218	200,299	1,944,537
Additions	554,597	92,741	46,951	694,289
Disposals	(37,020)	-	-	(37,020)
At 30 June 2018	<u>554,597</u>	<u>1,799,959</u>	<u>247,250</u>	<u>2,601,806</u>
Depreciation				
At 1 July 2017	(36,997)	(1,371,793)	(191,515)	(1,600,305)
Charge for the year	(8,893)	(175,127)	(7,222)	(191,242)
Disposals	36,997	-	-	36,997
At 30 June 2018	<u>(8,893)</u>	<u>(1,546,920)</u>	<u>(198,737)</u>	<u>(1,754,550)</u>
Net book value				
At 1 July 2017	23	335,425	8,784	344,232
At 30 June 2018	<u>545,704</u>	<u>253,039</u>	<u>48,513</u>	<u>847,256</u>

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2018

7. PROPERTY, PLANT AND EQUIPMENT (continued)

At 30 June 2017

	Short leasehold property £	Plant and equipment £	Fixtures and fittings £	Total £
Cost				
At 1 July 2016	37,020	1,814,768	207,576	2,059,364
Additions	-	129,552	1,026	130,578
Disposals	-	(237,102)	(8,303)	(245,405)
At 30 June 2017	<u>37,020</u>	<u>1,707,218</u>	<u>200,299</u>	<u>1,944,537</u>
Depreciation				
At 1 July 2016	(36,997)	(1,432,468)	(194,009)	(1,663,474)
Charge for the year	-	(176,427)	(5,809)	(182,236)
Disposals	-	237,102	8,303	245,405
At 30 June 2017	<u>(36,997)</u>	<u>(1,371,793)</u>	<u>(191,515)</u>	<u>(1,600,305)</u>
Net book value				
At 1 July 2016	<u>23</u>	<u>380,300</u>	<u>13,567</u>	<u>395,890</u>
At 30 June 2017	<u>23</u>	<u>335,425</u>	<u>8,784</u>	<u>344,232</u>

8. GOODWILL

During the year ended 30 June 2012, the company acquired the trade and assets of Mission Possible (Create) Limited. Goodwill of £600,000 arose on the transaction.

On 29 August 2015 the company acquired the trade assets of Space 66 Limited for full consideration of £300,000.

As at 30 June 2018 the company held goodwill of £900,000 (2017: £900,000). In the opinion of the directors, this was not impaired at 30 June 2018.

Impairment testing of goodwill

Goodwill is allocated to the company's cash-generating units (CGUs) according to operating segment.

During the financial period, the company assessed the recoverable amount of goodwill. The recoverable amount of each cash-generating unit is determined by value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using steady estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. The growth rate for the UK in 2018 is 3% (2017: 3%) and the discount rate in 2018 is 10.5% (2017: 10.7%).

In completing value-in-use calculations management determined budgeted gross margins based on past performance and its expectations for the future. The weighted average growth rates used are consistent with forecasts included in industry reports. Management believes the projected growth rate to be prudent and justified based on the company's past and expected performance. The discount rates used reflect specific risks relating to the relevant segments.

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2018

8. GOODWILL (continued)

Impact of possible changes in key assumptions

A reasonable change in key assumptions would not cause the CGU's carrying amounts to exceed their recoverable amount.

9. DEFERRED TAX

	<i>Statement of financial position</i>		<i>Income statement</i>	
	2018	2017	2018	2017
	£	£	£	£
Deferred tax assets				
Relating to timing difference	1,080	11,073	(9,742)	(6,171)
Deferred Tax charge		-	(9,742)	(6,171)
Net Deferred Tax	1,080	11,073		

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management

The company has exposure to credit, liquidity and market risks from its use of financial instruments.

This note presents information about the company's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk.

The Board of directors has overall responsibility for the establishment, development and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the company, to set out appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and cash and cash equivalents held with financial institutions.

Trade and other receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the company's customer base, including default risk of the industry and country in which the customers operate, has less of an influence on credit risk. Geographically there is no concentration of credit risk.

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2017

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The company has been transacting with the majority of its customers for a number of years, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, ageing profile, maturity and existence of previous financial difficulties. The company does not require collateral in respect of trade and other receivables.

The company has established an allowance for impairment that represents an estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Credit risk in relation to cash and cash equivalents is minimised by investing only with financial institutions that maintain a high credit rating.

Exposure to credit risk

The carrying amount of the company's financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2018 £	2017 £
Cash and cash equivalents	15	869,564	840,024
Trade receivables	14	1,577,904	2,312,715
Receivables from related parties	14	121,895	36,537
Other receivables	14	19,258	15,083
		<u>2,588,621</u>	<u>3,204,359</u>

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Typically the company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2018

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

As the company's exposure to market risk is low, no derivative or financial liabilities were entered into during the year ended 30 June 2018 or the year ended 30 June 2017 with the purpose of managing market risks. The Board will continue monitoring the company's exposure to market risk and in the event that derivatives and/or financial liabilities are entered into, the Board will consider the costs and benefits of seeking to apply hedge accounting in order to manage volatility in profit and loss.

Currency risk

The company does not have material transactions between businesses in the UK and overseas, with the exception of inter group transactions, which would give rise to receivables and payables in foreign currency. The parent company considers itself a long-term holder of the assets of Wellcom London Ltd, and as such does not consider the inter group balances to represent short-term currency risk exposure.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the company. The company held no borrowings as at 30 June 2018 and 30 June 2017.

As the company's exposure to currency risk on commercial trading is not significant it has not entered into any hedge transactions or taken alternative measures to minimise fluctuations in the respective currencies.

Fair values

Fair values versus carrying amounts

Carrying amounts of assets and liabilities approximate fair value. No financial assets and financial liabilities are readily traded on organised markets in standardised form nor are any of them recorded at fair value, therefore no fair value hierarchy disclosure is required.

Capital management

The company and the board policy is to maintain a strong capital base so as to maintain creditor and market confidence. Capital is defined as total business equity. The company has given responsibility of capital management to the board who have formulated capital management tools to service this requirement. Management of the capital structure is achieved by monitoring budgets and forecasts and actual cash flows.

	2018	2017
	£	£
Issued share capital	1,700	1,700
Reserves	300	300
Retained profit	3,516,845	3,257,294
Total Equity	<u>3,518,845</u>	<u>3,259,294</u>

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2018

11. FINANCIAL INSTRUMENTS

	<i>Carrying amount</i>		<i>Fair value</i>	
	2018	2017	2018	2017
	£	£	£	£
Financial assets				
Cash and cash equivalents	869,564	840,024	869,564	840,024
Trade and other receivables	1,719,057	2,364,335	1,719,057	2,364,335
Financial liabilities				
Trade and other payables	(2,015,354)	(2,080,742)	(2,015,354)	(2,080,742)

Cash (and cash equivalents) and trade and other receivables (non-interest bearing) are not affected by fluctuations in interest or foreign exchange rates are therefore not considered to be sensitive to such movements.

Trade and other payables are not interest bearing borrowing and are therefore not sensitive to movements in interest rates.

12. RELATED PARTY TRANSACTIONS

Ultimate controlling party

The immediate and ultimate parent undertaking is Wellcom Group Limited, a company incorporated in Australia. Copies of the consolidated financial statements can be obtained from their website (www.wellcomworldwide.com).

Payable to and from related parties

	2018	2017
	£	£
Amounts due from/(to) parent undertaking (Current)	88,831	(22,485)
Amounts due to parent undertaking (Non Current)	-	-
	88,831	(22,485)
Amounts due from fellow group undertakings (Current)	33,064	11,862
Amounts due (to)/from fellow group undertakings (Current)	(67,213)	24,675
Amounts due to fellow group undertakings (Current)	-	-
Amounts due to fellow group undertakings (Current)	(1,170)	(4,084)
Amounts due from fellow group undertakings (Non Current)	-	-
	(35,319)	32,453

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2018

12. RELATED PARTY TRANSACTIONS (continued)

During the year Wellcom London Limited was recharged travel, freight, licences, technology and other costs directly attributable to the company from the parent undertaking of £124,565 (2017: £245,068) and the company recharged costs of £337,296 to the parent company (2017: £74,197). Wellcom London Limited was charged a management fee from the parent undertaking of £123,897 (2017: £131,977). Wellcom London Limited made payments to the parent undertaking, excluding dividends, of £22,485 (2017: £516,316). The Directors consider that all transactions were arm's length. As at the year end the amount due from the parent undertaking was £88,831 (2017: £22,485 due to the parent undertaking).

During the year Wellcom London Limited charged web services, charges and other costs directly attributable by Wellcom Group Inc, a subsidiary of Wellcom Group Limited, of £21,203 (2017: £15,731). Wellcom London Limited charged Wellcom Group Inc a management fee of £Nil (2017: £14,241). Wellcom London Limited made payments to the fellow subsidiary of £Nil (2017: £280,028). The Directors consider that all transactions were arm's length. As at the year end the amount due from Wellcom Group Inc was £33,064 (2017: £11,862).

During the year Wellcom London Limited made payments to the fellow subsidiary of £Nil (2017: £2,733) in respect of prior year charges. The Directors consider that all transactions were arm's length. As at the year end the amount due to Wellcom Group Pte Limited was £Nil (2017: £Nil).

During the year Wellcom London Limited was charged retouching costs by Well Malaysia Sdn Bhd, a subsidiary of Wellcom Group Limited, of £16,933 (2017: £32,525). Wellcom London Limited made payments to the fellow subsidiary of £19,847 (2017: £39,313) in respect of the retouching charges. Wellcom London Limited charged Well Malaysia Sdn Bhd £780 (2017: £Nil) for directly attributable costs incurred on their behalf. The Directors consider that all transactions were arm's length. As at the year end the amount due to Well Malaysia Sdn Bhd was £1,170 (2017: £4,084).

During the year Wellcom London Limited charged costs directly attributable to the company to theLab LLC of £37,821 (2017: £73,021) and was charged directly attributable costs of £125,839 (2017: £29,297) by theLab LLC. Wellcom London Limited received payments from theLab LLC of £Nil (2017: £245,990). The Directors consider that all transactions were arm's length. As at the year end the amount due to the theLab LLC was £67,213 (2017: theLab LLC owed Wellcom London Limited £24,675).

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2018

13. INVENTORIES

	2018	2017
	£	£
Production supplies	25,541	27,756
Work in progress	375,959	324,172
Total inventories (at cost)	<u>401,500</u>	<u>351,928</u>

14. TRADE AND OTHER RECEIVABLES

	2018	2017
	£	£
Non current		
Other receivables	126,707	-
Current		
Trade receivables	1,577,904	2,312,715
Receivables from related parties	121,895	36,537
Other receivables	19,258	15,083
	<u>1,719,057</u>	<u>2,364,335</u>

Amounts receivable from trade customers are non-interest bearing and are generally on 30-60 day terms.

Movements in the provision for impairment of trade and other receivables were as follows:

	2018	2017
	£	£
At 1 July 2017	42,120	45,381
Provision for doubtful debts	(9,393)	(3,261)
At 30 June 2018	<u>32,727</u>	<u>42,120</u>

15. CASH AND CASH EQUIVALENTS

	2018	2017
	£	£
Cash on hand	589	1,682
Cash at bank	868,975	838,342
	<u>869,564</u>	<u>840,024</u>

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2018

16. SHARE CAPITAL

Authorised share capital

	No.	2018 £	No.	2017 £
Ordinary share capital of £1 each	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>

Issued share capital

	No.	2018 £	No.	2017 £
Issued and fully paid				
Ordinary share capital of £1 each	<u>1,700</u>	<u>1,700</u>	<u>1,700</u>	<u>1,700</u>

All issued share capital is classified as equity.

17. RESERVES

Capital redemption reserve	
£	
At 1 July 2018	<u>300</u>

Capital redemption reserve	
£	
At 1 July 2017	<u>300</u>

18. TRADE AND OTHER PAYABLES

	2018 £	2017 £
Non current		
Payable to related parties	<u>-</u>	<u>-</u>
Current		
Trade payables	1,014,651	1,169,680
Accruals	666,156	490,574
Other payables	266,164	393,919
Payable to related parties	68,383	26,569
	<u>2,015,354</u>	<u>2,080,742</u>

The average credit period on purchases of goods and services is thirty (30) days. No interest is charged on the trade payables. The company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

WELLCOM LONDON LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2018

19. PROVISIONS

	<i>Employee benefits</i>
	£
At 1 July 2017	63,559
Increase / (Decrease) to existing provision	(11,942)
At 30 June 2018	<u>51,617</u>
Current	<u>51,617</u>

Employee benefits provision

The annual leave provision of £51,617 is calculated on the basis of the employees' remuneration including benefits and pension that have accrued in regards to holidays accrued but not taken, and therefore unpaid, as at 30 June 2018.

20. OPERATING LEASE COMMITMENTS

As lessee

	2018	2017
	£	£
Less than one year	351,963	306,082
Later than one year but less than five years	1,513,442	-
Later than five years	-	-
	<u>1,865,405</u>	<u>306,082</u>

21. RESTRUCTURING COSTS

During the year the company incurred restructuring costs as a result of entering into a new outsourcing agreement and the closure of an outsourcing office in the current year. As a result, the company incurred total redundancy related expenditure of £195,766 (2017: £119,557) which is included in administrative expenditure in the financial statements.

As per the terms of the new outsourcing agreement and the agreed terms relating to the office closure, Wellcom were indemnified by third parties for a proportion of losses arising in connection with the termination of personnel as a result of the restructuring. As a result, the company received the sum of £33,125 (2017: £118,307) in relation to the redundancy expenditure incurred. This amount is included within other operating income in the financial statements.