

Registered number: 04807921

REGISTRAR

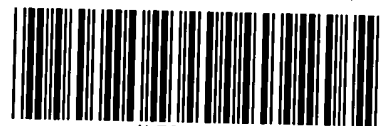
INSTINCT STUDIOS LIMITED

UNAUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

MONDAY



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COMPANIES HOUSE

**BALANCE SHEET
AS AT 30 JUNE 2017**

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	4	5,219	10,438
Tangible assets	5	157,268	287,273
		<u>162,487</u>	<u>297,711</u>
Current assets			
Debtors	6	528,506	373,745
Cash at bank and in hand	7	4,219	57,521
		<u>532,725</u>	<u>431,266</u>
Creditors: amounts falling due within one year	8	(687,919)	(438,822)
Net current liabilities		<u>(155,194)</u>	<u>(7,556)</u>
Total assets less current liabilities		<u>7,293</u>	<u>290,155</u>
Net assets		<u><u>7,293</u></u>	<u><u>290,155</u></u>
Capital and reserves			
Called up share capital		22,658	20,600
Share premium account		5,919,314	5,049,895
Profit and loss account		(5,934,679)	(4,780,340)
		<u>7,293</u>	<u>290,155</u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

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

INSTINCT STUDIOS LIMITED
REGISTERED NUMBER: 04807921

REGISTRAR

BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2017

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
13 March 2018

S Maynard
Director



The notes on pages 4 to 10 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 July 2015	80	3,093,800	(2,627,154)	466,726
Comprehensive income for the year				
Loss for the year	-	-	(2,153,186)	(2,153,186)
Shares issued during the year	20,520	1,956,095	-	1,976,615
At 1 July 2016	20,600	5,049,895	(4,780,340)	290,155
Comprehensive income for the year				
Loss for the year	-	-	(1,154,339)	(1,154,339)
Shares issued during the year	2,058	869,419	-	871,477
At 30 June 2017	22,658	5,919,314	(5,934,679)	7,293

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

1. General information

The company is a private company limited by shares, and is incorporated in England and Wales. The address of its registered office is 60 New Broad Street, London, EC2M 1JJ.

2. Accounting policies**2.1 Basis of preparation of financial statements**

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

The following principal accounting policies have been applied:

2.2 Going concern

The company has made a loss in both the current and preceding year. This is the result of a period of significant investment in product development and refining the market focus for the business ahead of revenue generation. The accounts have been prepared on a going concern basis as it is believed that the investment period, funded by two equity fund raising rounds, is coming to an end and the business has clear sight of the corresponding revenue streams and growth opportunities over the new financial year and beyond. The Directors remain confident of the company's ability to fund itself during this period.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

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

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

2. Accounting policies (continued)**2.3 Revenue (continued)**

- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.5 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- Over the term of the lease
Fixtures and fittings	- 20% reducing balance
Computer equipment	- 20% straight line basis

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

2. Accounting policies (continued)**2.8 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2.9 Creditors

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

2.10 Foreign currency translation**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.11 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

2. Accounting policies (continued)**2.12 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 July 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.13 Pensions**Defined contribution pension plan**

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

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

2.14 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.15 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

3. Employees

Staff costs, including directors' remuneration, were as follows:

The average monthly number of employees, including directors, during the year was 18 (2016 - 22).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

4. Intangible assets

	Trademarks £
Cost	
At 1 July 2016	15,657
At 30 June 2017	<u>15,657</u>
Amortisation	
At 1 July 2016	5,219
Charge for the year	<u>5,219</u>
At 30 June 2017	<u>10,438</u>
Net book value	
At 30 June 2017	<u>5,219</u>
At 30 June 2016	<u>10,438</u>

5. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 July 2016	48,539	704,901	753,440
At 30 June 2017	<u>48,539</u>	<u>704,901</u>	<u>753,440</u>
Depreciation			
At 1 July 2016	39,630	426,537	466,167
Charge for the year on owned assets	<u>1,782</u>	<u>128,223</u>	<u>130,005</u>
At 30 June 2017	<u>41,412</u>	<u>554,760</u>	<u>596,172</u>
Net book value			
At 30 June 2017	<u>7,127</u>	<u>150,141</u>	<u>157,268</u>
At 30 June 2016	<u>8,909</u>	<u>278,364</u>	<u>287,273</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

6. Debtors

	2017	2016
	£	£
Trade debtors	11,431	137,853
Other debtors	172,014	160,707
Prepayments and accrued income	320,815	50,973
Tax recoverable	24,246	24,212
	<u>528,506</u>	<u>373,745</u>

7. Cash and cash equivalents

	2017	2016
	£	£
Cash at bank and in hand	4,219	57,521
	<u>4,219</u>	<u>57,521</u>

8. Creditors: Amounts falling due within one year

	2017	2016
	£	£
Other loans	119,650	-
Trade creditors	252,460	130,685
Corporation tax	34	20,322
Other taxation and social security	98,819	55,611
Other creditors	40,845	21,788
Accruals and deferred income	176,111	210,416
	<u>687,919</u>	<u>438,822</u>

9. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £1,710 (2016: £NIL). Contributions totalling £1,019 (2016: £NIL) were payable to the fund at the balance sheet date and are included in creditors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

10. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.