Registered number: 04807921

INSTINCT STUDIOS LIMITED

UNAUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

THURSDAY

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LD3 28/03/2019 #207
COMPANIES HOUSE

INSTINCT STUDIOS LIMITED
REGISTERED NUMBER: 04807921

BALANCE SHEET
AS AT 30 JUNE 2018

	Note		2018 £		2017 £
Fixed assets					
Intangible assets	4		-		5,219
Tangible assets	5		99,478		157,268
			99,478		162,487
Current assets					
Debtors	6	543,571		528,506	
Cash at bank and in hand	7	3,690		4,219	
		547,261		532,725	
Creditors: amounts falling due within one year	8	(717,466)		(687,919)	
Net current liabilities			(170,205)		(155,194)
Total assets less current liabilities			(70,727)		7,293
Net (liabilities)/assets			(70,727)		7,293
Capital and reserves					
Called up share capital			23,723		22,658
Share premium account			6,398,128		5,919,314
Profit and loss account			(6,492,578)		(5,934,679)
			(70,727)		7,293

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

BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2018

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 March 2019

S J 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 2018

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
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)
Total comprehensive income for the year	-	-	(1,154,339)	(1,154,339)
Shares issued during the year	2,058	869,419	-	871,477
Total transactions with owners	2,058	869,419	-	871,477
At 1 July 2017	22,658	5,919,314	(5,934,679)	7,293
Comprehensive income for the year				
Loss for the year	-	-	(557,899)	(557,899)
Total comprehensive income for the year	-	-	(557,899)	(557,899)
Shares issued during the year	1,065	478,814	-	479,879
Total transactions with owners	1,065	478,814	-	479,879
At 30 June 2018	23,723	6,398,128	(6,492,578)	(70,727)

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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. Accounting policies (continued)

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
- 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.

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

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:

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.

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.

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.

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

The average monthly number of employees, including directors, during the year was 13 (2017 - 18).

4. Intangible assets

	Trademarks £
Cost	
At 1 July 2017	15,657
At 30 June 2018	15,657
Amortisation	
At 1 July 2017	10,438
Charge for the year	5,219
At 30 June 2018	15,657
Net book value	
At 30 June 2018	-
At 30 June 2017	5,219

5. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 July 2017	48,539	704,901	753,440
Additions	-	7,343	7,343
At 30 June 2018	48,539	712,244	760,783
Depreciation			
At 1 July 2017	41,412	554,760	596,172
Charge for the year on owned assets	1,425	63,708	65,133
At 30 June 2018	42,837	618,468	661,305
Net book value			
At 30 June 2018	5,702	93,776	99,478
At 30 June 2017	7,127	150,141	157,268

6. Debtors

	2018 £	2017 £
Trade debtors	93,780	11,431
Other debtors	116,467	196,260
Prepayments and accrued income	333,324	320,815
	543,571	528,506

7. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	3,690	4,219

8. Creditors: Amounts falling due within one year

	2018 £	2017 £
Other loans	19,877	119,650
Trade creditors	125,287	252,460
Corporation tax	-	34
Other taxation and social security	131,549	98,819
Other creditors	38,739	40,845
Accruals and deferred income	402,014	176,111
	717,466	687,919

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 £8,934 (2017: £1,710). Contributions totalling £5,527 (2017: £1,019) were payable to the fund at the balance sheet date and are included in creditors.