

Financial Statements

Arise Virtual Solutions Limited

For the financial year ended 31 December 2016

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Company Information

Directors	Lisa Carstarphen Scott Etheridge John Anthony Meyer Keir Greenwood
Company secretary	Pinsent Masons Secretarial Limited
Registered number	06370708
Registered office	1 Park Row Leeds West Yorkshire LS1 5AB
Independent auditors	Grant Thornton Chartered Accountants & Statutory Audit Firm Molyneux House Bride Street Dublin 8
Bankers	Royal Bank of Scotland 36 St. Andrew Square Edinburgh EHS 2YB Scotland JP Morgan Chase Bank NA 25 Bank Street Canary Warf London E14 5JP United Kingdom

Directors' report

For the financial year ended 31 December 2016

The directors present their report and the financial statements for the financial year ended 31 December 2016.

Principal activity and future developments

The principal activity of the company is to provide support services to Arise Virtual Solutions International Limited, which provides a virtual platform to connect primarily work-at-home service professionals running small call centre businesses to Fortune 500 companies needing customer contact services. The directors do not envisage any substantial changes to the nature of the business in the foreseeable future.

Results and dividends

The profit for the financial year, after taxation, amounted to £159,456 (2015 -£114,245).

The directors do not recommend payment of a dividend.

Directors

The directors who served during the financial year were:

Lisa Carstarphen
Scott Etheridge
John Anthony Meyer
Keir Greenwood

Principal risks and uncertainties

While the greater part of the company's revenues and expenses are denominated in sterling, the company is exposed to some foreign exchange risk in the normal course of business, principally in respect of inter-company loans which are denominated in US Dollars. While the company has not used financial instruments to date to hedge foreign exchange exposure, this position is kept constantly under review.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

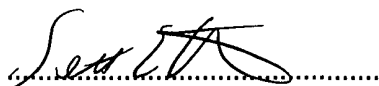
The auditors, Grant Thornton, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Arise Virtual Solutions Limited

Directors' report (continued)

For the financial year ended 31 December 2016

This report was approved by the board on 15 March 2017 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'Scott Etheridge', is written over a horizontal dotted line.

Scott Etheridge

Director

Directors' responsibilities statement

For the financial year ended 31 December 2016

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 audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the directors must not approve the audited financial statements unless they are satisfied that they are a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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.



Independent Auditors' Report to the Shareholders of Arise Virtual Solutions Limited

We have audited the financial statements of Arise Virtual Solutions Limited for the financial year ended 31 December 2016, 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 related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 Auditors' 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.

Respective responsibilities of Directors and the Auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2016 and of its profit for the financial year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



Independent Auditors' Report to the Shareholders of Arise Virtual Solutions Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

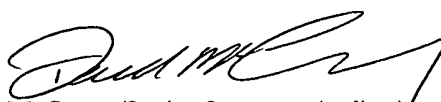
Matters on which we are required to report by exception

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
- 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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.

Molyneux House
Bride Street
Dublin 8

Date: 4 April 2017


David McGarry (Senior Statutory Auditor)
for and on behalf of
Grant Thornton
Chartered Accountants
& Statutory Audit Firm

Statement of comprehensive income

For the financial year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	4	3,169,465	2,102,079
Gross profit		3,169,465	2,102,079
Administrative expenses		(2,961,685)	(1,964,558)
Operating profit	5	207,780	137,521
Interest receivable and similar income	8	122,704	162,889
Interest payable and expenses	9	(121,148)	(152,940)
Profit before tax		209,336	147,470
Tax on profit	10	(49,880)	(33,225)
Profit for the financial year		159,456	114,245

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2016 (2015: £NIL).

The notes on pages 11 to 21 form part of these financial statements.

Arise Virtual Solutions Limited

Registered number:06370708

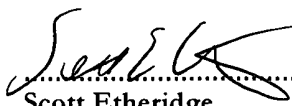
Statement of financial position

As at 31 December 2016

	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	11		7,766		15,533
			<u>7,766</u>		<u>15,533</u>
Current assets					
Debtors: amounts falling due within one year	12	11,126,249		9,159,501	
Cash at bank and in hand	13	330,690		42,734	
		<u>11,456,939</u>		<u>9,202,235</u>	
Creditors: amounts falling due within one year	14	(11,024,009)		(8,937,479)	
Net current assets			<u>432,930</u>		<u>264,756</u>
Total assets less current liabilities			<u>440,696</u>		<u>280,289</u>
Net assets			<u><u>440,696</u></u>		<u><u>280,289</u></u>
Capital and reserves					
Called up share capital	17		1		1
Capital contribution reserve	16		134,214		-
Profit and loss account	16		306,481		280,288
			<u><u>440,696</u></u>		<u><u>280,289</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

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


.....
Scott Etheridge

Director

Date: 15 March 2017

Statement of changes in equity

For the financial year ended 31 December 2016

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2016	1	-	280,288	280,289
Comprehensive income for the financial year				
Profit for the financial year	-	-	159,456	159,456
Distributions arising from loans with group undertakings	-	-	(133,263)	(133,263)
Loans with group undertakings	-	134,214	-	134,214
At 31 December 2016	1	134,214	306,481	440,696

Statement of changes in equity

For the financial year ended 31 December 2015

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2015	1	166,043	166,044
Comprehensive income for the year			
Profit for the year	-	114,245	114,245
At 31 December 2015	1	280,288	280,289

The notes on pages 11 to 21 form part of these financial statements.

Statement of cash flows

For the financial year ended 31 December 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	159,456	114,245
Adjustments for:		
Depreciation of tangible assets	7,767	9,030
Loss on disposal of tangible assets	-	623
Interest paid	121,148	152,940
Interest received	(122,704)	(162,889)
Taxation	49,880	33,225
Decrease/(increase) in debtors	14,240	(777)
Increase/(decrease) in creditors	49,902	(368,581)
Corporation tax	(83,072)	(3,050)
Net cash generated from operating activities	196,617	(225,234)
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(11,843)
Sale of intangible assets	-	987
Interest received	122,704	162,889
Net cash from investing activities	122,704	152,033
Cash flows from financing activities		
Interest paid	(121,148)	(152,940)
Distributions arising from loans with group undertakings	(133,263)	-
Capital contributions arising from loans with group undertakings	134,214	-
Decrease in amounts owed by groups	(1,980,988)	(1,224,664)
Increase in amounts owed to groups	2,069,820	1,399,375
Net cash used in financing activities	(31,365)	21,771
Net increase/(decrease) in cash and cash equivalents	287,956	(51,430)
Cash and cash equivalents at beginning of financial year	42,734	94,164
Cash and cash equivalents at the end of financial year	330,690	42,734
Cash and cash equivalents at the end of financial year comprise:		
Cash at bank and in hand	330,690	42,734
	330,690	42,734

The notes on pages 11 to 21 form part of these financial statements.

Notes to the financial statements

For the financial year ended 31 December 2016

1. General information

Arise Virtual Solutions Limited (the company) was incorporated and registered with the Companies House on 13 September 2007 in the United Kingdom with a registered office at 1 Park Row, Leeds, West Yorkshire, LS1 5AB.

Arise Virtual Solutions Limited is a limited liability company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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. Revenue represents income derived from group companies in exchange for support services.

The following criteria must also be met before revenue is recognised:

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.

2.3 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Notes to the financial statements

For the financial year ended 31 December 2016

2. Accounting policies (continued)

2.3 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:

Office equipment	- 4 years
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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.

2.4 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 period until the date the rent is expected to be adjusted to the prevailing market rate.

The Group 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 January 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.5 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.

2.6 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.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.7 Financial instruments

The Company only enters into basic financial instruments 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.

Notes to the financial statements

For the financial year ended 31 December 2016

2. Accounting policies (continued)

2.7 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 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.

Notes to the financial statements

For the financial year ended 31 December 2016

2. Accounting policies (continued)

2.9 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.

2.10 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.

2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.12 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 Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

Notes to the financial statements

For the financial year ended 31 December 2016

2. Accounting policies (continued)

2.14 Taxation

Tax is recognised in the Statement of comprehensive income, except that a change 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 reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

4. Turnover

Analysis of turnover by country of destination:

	2016	2015
	£	£
United Kingdom	<u>3,169,465</u>	<u>2,102,079</u>

All turnover arose within the United Kingdom.

Notes to the financial statements

For the financial year ended 31 December 2016

5. Operating profit

The operating profit is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets	7,767	9,030
Exchange differences	1,929,994	654,901
Other operating lease rentals	55,219	92,954
Defined contribution pension cost	7,322	9,374
	<u>7,322</u>	<u>9,374</u>

6. Employees

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	657,314	831,379
Social security costs	178,474	206,272
Cost of defined contribution scheme	7,322	9,374
	<u>843,110</u>	<u>1,047,025</u>

The average monthly number of employees, including the directors, during the financial year was as follows:

	2016	2015
	No.	No.
Employees	<u>10</u>	<u>9</u>

7. Key Management Personnel Compensation

Key Management Personnel Compensation for the year amounts to £125,570. The details of key management personnel compensation do not include the compensation of the entire board of directors for the company, which is paid by other group companies. In respect of their services as directors to the company, it is not possible to identify separately the amount of the compensation attributable to the services to this company.

8. Interest receivable

	2016	2015
	£	£
Interest receivable from group companies	<u>122,704</u>	<u>162,889</u>

Notes to the financial statements

For the financial year ended 31 December 2016

9. Interest payable and similar charges

	2016 £	2015 £
Loans from group undertakings	<u>121,148</u>	<u>152,940</u>

10. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	<u>49,880</u>	<u>33,225</u>
Total current tax	<u>49,880</u>	<u>33,225</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>49,880</u>	<u>33,225</u>

Factors affecting tax charge for the financial year

The tax assessed for the financial year is different than the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>209,336</u>	<u>147,470</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 -20%)	<u>41,867</u>	<u>29,494</u>
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	8,013	5,297
Capital allowances for financial year in excess of depreciation	-	(1,566)
Total tax charge for the financial year	<u>49,880</u>	<u>33,225</u>

Notes to the financial statements

For the financial year ended 31 December 2016

11. Tangible fixed assets

	Office equipment £
Cost or valuation	
At 1 January 2016	36,337
At 31 December 2016	<u>36,337</u>
Depreciation	
At 1 January 2016	20,804
Charge for period on owned assets	7,767
At 31 December 2016	<u>28,571</u>
Net book value	
At 31 December 2016	<u>7,766</u>
At 31 December 2015	<u>15,533</u>

12. Debtors

	2016 £	2015 £
Amounts owed by group undertakings	11,113,614	9,132,626
Other debtors	12,635	-
Prepayments and accrued income	-	26,875
	<u>11,126,249</u>	<u>9,159,501</u>

Amounts owed to group undertakings are provided on an unsecured basis and incur interest at a rate of 1.68% per annum.

Notes to the financial statements

For the financial year ended 31 December 2016

13. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	<u>330,690</u>	<u>42,734</u>

14. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	388	8,451
Amounts owed to group undertakings	10,949,690	8,879,870
Corporation tax	1,835	35,027
Accruals and deferred income	72,096	14,131
	<u>11,024,009</u>	<u>8,937,479</u>

Amounts owed to group undertakings are provided on an unsecured basis and incur interest at a rate of 1.68% per annum. This shall not be called for repayment until the company has sufficient financial resources to do so.

15. Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>11,456,906</u>	<u>9,175,360</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(10,951,880)</u>	<u>(8,923,348)</u>

Financial assets measured at amortised cost comprise cash at bank, other debtors and amounts owed to group undertakings

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings and corporation tax.

Notes to the financial statements

For the financial year ended 31 December 2016

16. Reserves

Capital contribution reserve

During the year a capital contribution reserve in the amount of £134,214 was created as a result of adjustments required to be made to interest rates under the company's loan arrangements with group undertakings.

Profit and loss account

Includes all current and prior period retained profit and losses. It also includes distribution in the current year of £133,263 arising from the company's loan arrangements with group undertakings.

17. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

18. Financial risk management

Financial risk management

The company has exposures to two main areas of risk – foreign exchange currency exposure and liquidity risk.

Foreign exchange transactional currency exposure

The company is exposed to currency exchange rate risk due to a significant proportion of its intercompany receivables and payables being de-nominated in non-Sterling currencies. The net exposure of each currency is monitored and managed by the directors.

Liquidity Risk

The objective of the company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The company expects to meet its financial obligations through operating cashflow. In the event that the operating cash flows would not cover all the financial obligations, group companies has credit facilities available.

19. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	-	35,394
	-	35,394

Notes to the financial statements

For the financial year ended 31 December 2016

20. Related party transactions

The company has availed of the exemption provided in FRS 102 section 33, "Related Party Disclosures" not to disclose transactions entered into with fellow group companies that are wholly owned within the group of companies of which the company is a wholly owned member.

21. Post balance sheet events

There have been no significant events affecting the company since the year end and the directors do not envisage any substantial changes to the nature of the business in the foreseeable future.

22. Holding company and controlling interest

The company is controlled by the ultimate parent company, Arise Holdings Inc. a company incorporated in the United States of America.

23. Approval of financial statements

The board of directors approved these financial statements for issue on 15 March 2017