

Heyser Limited

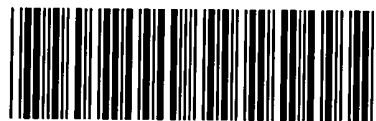
Report and Financial Statements

Period Ended

31 December 2017

Company Number 10694589

TUESDAY



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10/07/2018
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Heyser Limited

Company Information

Directors	N Davidson E Richardson S Bailey A Wreford H Varney
Registered number	10694589
Registered office	40 Vanston Place London SW6 1AX
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Heyser Limited

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Heyser Limited

Group Strategic Report for the Period Ended 31 December 2017

Principal activities and business review

The company was incorporated on 28 March 2017 as a holding company. On 6 October 2017, the company acquired all of the share capital of Hey Human Limited and Closer To Limited from DMWSL 562 Limited. The group turnover and loss before tax of £2,981k and £97k respectively incorporates the activities of those companies for the period from acquisition to 31 December 2017.

The group is engaged in marketing services, focusing on brand, social media and experiential marketing.

Post year-end, the agency decided to move its premises to The Ministry, a new shared workspace for creative businesses in South London.

Principal risks and uncertainties

The group is continually challenged by the project nature of much of its revenue. However this risk is mitigated by a proportion of retained fees and a balanced portfolio of clients, many of which revolve around long term relationships and a deep understanding of the client's business.

Financial risk management objectives and policies

The directors regularly review working capital and cash flow requirements in order to manage cash flow risk. The directors do not consider that any special financial risk management objectives and policies are required in respect of the group's exposure to price risk, credit risk and liquidity risk.

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


.....
N Davidson
Director

Date: 10.7.18

Heyser Limited

Directors' Report for the Period Ended 31 December 2017

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

Principal activity

The company was incorporated on 28 March 2017.

The principal activity of the group during the period was brand, social and experiential marketing.

Results and dividends

The loss for the period, after taxation, amounted to £37,134.

A dividend of £nil was proposed and paid during the year.

Directors

The directors who served during the period were:

N Davidson (appointed 28 March 2017)
E Richardson (appointed 28 March 2017)
S Bailey (appointed 28 March 2017)
A Wreford (appointed 28 March 2017)
H Varney (appointed 28 March 2017)

Going concern

The directors have considered the position of the group including forecast trading and cash flow projections of its subsidiaries and have concluded that they have sufficient certainty over those cash flows that they remain confident contractual loan repayments can be made without challenging the continued trading of the group when they fall due. As a result the directors have concluded that it is appropriate for the accounts to be prepared on a going concern basis.

Principal risks and uncertainties

The group is continually challenged by the project nature of much of its revenue. However, this risk is mitigated by a proportion of retained clients and a balanced portfolio of clients, many of which revolve around long term relationships and a deep understanding of the client's business.

Financial instruments

The group does not actively use financial instruments as a part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The nature of its financial statements mean that it is not subject to liquidity risk.

Disclosure of information to auditor

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 and the group's auditor is 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 and the group's auditor is aware of that information.

Heyser Limited

Directors' Report (continued) for the Period Ended 31 December 2017

Directors' responsibilities

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 the group and of the profit or loss of the group for that period.

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

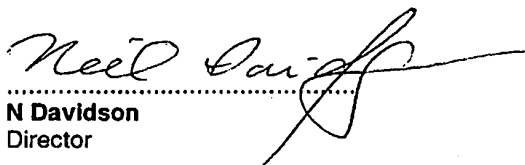
Subsequent events

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

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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


.....
N Davidson
Director

Date: 10.7.18

Heyser Limited

Independent Auditor's Report to the Members of Heyser Limited

Opinion

We have audited the financial statements of Heyser Limited ("the parent company") and its subsidiaries ("the group") for the period ended 31 December 2017 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's loss for the period 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.

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 group and the parent 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 group or the parent 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.

Heyser Limited

Independent Auditor's Report to the Members of Heyser Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

Opinions 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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Heyser Limited

Independent Auditor's Report to the Members of Heyser Limited (continued)

Responsibilities of directors

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, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BDO LLP

Nicole Martin (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 10/07/2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Heyser Limited

Consolidated Statement of Comprehensive Income for the Period Ended 31 December 2017

	Note	Period ended 31 December 2017 £
Turnover	4	2,981,029
Cost of sales		(1,486,734)
Gross profit		1,494,295
Administrative expenses		(1,571,597)
Other income		75,598
Operating loss	5	(1,704)
Earnings before interest, tax and depreciation		196,467
Depreciation	11	(40,349)
Amortisation	10	(157,822)
Operating loss	5	(1,704)
Interest receivable and similar income		77
Interest payable and similar charges	8	(94,975)
Loss before tax		(96,602)
Taxation	9	59,468
Loss and total comprehensive loss for the financial period		(37,134)

All amounts relate to continuing operations.

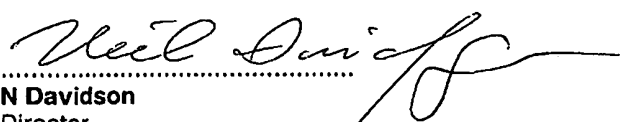
The notes on pages 12 to 29 form part of these financial statements.

Heyser Limited
Registered number: 10694589

**Consolidated Statement of Financial Position
as at 31 December 2017**

	Note	2017 £
Fixed assets		
Intangible assets	10	2,809,178
Tangible assets	11	194,946
		<u>3,004,124</u>
Current assets		
Debtors	13	2,333,656
Cash and cash equivalents		1,886,527
		<u>4,220,183</u>
Creditors: amounts falling due within one year	14	<u>(2,199,929)</u>
Net current assets		2,020,254
Total assets less current liabilities		<u>5,024,378</u>
Creditors: amounts falling due after more than one year	15	(4,305,031)
Provisions for liabilities		
Deferred taxation	17	(590,730)
Dilapidations	18	(165,150)
		<u>(755,880)</u>
Net liabilities		<u>(36,533)</u>
Capital and reserves		
Share capital	19	601
Profit and loss account	20	(37,134)
		<u>(36,533)</u>

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


.....
N Davidson
Director

Date: 10.7.18

The notes on pages 12 to 29 form part of these financial statements.

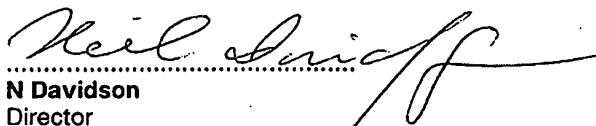
Heyser Limited
Registered number: 10694589

**Company Statement of Financial Position
as at 31 December 2017**

	Note	2017 £
Fixed assets		
Investments	12	4,910,056
Current assets		
Debtors	13	1
Cash and cash equivalents		600
		<u>601</u>
Creditors: amounts falling due within one year	14	<u>(523,555)</u>
Net current liabilities		(522,954)
Total assets less current liabilities		<u>4,387,102</u>
Creditors: amounts falling due after more than one year	15	(4,305,031)
Net liabilities		<u><u>82,071</u></u>
Capital and reserves		
Share capital	19	601
Profit and loss account		81,470
		<u><u>82,071</u></u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements. The profit after tax of the company for the period was £81,470.

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


.....
N Davidson
Director

Date: 10.7.18

The notes on pages 12 to 29 form part of these financial statements.

Heyser Limited

Consolidated Statement of Changes in Equity for the Period Ended 31 December 2017

	Share capital £	Profit and loss account £	Total equity £
Comprehensive income for the period			
Profit and total comprehensive income for the period	-	(37,134)	(37,134)
Contributions by owners			
Shares issued during the period	601	-	601
At 31 December 2017	<u>601</u>	<u>(37,134)</u>	<u>(36,533)</u>

Company Statement of Changes in Equity for the Period Ended 31 December 2017

	Share capital £	Profit and loss account £	Total equity £
Comprehensive loss for the period			
Loss and total comprehensive loss for the period	-	81,470	81,470
Contributions by owners			
Shares issued during the period	601	-	601
At 31 December 2017	<u>601</u>	<u>81,470</u>	<u>82,071</u>

Heyser Limited

Consolidated Statement of Cash Flows for the Period Ended 31 December 2017

	2017 £
Cash flows from operating activities	
Loss for the financial period	(37,134)
Adjustments for:	
Amortisation of intangible assets	157,822
Depreciation of tangible assets	40,349
Interest charged to income statement	94,975
Interest credited to income statement	(77)
Taxation charged to the income statement	(59,468)
Decrease in debtors	130,527
Decrease in creditors	(346,103)
Increase in provisions	165,150
Corporation tax received	87
Net cash generated from operating activities	146,128
Cash flows from investing activities	
Purchase of tangible fixed assets	(12,288)
Purchase of fixed asset investments	(4,710,056)
Interest received	77
Cash acquired with subsidiary	1,752,010
Net cash used in investing activities	(2,970,257)
Cash flows from financing activities	
Issue of ordinary shares	600
Other new loans	4,805,031
Interest paid	(94,975)
Net cash generated from financing activities	4,710,656
Net increase in cash and cash equivalents	1,886,527
Cash and cash equivalents at the end of period	1,886,527
Cash and cash equivalents at the end of period comprise:	
Cash at bank and in hand	1,886,527
	1,886,527

The notes on pages 12 to 29 form part of these financial statements.

Heyser Limited

Notes to the Financial Statements for the Period Ended 31 December 2017

1. General information

Heyser Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is stated on the company information page and the nature of the company's operations and principal activity are set out in the strategic report.

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

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliation for the group and the parent company would be identical;
- No statement of cash flows has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the group and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Heyser Limited

Notes to the Financial Statements for the Period Ended 31 December 2017

2. Accounting policies (continued)

2.3 Going concern

The directors have considered the position of the group including forecast trading and cash flow projections of its subsidiaries and have concluded that they have sufficient certainty over those cash flows that they remain confident contractual loan repayments can be made without challenging the continued trading of the group when they fall due. As a result the directors have concluded that it is appropriate for the accounts to be prepared on a going concern basis.

2.4 Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expense recognised are recoverable.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the revaluation model, intangible assets shall be carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated amortisation and subsequent impairment losses - provided that the fair value can be determined by reference to an active market.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting date.

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.

The estimated useful lives range as follows:

Order book	-	1	year
Customer relationships	-	7	years
Brand	-	7	years
Sub-lease	-	1	year

2.6 Negative goodwill

Negative goodwill represents the difference between amounts paid on the cost of a business combination and the fair value of the group's share of the identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, negative goodwill is measured at cost less accumulated amortisation. Negative goodwill is amortised on a straight line basis to the consolidated statement of comprehensive income over its useful economic life of 7 years.

Heyser Limited

Notes to the Financial Statements for the Period Ended 31 December 2017

2. Accounting policies (continued)

2.7 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:

Leasehold property	- 3-5 years
Equipment	- 3 years

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 consolidated statement of comprehensive income.

2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 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.

2.10 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.

In the consolidated 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 group's cash management.

Heyser Limited

Notes to the Financial Statements for the Period Ended 31 December 2017

2. Accounting policies (continued)

2.11 Financial Instruments

The group 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.

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 debtors and creditors, 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 the 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.

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 consolidated 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 of the recoverable amount, which is an approximation of the amount that the group 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.

2.12 Creditors

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

Heyser Limited

Notes to the Financial Statements for the Period Ended 31 December 2017

2. Accounting policies (continued)

2.13 Foreign currency translation

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 consolidated 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 consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other operating income'.

2.14 Finance costs

Finance costs are charged to the consolidated 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.

2.15 Dividends

Dividends received from investments are recognised as income through profit or loss when the company has unconditional rights to receive the dividends.

2.16 Operating leases

Rentals paid under operating leases are charged to the consolidated 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.

2.17 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the consolidated 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 group in independently administered funds.

Heyser Limited

Notes to the Financial Statements for the Period Ended 31 December 2017

2. Accounting policies (continued)

2.18 Interest income

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

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions for dilapidations are capitalised within the value of the related leasehold property on inception of a lease, when the group has a legal obligation. These provisions are a best estimate of the cost required to return the leased property to its original condition upon termination of the lease. The provision is released to the consolidated statement of comprehensive income over the life of the lease, and is included within the group's depreciation charge.

When dilapidations payments are eventually made, they are charged to the provision carried in the statement of financial position.

2.20 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated 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 reporting date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

Heyser Limited

Notes to the Financial Statements for the Period Ended 31 December 2017

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

In preparing these financial statements, the directors have made the following judgements:

- Determine whether the going concern basis is appropriate for the preparation of the financial statements. Factors considered include trading results in the group's primary business, client portfolio and revenue forecasts.
- Determine that turnover in respect of long term contracts and contracts for on-going services is recognised by reference to the stage of completion. Factors considered include milestone achievements and level of staff time incurred per project.

4. Turnover

The whole of the turnover is attributable to the principal activity of the group.

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	Period ended 31 December 2017 £
Depreciation of tangible fixed assets	40,349
Amortisation of intangible assets, including goodwill	157,822
Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements	33,130
Fees payable to the group's auditors and its associates for other services to the group:	
- Tax compliance	7,500
- Other	5,950
Exchange differences	201
Other operating lease rentals	54,566

Heyser Limited

Notes to the Financial Statements for the Period Ended 31 December 2017

6. Employees

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

	Period ended 31 December 2017 £
Wages and salaries	751,559
Social security costs	101,390
Cost of defined contribution pension scheme	40,757
	<u>893,706</u>

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

	Period ended 31 December 2017 No.
Administrative staff	60
Management staff	4
	<u>64</u>

The company has no employees other than the directors, who were remunerated by other group companies.

Heyser Limited

Notes to the Financial Statements for the Period Ended 31 December 2017

7. Directors' remuneration

	Period ended 31 December 2017 £
Directors' emoluments	117,126
Company contributions to defined contribution pension schemes	7,968
	<u>125,094</u>

During the period retirement benefits were accruing to 2 directors in respect of defined contribution pension schemes.

The highest paid director received remuneration of £44,969.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,814.

Key management personnel

Key management personnel include all directors who have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £117,126. The figure is inclusive of the directors' remuneration disclosed above.

8. Interest payable and similar charges

	Period ended 31 December 2017 £
Investor loan interest payable	<u>94,975</u>

Heyser Limited

Notes to the Financial Statements for the Period Ended 31 December 2017

9. Taxation

	Period ended 31 December 2017 £
Corporation tax	
Current tax on loss for the year	8,420
Deferred tax	
Origination and reversal of timing differences	(66,646)
Adjustments in respect of prior periods	(1,242)
Total deferred tax	<u>(67,888)</u>
Taxation on loss on ordinary activities	<u>(59,468)</u>

Factors affecting tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19.25%. The differences are explained below:

	Period ended 31 December 2017 £
Loss on ordinary activities before tax	<u>(96,602)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25%	(18,596)
Effects of:	
Fixed asset differences	13,848
Expenses not deductible for tax purposes	36,991
Other permanent differences	67
Group income	464
Adjustments to tax charge in respect of prior periods	(1,242)
Changes to tax rates	(14,196)
Deferred tax not recognised	(76,804)
Total tax charge for the period	<u>(59,468)</u>

Heyser Limited

Notes to the Financial Statements for the Period Ended 31 December 2017

10. Intangible assets

Group

	Order book £	Customer relationships £	Brand £	Sub-lease £	Negative goodwill £	Total £
Cost						
Arising on business combinations	203,000	3,281,000	283,000	39,000	(839,000)	2,967,000
At 31 December 2017	203,000	3,281,000	283,000	39,000	(839,000)	2,967,000
Amortisation						
Charge for the year	50,750	117,179	10,107	9,750	(29,964)	157,822
At 31 December 2017	50,750	117,179	10,107	9,750	(29,964)	157,822
Net book value						
At 31 December 2017	152,250	3,163,821	272,893	29,250	(809,036)	2,809,178

Heyser Limited

Notes to the Financial Statements for the Period Ended 31 December 2017

11. Tangible fixed assets

Group

	Short-term leasehold property £	Office equipment £	Total £
Cost			
Additions	818	11,470	12,288
Arising on business combinations	136,527	86,480	223,007
At 31 December 2017	137,345	97,950	235,295
Depreciation			
Charge for the period	6,570	33,779	40,349
At 31 December 2017	6,570	33,779	40,349
Net book value			
At 31 December 2017	130,775	64,171	194,946

Heyser Limited

Notes to the Financial Statements for the Period Ended 31 December 2017

12. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
Additions	4,910,056
At 31 December 2017	<u>4,910,056</u>
Net book value	
At 31 December 2017	<u><u>4,910,056</u></u>

The undertakings in which the company's interest at the year end is 20% or more are as follows:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Hey Human Limited	England and Wales	Ordinary	100 %	Marketing
Closer To Limited	England and Wales	Ordinary	100 %	Marketing

*The registered office of both of the above subsidiaries is 40 Vanston Place, London, SW6 1AX.

See note 21 for further detail on the business combination.

13. Debtors

	Group 2017 £	Company 2017 £
Trade debtors	1,707,573	-
Other debtors	18,427	-
Unpaid share capital	1	1
Prepayments and accrued income	607,655	-
	<u>2,333,656</u>	<u>1</u>

All amounts shown under debtors fall due for payment within one year.

Heyser Limited

Notes to the Financial Statements for the Period Ended 31 December 2017

14. Creditors: Amounts falling due within one year

	Group 2017 £	Company 2017 £
Investor loans	500,000	500,000
Trade creditors	820,192	-
Corporation tax	8,507	-
Other taxation and social security	174,339	-
Other creditors	129,390	-
Accruals and deferred income	567,501	23,555
	<u>2,199,929</u>	<u>523,555</u>

15. Creditors: Amounts falling due after more than one year

	Group 2017 £	Company 2017 £
Investor loans	<u>4,305,031</u>	<u>4,305,031</u>

The loan relates to an investor loan which is unsecured and minimum principal repayments are due semi-annually. The loan accrues interest at a fixed rate of 8%.

The maturity of sources of debt finance are as follows for both the group and the company:

	Investor loans 2017 £
In one year or less, or on demand	500,000
In more than one year but not more than two years	390,000
In more than two years but not more than five years	850,000
In more than five years	3,065,031
	<u>4,805,031</u>

Heyser Limited

Notes to the Financial Statements for the Period Ended 31 December 2017

16. Financial instruments

	Group 2017 £
Financial assets	
Financial assets that are debt instruments measured at amortised cost	3,970,401
	<u>3,970,401</u>
Financial liabilities	
Financial liabilities measured at amortised cost	(5,874,054)
	<u>(5,874,054)</u>

Financial assets that are debt instruments measured at amortised cost comprise cash, trade and other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade and other creditors, accrued expenses and investor loans.

17. Deferred taxation

Group

	2017 £
Charged to profit or loss	67,888
Arising on business combinations	(658,618)
At end of year	<u>(590,730)</u>

At end of year

	Group 2017 £
Accelerated capital allowances	(540,545)
Short term timing differences	(185)
Tax losses carried forward and other deductions	(50,000)
	<u>(590,730)</u>

Heyser Limited

Notes to the Financial Statements for the Period Ended 31 December 2017

18. Provisions

Group

	Dilapidations £
Arising on business combinations	165,150
At 31 December 2017	<u>165,150</u>

19. Share capital

	2017 £
Allotted, called up and fully paid	
600 A Ordinary shares of £1 each	600
1 B share of £1	1
	<u>601</u>

On incorporation, the company issued 600 A Ordinary £1 shares at par

On 6 October 2017, 1 £1 B share was issued at par for a total consideration of £1.

20. Reserves

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Heyser Limited

Notes to the Financial Statements for the Period Ended 31 December 2017

21. Business combinations

Acquisition of Hey Human Limited and Closer To Limited

On 6 October 2017, the group acquired 100% of the share capital of Hey Human Limited and Closer To Limited, both of which are incorporated in England and Wales. The fair value and book value of the assets and liabilities of Hey Human Limited and Closer To Limited at the date of acquisition were considered to be equal.

	£
Fair value of net assets	2,401,674
Order book	203,000
Customer relationships	3,281,000
Brand	283,000
Sub-lease	39,000
Deferred tax liability	(658,618)
Negative goodwill	(839,000)
Total purchase consideration	4,710,056
Purchase consideration	(4,710,056)
Cash and cash equivalents in subsidiary acquired	1,752,010
Cash outflow on acquisition	(2,958,046)

The results of Hey Human Limited and Closer To Limited since acquisition are as follows:

	Current period since acquisition £
Turnover	3,175,391
Profit for the period	209,052

The turnover figure is inclusive of £194k in revenue for services provided by Closer To to Hey Human, which has been eliminated on consolidation.

Heyser Limited

Notes to the Financial Statements for the Period Ended 31 December 2017

22. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £198,116. Contributions totalling £1,445 were payable to the fund at the reporting date.

23. Commitments under operating leases

At 31 December 2017 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £
Not later than 1 year	190,292
	<u>190,292</u>

The company had no commitments under non-cancellable operating leases as at the reporting date.

24. Related party transactions

The company has taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose related party transactions with other wholly owned members of the group. There were no other related party transactions not covered by this exemption.

25. Controlling party

In the opinion of the directors there is no ultimate controlling party.