

Director's report and financial statements unaudited

04304392 Limited (formerly known as Bartercard (UK) Limited)

For the year ended: 30 June 2017

Company registration number: 04304392

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04304392 Ltd, Company number 04304392

Financial Statements

Year ended 30 June 2017

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04304392 Ltd, Company number 04304392

Officers and Professional Advisors

Year ended 30 June 2017

Company registration number

04304392

The board of directors

S C Barker
M H d'Almeida
A H J Wiese
T Dietz (resigned 8 December 2017)

Company secretary

S C Barker

Registered office

The Priory
Stomp Road
Burnham
Slough
Berkshire
SL1 7LW

Accountant

MHA MacIntyre Hudson
Pennant House
1-2 Napier Court
Napier Road
Reading
RG1 8BW

Solicitors

Field Fisher Waterhouse
35 Vine Street
London
EC3N 2AA

04304392 Ltd, Company number 04304392

Directors' Report

Year ended 30 June 2017

The directors present their report and financial statements for the year ended 30 June 2017.

LEGAL FORM

04304392 Ltd (the "Company") is a private limited company incorporated, domiciled and registered in England and Wales under the number 04304392. The registered address is The Priory, Stomp Road, Burnham, Slough, Berkshire, SL1 7LW.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company was dormant during the period.

RESULTS AND DIVIDENDS

The Company was dormant during the period and the directors have not recommended a dividend.

GOING CONCERN AND FUTURE DEVELOPMENTS

In determining whether the Company's financial statements can be prepared on the going concern basis, the Directors considered the Company's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and the principal risks and uncertainties relating to its business activities.

The Directors consider it appropriate to prepare the Company's financial statements on the going concern basis. For further details please refer to note 2.

DIRECTORS

The directors who served the company during the year and those resigned since the year end were as follows:

S C Barker
M H d'Almeida
A H J Wiese
T Dietz (resigned 8 December 2017)

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The financial statements for the year ended 30 June 2017 have been prepared in accordance with the IFRS framework.

SHARE CAPITAL

The issued and paid share capital of the Company at 30 June 2017 was £85,653, comprising 428,265 ordinary shares of £0.20. Note 15 shows the movements in the period.

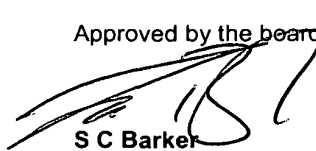
CHARITABLE AND POLITICAL DONATIONS

The Company made no charitable or political donations during the period.

RESEARCH AND DEVELOPMENT

The Company does not undertake any research and development activities.

Approved by the board on 13/3/18 and signed on its behalf by



S C Barker
Director

04304392 Ltd, Company number 04304392

Statement of Directors' Responsibilities

Year ended 30 June 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 30 DECEMBER 2017

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

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

In preparing these financial statements, International Accounting Standard 1 requires that the Directors:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

04304392 Ltd, Company number 04304392

Independent Accountant's Report to the Shareholders of Bartercard (UK) Limited

Year ended 30 June 2017

**REPORT TO THE DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY
ACCOUNTS OF BARTERCARD (UK) LIMITED FOR THE YEAR ENDED 30 JUNE 2017**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the accounts of 04304392 Ltd for the year ended 30 June 2017 as set out on pages 6-27 which comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and accompanying notes. These financial statements have been prepared from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://icaew.com/en/members/regulations-standards-and-guidance/>.

This report is made solely to the members of 04304392 Ltd, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the accounts of 04304392 Ltd and state those matters that we have agreed to state to the board of 04304392 Ltd, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than 04304392 Ltd and its members as a body for our work or for this report.

It is your duty to ensure that 04304392 Ltd has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit or loss of 04304392 Ltd. You consider that 04304392 Ltd is exempt from the statutory audit requirement for the period.

We have not been instructed to carry out an audit or a review of the accounts of 04304392 Ltd. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

MHA MacIntyre Hudson

MHA MacIntyre Hudson

Pennant House
1-2 Napier Court
Napier Road
Reading
Berkshire
RG1 8BW

27 March 2018

04304392 Ltd, Company number 04304392**Statement of Profit or Loss and Comprehensive Income****Year ended 30 June 2017**

Discontinued operations	Notes	2017 £	2016 £
REVENUE		-	-
Cost of sales		-	-
GROSS PROFIT		-	-
Administrative expenses		-	(62,082)
Other income	3	-	-
OPERATING PROFIT	4	-	(62,082)
Exceptional item		-	-
Finance income	7	-	-
Finance costs	8	-	-
PROFIT BEFORE TAX		-	(62,082)
Income tax expense	9	-	-
(LOSS)/PROFIT FOR THE YEAR		-	(62,082)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	(62,082)

The Company has no continuing operations.

The Company has no recognised gains or losses other than the results for the year as set out above.

All of the loss for the year and total comprehensive income for the year is attributable to the owners of the Company.

The notes on pages 11 to 26 form part of these financial statements.

04304392 Ltd, Company number 04304392**Balance Sheet****Year ended 30 June 2017**

	Notes	2017 £	2016 £
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	10	-	-
Intangible assets	11	-	-
		-	-
CURRENT ASSETS			
Trade and other receivables	12	4,984,791	4,984,791
Cash and cash equivalents	13	-	-
		4,984,791	4,984,791
TOTAL ASSETS		4,984,791	4,984,791
LIABILITIES			
CURRENT LIABILITIES			
Bank overdraft	13	-	-
Trade and other payables	14	1,040,371	1,040,371
TOTAL CURRENT LIABILITIES		1,040,371	1,040,371
TOTAL LIABILITIES		1,040,371	1,040,371
EQUITY			
ISSUED CAPITAL AND RESERVES			
Issued share capital	15	85,653	85,653
Share premium		181,037	181,037
Retained earnings		3,677,730	3,677,730
TOTAL EQUITY		3,944,420	3,944,420
TOTAL EQUITY AND LIABILITIES		4,984,791	4,984,791

Statements:

- (a) The directors are satisfied that the company was entitled to exemption from audit of the financial statements for the year ended 30 June 2017 by virtue of Section 480 of the Companies Act 2006 relating to dormant companies, and that no member or members have requested an audit pursuant to Section 476 of the Companies Act 2006.
- (b) The directors acknowledge their responsibility for:
- ensuring the company keeps accounting records in accordance with Section 386, and
 - preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit and loss for the financial year in accordance with the requirements of Sections 394 and 395, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The notes on pages 11 to 26 form part of these financial statements.

04304392 Ltd, Company number 04304392

Balance Sheet

Year ended 30 June 2017

These financial statements were approved by the board on 13/3/18 and signed on its behalf by



S C Barker
Director

Company registration number: 04304392

The notes on pages 11 to 26 form part of these financial statements.

04304392 Ltd, Company number 04304392

Statement of Changes in Equity

Year ended 30 June 2017

	Issued capital £	Share premium £	Retained earnings £	Total equity £
Balance at 1 July 2016	85,653	181,037	3,677,730	3,944,420
Total comprehensive income for the year	-	-	-	-
Balance at 30 June 2017	85,653	181,037	3,677,730	3,944,420

	Issued capital £	Share premium £	Retained earnings £	Total equity £
Balance at 1 July 2015	85,653	181,037	3,739,812	4,006,502
Total comprehensive income for the year	-	-	(62,082)	(62,082)
Balance at 30 June 2016	85,653	181,037	3,677,730	3,944,420

Share premium

The share premium reserve represents the consideration that has been received in excess of the nominal value of shares on issue of new ordinary share capital.

Retained earnings

The retained earnings reserve represents profits and losses retained in the previous and current periods.

The notes on pages 11 to 26 form part of these financial statements.

04304392 Ltd, Company number 04304392**Statement of Cash Flows****Year ended 30 June 2017**

	Notes	2017 £	2016 £
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		-	(62,082)
NON-CASH ADJUSTMENTS			
Depreciation	10	-	-
Amortisation	11	-	-
Fixed assets disposals		-	-
CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL		-	(62,082)
CHANGE IN WORKING CAPITAL			
(Increase) in trade and other receivables			(2,541)
Increase/(Decrease)-in-trade and other payables		-	64,623
(DECREASE) IN WORKING CAPITAL		-	(62,082)
Finance income		-	-
Interest expense		-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES		-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment		-	-
Interest received		-	-
Interest paid		-	-
NET CASH FLOW USED IN INVESTING ACTIVITIES		-	-
CASH FLOWS USED IN FINANCING ACTIVITIES			
Payment of other loans		-	-
NET CASH FLOW USED IN FINANCING ACTIVITIES		-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		-	-
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		-	-
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	13	-	-

The notes on pages 11 to 26 form part of these financial statements.

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS

The company's financial statements for the year were authorised for issue on the date indicated on the balance sheet, and the balance sheet was signed on the board's behalf by Mr S C Barker, Director. Bartercard (UK) Limited is a limited company incorporated and domiciled in England & Wales.

The principal accounting policies adopted by the company are set out in note 2. The policies have been consistently applied to all the years presented, unless otherwise stated. The company's financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the EU.

The financial statements have been prepared in accordance with the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION

Going concern

The financial statements have been prepared on a going concern basis. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, in addition to which they have taken into account the pledge of ongoing support from the ultimate parent undertaking, Barter Futures Pty Limited. Accordingly, the directors continue to adopt the going concern basis of accounting in preparing these financial statements.

Outlook for adoption of future standards (new and amended)

At the date of authorisation of these Financial Statements, the following standards and relevant interpretations, which have not been applied in these Financial Statements, were in issue but not yet effective (and some of which were pending endorsement by the EU):

- Amendments to IAS 19 Employee Contributions
- IFRS 9 Financial Instruments: Classification and Measurement
- Amendments to IFRS 11 Joint Arrangements
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception
- Annual improvements to IFRS: 2010–2012 Cycle and 2011–2013 Cycle
- IFRS 15 Revenue from Contracts with Customers
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

With the exception of IFRS 9, the Directors anticipate that the adoption of these standards and interpretations in future periods will not have a material impact on these Financial Statements, except for additional disclosures, when the relevant standards come into effect.

IFRS 9 may impact both the measurement and disclosures of the Company's Financial Statements in future periods. However, it is not practicable to provide a reasonable estimate of the effect of this standard until a detailed review has been completed.

The Directors do not expect that the adoption of the other standards listed above will have a material impact on the Financial Statements of the Company in future periods.

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Critical judgements and accounting estimates

In the application of IFRS, management are required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements. Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Accounting for transactions in Trade Dollars

The Company receives trade dollars for services provided to its Bartercard Exchange members and as transaction fees for exchanges made by its members. The Company also expends trade dollars in the acquisition of goods or services used in its operations. The Company has historically spent more trade dollars than it has earned, which is in line with international standards on Trade Exchange fiscal management.

In addition to receiving cash publication and transaction fees, the Company also receives Bartercard trade dollars from members of the Trade Exchange in connection with its services in operating the Exchange. These trade dollars are utilised by the Company for either the acquisition of goods and services that are then made available for purchase by members of the Exchange (enabling the Company to earn cash transaction fees) or for use by the Company in its operations. Due to the uncertainty as to when trade dollars received will be spent, the Company does not record revenue at the time of receipt of these trade dollars.

Where the Company acquires, in exchange for trade dollars, non-current assets from which it expects to derive future economic benefits, it recognises the fair value of the these assets within the relevant balance sheet caption. At the time of recognising the asset the corresponding credit is reflected as revenue in the income statement.

Impairment

Pursuant to guidance established in IAS 36 'Impairment of Assets', the company reviews its assets for impairment whenever events or changes in circumstances indicate that the carrying amounts of the asset may not be recovered, except for indefinite life intangible assets, which are reviewed annually for impairment. The Company looks primarily to the undiscounted future cash flows in its assessment of whether or not assets have been impaired. When any such impairment exists, the related assets will be written down to fair value.

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. All such revenue is reported net of discounts and value added and other sales taxes. The company and its fellow subsidiaries derive revenue from franchisees for the provision of trading services such as training, management support and other services including third party record keeping, as well as the use of the Bartercard trademark, intellectual property and computer information systems. The following specific recognition criteria apply to the various types of income:

Transaction fees – revenue relating to transaction fees is recognised, where collectability is assured, on an 'as earned' basis, based on a percentage of trading volume.

Ongoing subscription fees – are recognised rateably over the period in which the service has been performed.

Franchise fees – the company recognises the revenue attributable to the Bartercard trademark and software licence upon delivery of the franchise/product where there is evidence of an arrangement in place unless the fee is not fixed or determinable or collectability is not probable.

The company considers all arrangements with payment terms extending beyond twelve months and other arrangements with payment terms longer than normal to be fixed or determinable. If the fee is not fixed or determinable, revenue is recognised as payments become due from the customer. If collectability is not considered probable, revenue is recognised when the fee is collected. Franchise fees comprise sales of country franchises and sales of national franchises.

Arrangements that include software services, where there is evidence of an arrangement in place and collectability is assured, are evaluated to determine whether those services include the significant modification or customisation of software. When software services include the significant modification or customisation of software, revenue under the arrangements is recognised using contract accounting (see below). When software does not include the modification or customisation of software, the revenue allocable to the software services is recognised as the services are performed. Software services are generally limited to training or nominal installation and are included in 'Other Revenue'.

Contract accounting – for arrangements that include customisation or modification of the software, or where software services are otherwise considered essential, revenue is recognised using contract accounting. Revenue from these software arrangements is recognised on a percentage of completion method with progress to completion measured based upon labour costs incurred. Where the percentage of completion method is not able to be measured, revenue is recognised on a completed contract basis.

Publication fees – publication fees are fees received from members for their initial listing in the trade directory. The trade directory is a quarterly publication. The Publication Fees are recognised on their receipt from members, following a 7 day cooling off period. These fees are otherwise not refundable in cash.

Other operating revenue – Other miscellaneous income such as penalty, late and overdrawn fees, and real estate commissions are recognised as incurred and when collectability is assured.

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Income taxes

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

Deferred tax is recognised on all temporary differences. This involves comparison of the carrying amount of assets and liabilities in the consolidated financial statements with their respective tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are provided for in full. Deferred tax assets and liabilities are calculated without discounting, at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (tax laws) that have been enacted or substantially enacted by the balance sheet date. All changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity (such as hedging and translation reserve) in which case the related deferred tax is also charged or credited directly to equity.

Tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be recognised and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. All fixed assets, excluding land and buildings and leasehold improvements, are depreciated using either a reducing balance or straight line basis over their estimated useful lives, commencing from the time the asset is held ready for use.

Classes of property, plant and equipment and their related depreciation rates are as follows.

<i>Asset</i>	<i>Depreciation rate</i>
Equipment	25% reducing balance
Fixtures and fittings	25% reducing balance
Motor vehicles	33% straight line

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable, and at least annually.

Foreign currencies

The Financial Statements are presented in the currency of the primary economic environment in which it operates (its functional currency) which is Pounds Sterling.

In preparing the Financial Statements transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Intangible assets

Acquired both separately and from a business combination

Intangible assets acquired separately are capitalised at cost and from a business acquisition are capitalised at fair value as at the date of acquisition. These include customer lists, franchise costs and purchased internet software. The useful lives of these intangible assets are assessed to be either finite or indefinite. Amortisation is charged on assets with finite lives over their estimated useful economic life on a straight line basis and this expense is taken to the statement of comprehensive income through the 'depreciation and amortisation' line item. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred. Intangible assets are tested for impairment annually either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

The Company amortises finite life assets over their estimated useful life using the straight-line method as follows:

Licences and franchises	-	over the estimated life of 20 years
Bartercard UK franchise	-	over the estimated life of 5 years

Financial risk management objectives and policies

The company uses various financial instruments; these include loans, cash and cash equivalents, equity investments and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. The directors review and agree policies for managing each of these risks.

Liquidity risk

The consolidated entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Interest rate risk

The entity is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by maintaining a mix of fixed and floating interest rates.

Credit risk

Financial instruments, which potentially subject the company to concentrations of credit risk, consist principally of cash, cash equivalents and accounts receivable. The company invests cash and cash equivalents, which are not required for immediate operating needs, with various high credit quality financial institutions located in the U.K. The company performs credit evaluations of its customers' financial conditions and does not require collateral for accounts receivable. The company maintains a provision for doubtful accounts which is based upon the expected collectability of all accounts receivable based on a review of the company's history of collection.

The trade receivables and associated provision are analysed in note 12.

Financial risk management objectives and policies (continued)

Fair values

The fair values of the company's financial instruments are considered not to be materially different from the book value.

Leased assets

In accordance with IAS 17 "Leases", the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the asset. The related asset is recognised at the time of the inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.

All other leases are regarded as operating leases and the payments made under these are charged to the income statement on a straight-line basis over the period of the lease.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and highly liquid investments having an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash. Cash and cash equivalents are subject to an insignificant risk of change in value.

Financial instruments

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual terms of the instrument.

Trade and other receivables

Trade receivables do not carry any interest and are initially recognised at fair value. Trade receivables are provided against when objective evidence is received that the company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Other receivables are recognised as fair value and stated at amortised cost.

Bank borrowings

Interest bearing bank loans and overdrafts are initially recorded at fair value net of transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on the accruals basis in the income statement using the effective interest method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

All interest related charges are recognised as an expense in the income statement.

Trade and other payables

Trade and other payables are stated at their fair value on initial recognition and are subsequently measured at amortised cost.

Equity instruments

Equity instruments issued by the company are recorded at the value of the proceeds received, net of direct costs.

04304392 Ltd, Company number 04304392

Notes to the Financial Statements (continued)

Year ended 30 June 2017

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Financial instruments (continued)

Equity

Equity comprises the following:

Share capital – represents the nominal value of equity shares

Retained earnings – represents the accumulated retained profits

Share premium – represents the excess over nominal value of the fair value of consideration for shares issued

Borrowing costs

All borrowing costs are expensed as incurred.

3. OTHER INCOME

	2017 £	2016 £
Bad debts recovered and sundry income	-	-

4. OPERATING PROFIT

Operating profit is stated after charging the following:

	2017 £	2016 £
Depreciation of property, plant and equipment	-	-
Amortisation of intangible assets	-	-
Auditor's fees:		
- Audit services	-	2,500
- Reporting services	-	-
- Taxation services	-	-
Net foreign currency (gain)/loss	-	-
Operating lease payments	-	-
Pension costs	-	-

5. EMPLOYEE EXPENSES

The average number of staff employed by the group during the financial year amounted to:

	2017 No	2016 No
Sales and administrative staff	-	-

The aggregate payroll expenses were as follows:

	2017 £	2016 £
Wages and salaries	-	-
Social security costs	-	-
Short term employee benefits	-	-
Employer pensions contributions	-	-
	-	-

6. DIRECTORS' EMOLUMENTS

Total compensation for key management is as follows:

	2017 £	2016 £
Wages and salaries	-	-
	-	-

	2017 £	2016 £
Executive directors' emoluments and compensation:		
S C Barker	-	-
	-	-

7. FINANCE INCOME

	2017 £	2016 £
Bank and other interest	-	-
	-	-

8. FINANCE COSTS

	2017 £	2016 £
Interest on bank loans, overdraft and other loans	-	-
Interest on finance lease liabilities	-	-
	-	-

9. INCOME TAX

Components of income tax expense

	2017 £	2016 £
Income tax		
Current income tax charge	-	-
Deferred tax		
Deferred tax charge	-	-
Total tax charge	<u>-</u>	<u>-</u>

Reconciliation of income tax charge to accounting profit

The tax assessed on the loss on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 20.75% (2016: 20.75%).

	2017 £	2016 £
Profit / (loss) on ordinary activities before taxation		(62,082)
Profit before taxation multiplied by the standard rate of tax 20.75% (2016: 20.75%)	-	(12,882)
Net income/(expenditure) in trade pounds (note 17)	-	-
Expenses not deductible for tax purposes	-	-
Depreciation in excess of capital allowances	-	-
Short term timing differences	-	-
Losses not utilised	-	12,882
Chargeable gain transferred to group company	-	-
Trade losses utilised	-	-
Total current tax	<u>-</u>	<u>-</u>

Deferred tax

The company has a deferred tax asset of £Nil (2016: £Nil) in relation to trading losses carried forward, which takes into account expenditure incurred in Trade pounds (see note 17). In view of the trading losses incurred in the prior year and the resultant uncertainty over the recoverability of the asset, this deferred tax asset is not recognised in the company's balance sheet.

10. PROPERTY, PLANT AND EQUIPMENT

At 30 June 2017

	Motor vehicles £	Fixtures and fittings £	Equipment £	Total £
Cost				
At 1 July 2016	-	-	-	-
Disposals	-	-	-	-
At 30 June 2017	-	-	-	-
Depreciation				
At 1 July 2016	-	-	-	-
Disposals	-	-	-	-
At 30 June 2017	-	-	-	-
Carrying value				
At 1 July 2016	-	-	-	-
At 30 June 2017	-	-	-	-

	Motor vehicles £	Fixtures and fittings £	Equipment £	Total £
Cost				
At 1 July 2015	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
At 30 June 2016	-	-	-	-
Depreciation				
At 1 July 2015	-	-	-	-
Disposals	-	-	-	-
Charge for year	-	-	-	-
At 30 June 2016	-	-	-	-
Carrying value				
At 1 July 2015	-	-	-	-
At 30 June 2016	-	-	-	-

The net carrying amount of property, plant and equipment includes £nil (2016: £nil) in respect of leased assets.

04304392 Ltd, Company number 04304392**Notes to the Financial Statements (continued)****Year ended 30 June 2017****11. INTANGIBLE ASSETS****At 30 June 2017**

	Licences and franchises £	Bartercard UK franchises £	Total £
Cost			
At 1 July 2016	100,000	250,324	350,324
At 30 June 2017	100,000	250,324	350,324
Amortisation			
At 1 July 2016	(100,000)	(250,324)	(350,324)
Charge for year	-	-	-
At 30 June 2017	(100,000)	(250,324)	(350,324)
Carrying value			
At 1 July 2016	-	-	-
At 30 June 2017	-	-	-

At 30 June 2016

	Licences and franchises £	Bartercard UK franchises £	Total £
Cost			
At 1 July 2015	100,000	250,324	350,324
At 30 June 2016	100,000	250,324	350,324
Amortisation			
At 1 July 2015	(100,000)	(250,324)	(350,324)
Charge for year	-	-	-
At 30 June 2016	(100,000)	(250,324)	(350,324)
Carrying value			
At 1 July 2015	-	-	-
At 30 June 2016	-	-	-

The above figures for cost and accumulated depreciation of franchises and licences have been restated to reflect the historical cost of acquisition of a licence acquired from Bartercard International Pty Limited in 1996. Both cost and accumulated depreciation as at 1 July 2011 have been increased by £61,250, with no resultant effect on carrying values. The cost of the licence had previously been stated at £38,750 being the book value at which the licence was transferred from a fellow subsidiary undertaking. As the agreement for the acquisition of the licence was in the name of Bartercard (UK) Limited, the directors consider that the restated figures provide a more accurate representation of the original transaction.

12. TRADE AND OTHER RECEIVABLES

	2017 £	2016 £
Receivable from trade customers	-	-
Allowance for doubtful debts	-	-
	-	-
Receivable from related parties (note 18)	4,984,650	4,984,650
Prepayments	141	141
Other receivables	-	-
	4,984,791	4,984,791

Allowances against doubtful debts are recognised against overdue trade receivables based on estimated irrecoverable amounts determined by reference to past default experience. At 30 June 2017 trade receivables are shown net of an impairment allowance of £nil (2016: £Nil).

Before accepting any significant new customer, the company performs credit evaluations of its customers' financial conditions and does not require collateral for accounts receivable. The average credit period offered on sales of goods during 2017 was 30 days (2016: 30).

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the year end but against which the company has not recognised an allowance for doubtful receivables. There has not been a significant change in credit quality and the amounts are still considered recoverable.

Analysis of trade receivables that were past due but not impaired:

	2017 £	2016 £
Not past due	-	-
Not more than 30 days	-	-
Overdue between 31 to 60 days	-	-
Overdue between 61 to 90 days	-	-
Overdue between 91 to 120 days	-	-
More than 120 days	-	-
	-	-

Analysis of impaired trade receivables:

	2017 £	2016 £
More than 120 days	-	-
	-	-

04304392 Ltd, Company number 04304392**Notes to the Financial Statements (continued)****Year ended 30 June 2017**

12. TRADE AND OTHER RECEIVABLES (continued)

The movement in the allowance for doubtful debts was as follows:

	2017 £	2016 £
Balance at the beginning of the period	-	-
Impairment losses recognised	-	-
Amounts written off during the year as uncollectable	-	-
Amounts transferred to Bartercard Operations	-	-
Balance at the end of the period	-	-

Trade receivables net of allowance for doubtful debts:

	2017 £	2016 £
Gross value of not impaired trade receivables	-	-
Gross value of impaired trade receivables	-	-
Allowance for doubtful debts	-	-
	-	-

04304392 Ltd, Company number 04304392**Notes to the Financial Statements (continued)****Year ended 30 June 2017**

13. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2017 £	2016 £
Bank balances	-	-
Cash in hand	-	-
Cash and cash equivalents	-	-
Bank overdraft	-	-
Cash and cash equivalents in the statement of cash flows	-	-

The Bank has a debenture for all sums over the whole assets of the company dated 26 November 2002.

14. TRADE AND OTHER PAYABLES

	2017 £	2016 £
Payable to trade suppliers	-	-
Payable to related parties	1,032,970	982,970
Other payables	7,401	57,401
Accrued liabilities	-	-
	1,040,371	1,040,371

Trade payables and accrued liabilities comprise amounts outstanding for trade purchases and ongoing costs.

The average credit period taken for trade purchases is 30 days (2016: 30). For most suppliers no interest is charged on trade payables following the credit period. The company policy is to ensure that payables are paid within the pre-agreed credit terms and to avoid incurring penalties.

Amounts payable to related parties are payable on demand and incur no interest (see note 18 for details).

Other creditors include sales taxes, social security and employment taxes due to local tax authorities.

The directors consider that the carrying amount of trade and other payables approximates their fair value.

04304392 Ltd, Company number 04304392**Notes to the Financial Statements (continued)****Year ended 30 June 2017****15. SHARE CAPITAL**

	No.	2017 £	No.	2016 £
Issued and fully paid				
Ordinary share capital of £0.20 each	428,265	85,653	428,265	85,653

All issued share capital is classified as equity. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the company.

Capital risk management

Capital is managed to ensure that the entity will be able to continue as a going concern.

The capital structure consists of equity attributable to equity holders, comprising issued capital, share premium and retained earnings.

16. OPERATING LEASE COMMITMENTS

The company has commitments under non-cancellable operating leases as follows:

	2017 £	2016 £
Less than one year	-	-
Later than one year but less than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Operating lease commitments comprise amounts payable by the entity for its office properties and office equipment. Typically property leases are entered into for a minimum of ten years with rent reviews and break clauses applying to the agreements.

17. NON-CASH FINANCING ACTIVITIES

Bartercard trade pound activities

The company receives trade pounds for services provided to its Bartercard Exchange members and as transaction fees for exchanges made by its members. The company also expends trade pounds in the acquisition of goods or services used in its operations. The company has spent virtually all trade pounds for broker commissions, advertising, salaries and legal settlements. The company also has the ability to spend trade pounds with no current obligations to the exchange and the company has historically spent more trade pounds than it has earned.

As no current obligation arises to the exchange, no liability therefore arises in accordance with IAS 32 'Financial Instruments – Disclosure and Presentation'. Accordingly, trade transactions are not recorded in the financial statements.

Accounting for publication and transaction fees received in Bartercard trade pounds

In addition to receiving cash publication and transaction fees, the company also receives Bartercard trade pounds from members of the trade exchange in connection with its services in operating the exchange. These trade pounds are utilised by the company for either the acquisition of goods and services that are then made available for purchase by members of the exchange (enabling the company to earn cash transaction fees) or for use by the company in its operations.

The company does not record revenue at the time of earning these trade pounds because there is no persuasive evidence that the value of the services provided by the company exceeds the amount of monetary consideration received. Further, the company does not record revenue at the time of receiving the trade pounds because not all of the company's performance obligations have been completed. The company must continue successfully to operate the exchange in future periods in order to be able to utilise the trade pounds.

Accordingly, the company has not recorded transactions denominated in Bartercard trade pounds in these financial statements. However, income and expenditure denominated in trade pounds are included in the company's results submitted to HM Revenue and Customs. Accordingly, any resultant effect on corporation tax or deferred tax in respect of these amounts is reflected in these financial statements.

18. RELATED PARTY TRANSACTIONS

Parent and ultimate controlling party

The company's immediate parent company is Bartercard International Limited (Bermuda), and its ultimate holding company is Barter Futures Pty Limited. Barter Futures Pty Limited is incorporated and registered in Australia. There is no ultimate controlling party.

Related parties

The definition of related parties includes subsidiary, associated and joint venture companies, as well as the Company's key management personnel.

The key management personnel of the Company are the directors. Details regarding their remuneration and other transactions are disclosed in note 6 to these financial statements.

Particulars of transactions with group companies, and the balances outstanding at the year end are disclosed below:

18. RELATED PARTY TRANSACTIONS (continued)

Amounts payable to related parties

	2017 £	2016 £
<i>Amounts payable to parent entities:</i>		
Bartercard International Limited (Bermuda)	-	-
<i>Amounts payable to fellow subsidiaries:</i>		
Bartercard Real Estate Limited	30,255	30,255
Bartercard International Limited (UK)	748,140	748,140
Bartercard Operations-UK Ltd	254,575	204,575
	<u>1,032,970</u>	<u>982,970</u>

Balances payable to and receivable from related parties are payable on demand and are interest-free.

Amounts receivable from related parties

	2017 £	2016 £
<i>Amounts receivable from parent entities:</i>		
Bartercard Limited	1,183,317	1,183,317
Bartercard International Limited (Bermuda)	374,863	374,863
<i>Amounts receivable from fellow subsidiaries:</i>		
Bartercard International Singapore Pte Limited	65,255	65,255
Bartercard International Pty Limited (Australia)	184,464	184,464
Bartercard Exchange Limited	3,176,751	3,176,751
	<u>4,984,650</u>	<u>4,984,650</u>

Transactions with related parties

The following transactions with related parties were recognised in the financial statements:

	2017 £	2016 £
<i>Cost of sales:</i>		
Bartercard International Pty Limited (Australia)	-	-
	<u> </u>	<u> </u>