

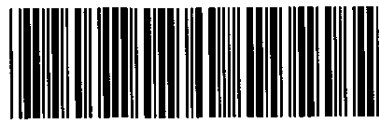
2017

We Are Very Social Limited

REPORT AND THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2017

FRIDAY



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26/10/2018
COMPANIES HOUSE

Company Registration No 07182380

We Are Very Social Limited

DIRECTORS AND ADVISERS

DIRECTORS

N McDonald
R Grant
W Zhao
H Zheng
H Shen

COMPANY NUMBER

07182380

REGISTERED OFFICE

Alphabeta
14-18 Finsbury Square
London
EC2A 1BR, UK

AUDITOR

RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB, UK

BANKS

Barclays Bank PLC
27 Soho Square
London
W1D 3QR

HSBC
60 Queen Victoria Street
London
EC4N 4TR

We Are Very Social Limited

STRATEGIC REPORT

REVIEW OF BUSINESS

The period covered by this report is 12 months to 31 December 2017. During the year, the group grew turnover by over 19% through new and existing customer wins globally. The operating profit was £3.2m (2016: £5.4m), down 41% on prior year. 2016 was an exceptional year for foreign exchange gains from the Brexit referendum that was not repeated in 2017. The Group continues to experience strong organic growth in particular Italy, Germany, Australia and China all experiencing substantial turnover and operating profit growth. In order to service the additional growth, headcount grew 10%. During the year the Brazilian operation was dissolved and SCRIM was sold to its management team and an investment in technology company was acquired.

The group also invested significantly in the development of new systems, the implementation of which commenced in 2017 and is expected to complete in 2018.

FUTURE DEVELOPMENTS

The Company and Group will continue to capitalise on marketing service opportunities arising around social media and related activities on behalf of current and prospective clients around the world.

KEY PERFORMANCE INDICATORS

The table below sets out what are considered to be the key performance indicators for the business benchmarked to last year's performance.

£million's	31 Dec 2017	31 Dec 2016	% change
Turnover	70.4	59.3	19%
Gross Profit	22.4	20.5	9%
Operating Profit	3.2	5.4	(41%)
Operating Margin	5%	9%	(50%)
Net Profit	2.0	4.3	(53%)
Group Net Assets	18	15.8	14%
Average Headcount	604	550	10%

The key factors driving turnover growth and explaining the changes in profit margins are as discussed in the business review above. The group continues to invest in its people and the additional headcount places the group in a position to service existing and pipeline customers' needs.

PRINCIPAL RISKS

The principal risks faced by the company and group are those associated with businesses operating internationally in the marketing services industry. Principally these are:

- Loss of key clients and associated revenue
- Effect of economic cycles affecting marketing expenditure
- Exchange rate fluctuations against sterling affecting the consolidated results
- Goodwill and intangible assets may become impaired
- Operational risk of doing business internationally, including tax regimes, social political stability, laws and regulatory requirements
- Inability to retain or attract key staff

The group closely monitors service delivery levels and pipeline opportunities. The group uses natural hedging strategies insofar as possible to mitigate against foreign exchange risk. The group does not enter into specific

We Are Very Social Limited

STRATEGIC REPORT


hedging instruments or similar arrangements. The group maintains sufficient cash reserves to manage credit and liquidity risks

MATTERS OF STRATEGIC IMPORTANCE

Details of future developments as required under Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 have been included in the separate Strategic Report in accordance with section 414C(11) of the Companies Act 2006

During the year the company established an office in Hong Kong

By order of the board



N McDonald
Director

Date 20/7/18

We Are Very Social Limited

DIRECTORS' REPORT

The directors submit their report and the consolidated financial statements of We Are Very Social Limited for the year ending 31 December 2017

PRINCIPAL ACTIVITIES

The principal activity of the group continues to be that of providing marketing communication services with particular focus on social media and social thinking. The group operates globally from a number of international offices.

The principal activity of the company continues to be that of a holding company.

RESULTS

The consolidated profit and loss account for the year is set out on page 9 of the financial statements.

DIVIDENDS

No dividends were paid in 2017 (2016: £Nil).

DIRECTORS

The following directors held office during the year and through to the date of this report:

N McDonald
R Grant
W Zhao
H Zheng
H Shen (appointed 13 April 2017)
X Zhang (resigned 11 April 2017)

EMPLOYEE INVOLVEMENT

The group encourages the involvement of its employees in management through regular operational meetings with senior staff, and regular company meetings for all staff. In addition, a weekly update is also provided in the larger markets to all staff. The company also engages in an annual all employee engagement survey to facilitate feedback and also asks all employees to input into the company strategy planning process. It encourages people from across the world at all levels, to connect and work together regularly.

The group operates various bonus and commission schemes to reward its employees.

DISABLED PERSONS

The group will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise.

POST BALANCE SHEET EVENTS

In July 2018, the group acquired a minority stake in Socialize, an independent agency in the Middle East.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

We Are Very Social Limited

DIRECTORS' REPORT

MATTERS OF STRATEGIC IMPORTANCE

Details of future developments as required under Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 have been included in the separate Strategic Report in accordance with section 414C(11) of the Companies Act 2006

AUDITOR

A resolution to reappoint RSM UK Audit LLP, Chartered Accountants, as auditor will be put to the members at the annual general meeting

By order of the board

✓ McDonald



Date

20/7/18

We Are Very Social Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 group and company and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WE ARE VERY SOCIAL LIMITED

Opinion on financial statements

We have audited the financial statements of We Are Very Social Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated and company statements of financial position, consolidated and company statements of changes in equity, consolidated cash flow statement 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 FRS 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 profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- 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 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's 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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WE ARE VERY SOCIAL LIMITED

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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the 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,

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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

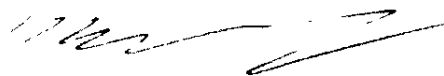
Auditor's responsibilities for the audit of the financial statements

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

Use of our report

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



DAVID BLACHER (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

Date 20 July 2018

We Are Very Social Limited
CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2017

	<i>Notes</i>	2017 £	2016 £
TURNOVER	<i>1</i>	70,402,713	59,337,527
Cost of sales		(48,022,917)	(38,849,180)
GROSS PROFIT		<u>22,379,796</u>	<u>20,488,347</u>
Administrative expenses		(19,218,804)	(15,061,400)
OPERATING PROFIT	<i>2</i>	<u>3,160,992</u>	<u>5,426,947</u>
Interest payable and similar expenses	<i>7</i>	(4,774)	(79,102)
Interest receivable and similar income	<i>6</i>	7,137	4,583
Gain on disposal of subsidiary		132,631	-
PROFIT BEFORE TAXATION		<u>3,295,986</u>	<u>5,352,428</u>
Taxation	<i>8</i>	(1,293,567)	(1,028,745)
PROFIT FOR THE FINANCIAL YEAR		<u>2,002,419</u>	<u>4,323,683</u>

The operating profit for the year arises from the group's continuing operations

We Are Very Social Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2017

	2017	2016
	£	£
PROFIT FOR THE YEAR	2,002,419	4,323,683
OTHER COMPREHENSIVE INCOME NET OF TAXATION		
Currency translation differences on foreign currency net investments	137,082	(236,084)
OTHER COMPREHENSIVE INCOME FOR THE YEAR	<u>137,082</u>	<u>(236,084)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>2,139,501</u>	<u>4,087,599</u>

We Are Very Social Limited

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

at 31 December 2017

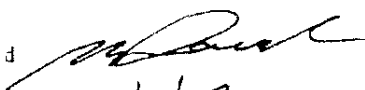
Company Registration No 07182380

	Notes	31 December 2017 £	Group 31 December 2016 £	31 December 2017 £	Company 31 December 2016 £
FIXED ASSETS					
Goodwill	9	1,076,659	1,248,923	-	-
Other intangible assets	10	-	862,930	-	-
Total intangible assets		1,076,659	2,111,853	-	-
Tangible assets	11	3,785,805	3,633,473	187,907	22,192
Investments	12	463,288	-	14,255,157	13,345,343
		5,325,752	5,745,326	14,443,064	13,367,535
CURRENT ASSETS					
Debtors	13	25,754,327	17,810,220	4,002,943	2,528,829
Cash at bank and in hand		5,929,330	8,178,997	303,223	1,118,611
		31,683,657	25,989,217	4,306,166	3,647,440
CREDITORS - Amounts falling due within one year	14	(18,951,770)	(15,948,684)	(10,782,071)	(7,789,274)
NET CURRENT ASSETS (LIABILITIES)		12,731,887	10,040,533	(6,475,905)	(4,141,834)
TOTAL ASSETS LESS CURRENT LIABILITIES		18,057,639	15,785,859	7,967,159	9,225,701
Provision for liabilities	15	(132,279)	-	(21,061)	-
NET ASSETS		17,925,360	15,785,859	7,946,098	9,225,701
CAPITAL AND RESERVES					
Called up share capital	17	31,298	31,298	31,298	31,298
Other reserves	18	2,818	2,818	-	(30,211)
Capital contribution		6,803,706	6,803,706	6,803,706	6,803,706
Profit and loss reserve		11,084,538	8,948,037	1,108,094	2,420,908
		17,925,360	15,785,859	7,946,098	9,225,701

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's loss for the year was £1,250,699 (2016 profit of £84,118)

The financial statements on pages 9 to 34 were approved by the board of directors and authorised for issue on **20 JULY** 2018 and are signed on its behalf by

N McDona d
Director



20/7/18

We Are Very Social Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 December 2017

Company Registration No. 07182380

	Share Capital £	Capital Contribution £	Other Reserves £	Profit and loss reserve £	Total £
BALANCE AT 31 DECEMBER 2015	31,298	6,803,706	2,818	4,860,438	11,698,260
Profit for the period	-	-	-	4,323,683	4,323,683
Other comprehensive income, net of taxation	-	-	-	(236,084)	(236,084)
Total comprehensive income for the period	-	-	-	4,087,599	4,087,599
Dividends	-	-	-	-	-
BALANCE AT 31 DECEMBER 2016	31,298	6,803,706	2,818	8,948,037	15,785,859
Profit for the year	-	-	-	2,002,419	2,002,419
Other comprehensive income, net of taxation	-	-	-	137,082	137,082
2016 issue of J shares	3,000	-	-	(3,000)	-
Total comprehensive income for the year (including transaction with owners)	3,000	-	-	2,133,501	2,139,501
Dividends	-	-	-	-	-
BALANCE AT 31 DECEMBER 2017	34,298	6,803,706	2,818	11,084,538	17,925,360

The capital contribution relates to the acquisition of historic non-controlling interests, payment for which was made by the ultimate parent and classified as a capital contribution. The profit and loss reserve represents accumulated profits less transfers and distributions to owners.

In September 2016 the company issued 3,000 £1 Ordinary J shares at par. This transaction was not recorded in the 2016 financial statements and therefore has been corrected through the 2017 financial statements by way of a reserves transfer.

Other reserves comprise the articles of association reserve and the share option reserve (see note 18).

We Are Very Social Limited
COMPANY STATEMENT OF CHANGES IN EQUITY

31 December 2017

Company Registration No. 07182380

	Share capital £	(capital Contribution £	Other Reserves £	Profit and loss reserve £	Total £
BAI ANCE AT 31 DECEMBER 2015					
Profit for the year	31,298	6,803,706	-	2,336,790	9,171,794
(Other comprehensive income, net of taxation)	-	-	(30,211)	84,118	84,118
Total comprehensive income for the year			(30,211)	84,118	53,907
BAI ANCE AT 31 DECEMBER 2016	31,298	6,803,706	(30,211)	2,420,908	9,225,701
Loss for the year	-	-	-	(1,250,699)	(1,250,699)
(Other comprehensive income, net of taxation)	-	-	30,211	(59,115)	(28,904)
2016 issue of J shares	3,000	-	-	(3,000)	-
Total comprehensive income for the year	3,000		30,211	(1,312,814)	(1,279,603)
BAI ANCE AT 31 DECEMBER 2017	34,298	6,803,706		1,108,094	7,946,098

The capital contribution relates to the acquisition of historic non-controlling interests, payment for which was made by the ultimate parent and classified as a capital contribution. The profit and loss reserve represents accumulated profits less transfers and distributions to owners.

In September 2016 the company issued 3,000 £1 Ordinary J shares at par. This transaction was not recorded in the 2016 financial statements and therefore has been corrected through the 2017 financial statements by way of a reserves transfer.

(Other reserves comprise the articles of association reserve and the share option reserve (see note 18).)

We Are Very Social Limited
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2017

	<i>Notes</i>	2017 £	2016 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	20	(105,184)	7,750,262
Interest paid		(4,774)	(79,102)
Income taxes paid		(1,482,747)	(1,542,142)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES		(1,592,705)	6,129,018
INVESTING ACTIVITIES			
Disposal of subsidiary		91,005	-
Purchase of tangible fixed assets		(890,286)	(987,247)
Purchase of intangible fixed assets		-	(971,092)
Interest received		7,137	4,583
NET CASH USED IN INVESTING ACTIVITIES		(974,154)	(1,953,746)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(2,566,859)	4,175,272
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		8,178,997	4,003,725
Effect of Foreign Exchange rate changes		317,192	-
Net (decrease) / increase in cash from cash flows		(2,566,859)	4,175,272
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		5,929,330	8,178,997
Relating to Bank balances and short-term deposits included in "Cash at bank and in hand"		5,929,330	8,178,997

We Are Very Social Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

ACCOUNTING POLICIES

Company information

We Are Very Social Limited (the "Company") is a private company, limited by shares, domiciled and incorporated in England and Wales. The registered office is Alphabeta, 14-18 Finsbury Square, London, EC2A 1BR, UK.

The Group consists of We Are Very Social Limited and all of its subsidiaries.

The Company's and the Group's principal activities are that of providing PR and marketing consultancy services with particular focus on social media and social thinking.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

The consolidated financial statements are presented in sterling which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest whole £ except where otherwise indicated.

Reduced disclosures

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements in its individual accounts:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income, expense and net gains/losses for each category of financial instrument, basis of determining fair values, details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel;

The financial statements of the Company are consolidated in the financial statements of the Group.

Company statement of comprehensive income

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's loss for the year was £1,250,699 (2016: profit of £84,118).

Basis of consolidation

The consolidated financial statements incorporate those of We Are Very Social Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

We Are Very Social Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

ACCOUNTING POLICIES (CONTINUED)

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill

Where a transaction results in an increased or decreased shareholding in a subsidiary, but control is not gained or lost, any excess of consideration paid or received and the carrying amount of the non-controlling interest is recognised directly in equity

Where a transaction results in control being gained over an investment which was previously accounted for under the equity method, the carrying value of the investment is impaired to cost and thereafter accounted for as a business combination

Investments in associates are measured using the equity method on consolidation

Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for the sale of public relations consultancy and marketing services provided to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax

Turnover is recognised as contract activity progresses, in accordance with the terms of the contractual agreement and the stage of completion of the work. It is in respect of the provision of promotional services including fees, commissions, and rechargeable expenses subject to specific contract. When recorded turnover exceeds the amounts invoiced to clients, the excess is classified as accrued income

Intangible fixed assets – goodwill

Goodwill is capitalised and written off evenly over 10 years as, in the opinion of the directors, this represents the period over which the goodwill is expected to give rise to economic benefits

Intangible fixed assets – other than goodwill

Research and development

The Company capitalises development expenditure as an intangible asset when it is able to demonstrate all of the following

- (a) The technical feasibility of completing the development so the intangible asset will be available for use or sale
- (b) Its intention to complete the development and to use or sell the intangible asset
- (c) Its ability to use or sell the intangible asset
- (d) A market exists for the asset
- (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- (f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development

Capitalised development expenditure is initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses

We Are Very Social Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

ACCOUNTING POLICIES (CONTINUED)

Research and development (continued)

Capitalised development expenditure is amortised on a straight line basis over its useful life, which is 36 months. The directors consider these useful lives to be appropriate because this is the period in which the group is expected to receive the majority of the economic benefit.

All research expenditure and development expenditure that does not meet the above conditions is expensed as incurred.

Other intangible assets

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows -

Purchased software	33.33% straight line
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Amortisation is revised prospectively for any significant change in useful life or residual value.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Leasehold improvements	Over the term of the lease
Plant and machinery	25% to 50% straight line
Fixtures, fittings and equipment	25% straight line

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Fixed asset investments

Interests in subsidiaries and associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairments of fixed assets

At each reporting end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

We Are Very Social Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

ACCOUNTING POLICIES (CONTINUED)

Impairments of fixed assets (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial assets

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets are classified as either basic or other financial assets. The classification depends on certain criteria determined at the time of recognition.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing arrangement, the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

Other financial assets

Financial assets classified as other financial assets are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

We Are Very Social Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities

Financial liabilities are classified as either basic or other financial liabilities.

Basic financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Other financial liabilities

Financial liabilities classified as other financial liabilities are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Group's obligations are discharged, cancelled, or they expire.

Equity instruments

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

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from

We Are Very Social Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits

Deferred tax is recognised on income or expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill

Provisions

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases

Rentals payable under operating leases, after deducting any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

We Are Very Social Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

ACCOUNTING POLICIES (CONTINUED)

Foreign exchange (continued)

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income

Assets and liabilities of overseas subsidiaries (including goodwill and fair value adjustments in relation to overseas subsidiaries) are translated into the Group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as the directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in equity

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below

Impairment of assets

Assets are reviewed for impairment at each reporting date to assess whether any current or future events and circumstances suggest that their recoverable amount may be less than the carrying value. The recoverable amount is the present value of expected future cash inflows. The accuracy of any such impairment calculation will be affected by unexpected changes to the economic situation, and assumptions which differ from actual outcomes. As such, judgement is applied when determining the levels of provisioning

Amortisation period of goodwill

The directors have estimated the useful economic life of the goodwill recognised in relation to the acquisition of We Are Social Srl at 10 years. The accuracy of the estimate may be affected by future business growth and risks

Critical areas of judgement

Operating lease commitments

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Company as lessee

Fair Value accounting

The group acquired a 19.9% stake in a new company, Metigy Pty Ltd ("Metigy") as part of the consideration received in relation to the group's disposal of its entire (100%) interest in its subsidiary undertaking, We Are Social CRM Pty Ltd ("SCRM"), a company incorporated in Australia. The transaction required the directors to assess the fair value of the consideration received, which involved judgements in terms of the future cash flows expected to arise from the group's investment valued at their present value. The directors do not believe there will be any further areas of critical estimation uncertainty requiring further disclosure

We Are Very Social Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1 TURNOVER AND PROFIT BEFORE TAXATION

The turnover of the Group and profit before taxation were all derived from its principal activity

Segmental analysis by geographical area

	2017 £	2016 £
United Kingdom	12,695,559	7,328,776
Europe	41,721,337	34,478,614
Rest of the world	15,985,817	17,530,137
	<u>70,402,713</u>	<u>59,337,527</u>

2 OPERATING PROFIT

	2017 £	2016 £
Profit before taxation is stated after charging/(crediting)		
Depreciation of tangible assets	911,421	650,720
Amortisation of intangible assets	-	322,945
Amortisation of goodwill	172,264	172,266
Loss on disposal of intangible assets	-	(17,721)
Loss (Gain) on foreign exchange transactions	158,195	(527,457)
Operating lease rentals	3,003,054	2,490,079
Auditors' remuneration	56,750	53,000
	<u>4,299,685</u>	<u>3,051,222</u>

3 AUDITOR'S REMUNERATION

	2017 £	2016 £
Fees payable to the company's auditor and its associates		
FOR AUDIT SERVICES		
Audit of the group's and company's financial statements	56,750	53,000
	<u>56,750</u>	<u>53,000</u>
FOR OTHER SERVICES		
All other non-audit services	50,700	-
	<u>107,450</u>	<u>53,000</u>

We Are Very Social Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

4	EMPLOYEES	2017 No	2016 No
	The average monthly number of persons (including directors) employed by the group during the year was		
	Directors – Group and Regional	14	16
	Senior managers	64	70
	Consultants	467	409
	Administration	59	55
		604	550
		2017 £	2016 £
	Staff costs for above persons		
	Wages and salaries	29,141,930	24,378,191
	Social security costs	3,138,489	2,970,630
	Pension costs	1,796,189	808,383
		34,076,608	28,157,204
5	DIRECTOR'S REMUNERATION	2017 £	2016 £
	Remuneration for qualifying services	154,170	3,038
	Pension contributions	3,836	-
	Total	158,006	3,308

Two of the directors were accruing retirement benefits in the year (2016 – none)

The directors are paid for their services through We Are Social Limited, a 100% subsidiary located in England and Wales

We Are Very Social Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

6	INTEREST RECEIVABLE AND SIMILAR INCOME	2017	2016
		£	£
	INTEREST INCOME		
	Interest on bank deposits	7,137	4,583
	Total interest receivable	<u>7,137</u>	<u>4,583</u>
7	INTEREST PAYABLE AND SIMILAR EXPENSES	2017	2016
		£	£
	Interest on financial liabilities measured at amortised cost On bank loans and overdrafts	4,774	79,102

We Are Very Social Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

8	TAXATION	2017	2016
		£	£
	Current tax		
	UK corporation tax on profits of the period	238,689	718,226
	Adjustments in respect of previous periods	(111,738)	54,492
	Double Taxation relief	-	(5,071)
	Foreign corporation tax	837,459	684,840
	Adjustments in foreign tax in respect of prior periods	-	5,744
	Total current tax	<u>964,410</u>	<u>1,458,231</u>
	Deferred taxation:		
	Origination and reversal of timing differences	329,157	(429,486)
	Total tax expense	<u>1,293,567</u>	<u>1,028,745</u>

The amount of corporation tax that the Company will pay in the future will be affected by the changes in the rates of corporation tax that were substantively enacted in September 2016, these are from 1 April 2017 a single rate of 19% and from 1 April 2020 a single rate of 17%.

The charge for the year can be reconciled to the profit per the income statement as follows:

Factors affecting tax charge for period	2017	2016
	£	£
The tax assessed for the period is higher than the standard rate of corporation tax in the UK 19% (2016: 20%). The differences are explained below.		
Profit on ordinary activities before tax	3,295,986	5,352,428
Profit on ordinary activities multiplied by average rate of corporation tax in the UK 19% (2016: 20%)	<u>641,380</u>	<u>878,871</u>
Effects of:		
Fixed asset differences	18,319	13,048
Expenses not deductible for tax purposes	93,096	84,783
Income not taxable for tax purposes	197,707	(40,550)
Foreign tax - other	381,482	164,797
Foreign tax adjustments	-	(79,358)
Deferred tax adjustments	108,746	(22,846)
Adjustment to tax charge in respect of previous periods	(111,738)	-
Other short term timing differences	(35,425)	-
Tax charge for year	<u>1,293,567</u>	<u>1,028,745</u>

There are no amounts relating to tax recognised directly in other comprehensive income or equity in addition to amounts charged to the income statement.

We Are Very Social Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

9	GOODWILL	Goodwill £
	GROUP	
	Cost	
	1 January 2017 & 31 December 2017	1,664,005
	Amortisation	
	1 January 2017	415,082
	Charge for the year	172,264
	31 December 2017	587,346
	Net book value	
	31 December 2017	1,076,659
	31 December 2016	1,248,923

All of the goodwill relates to the acquisition of controlling interest in We Are Social srl. This acquisition was funded by a capital contribution from the parent company. Amortisation of goodwill is included within Administrative expenses in the Consolidated Income Statement.

10	OTHER INTANGIBLE ASSETS	Purchased software £	Development costs £	Total £
	GROUP			
	Cost			
	1 January 2017	37,450	1,476,057	1,513,507
	Disposals	(37,450)	(1,163,449)	(1,200,899)
	Asset re-class	-	(312,608)	(312,608)
	31 December 2017	-	-	-
	Amortisation			
	1 January 2017	17,255	633,322	650,577
	Disposals	(17,255)	(494,181)	(511,436)
	Asset re-class	-	(139,141)	(139,141)
	31 December 2017	-	-	-
	Net book value			
	31 December 2017	-	-	-
	31 December 2016	20,195	842,735	862,930

During the year, the directors reviewed the classification of certain assets and have made appropriate adjustments to more accurately reflect the underlying nature of the assets within these financial statements. These reclassifications have resulted in no change to the underlying depreciation charges and/or net book values of the assets concerned. Details are contained in notes 10 and 11 to the financial statements.

We Are Very Social Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

11	TANGIBLE FIXED ASSETS	Leasehold improvements £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
	GROUP				
	Cost				
	1 January 2017	210,401	2,590,099	2,607,606	5,408,106
	Additions	18,269	255,772	616,245	890,286
	Reclassifications	831,411	(1,017,231)	498,428	312,608
	31 December 2017	<u>1,060,081</u>	<u>1,828,641</u>	<u>3,722,279</u>	<u>6,611,000</u>
	Depreciation				
	1 January 2017	206,711	1,090,987	476,935	1,774,633
	Charged in the year	96,571	91,097	723,753	911,421
	Reclassifications	215,460	(463,889)	387,570	139,141
	31 December 2017	<u>518,742</u>	<u>718,195</u>	<u>1,588,258</u>	<u>2,825,195</u>
	Net book value				
	31 December 2017	541,338	1,110,446	2,134,021	3,785,805
	31 December 2016	3,690	1,499,112	2,130,671	3,633,473
	COMPANY			Plant and machinery £	Total £
	Cost				
	1 January 2017			39,114	39,114
	Additions			175,797	175,797
	31 December 2017			<u>214,911</u>	<u>214,911</u>
	Depreciation				
	1 January 2017			16,922	16,922
	Charged in the year			10,082	10,082
	31 December 2017			<u>27,004</u>	<u>27,004</u>
	Net book value				
	31 December 2017			187,907	187,907
	31 December 2016			22,192	22,192

We Are Very Social Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

12	FIXED ASSETS INVESTMENTS	Shares in group undertakings
		£
	COMPANY	
	Cost	
	1 January 2017	13,345,343

	Additions	909,814

	Net book value	
	At 31 December 2017	14,255,157

	GROUP	Shares in Participating interest
		£
	Cost	
	1 January 2017	-

	Additions	463,288

	Net book value	
	At 31 December 2017	463,288

† The Group's investment represents the group's 39.9% interest in Merigy Pty Limited

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Details of the company's subsidiaries at 31 December 2017 are as follows:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
We Are Social CRM Pty Ltd*	Australia	Ordinary	100
We Are Social GmbH	Germany	Ordinary	100
We Are Social Sarl *	France	Ordinary	100
We Are Social Ltda**	Brazil	Ordinary	100
We Are Social Pte Limited	Singapore	Ordinary	100
We Are Social Inc*	USA	Ordinary	100
We Are Social Limited	UK	Ordinary	100
We Are Social SRI	Italy	Ordinary	100
We Are Social Consulting (Shanghai) CO	China	Ordinary	100
We Are Social Limited	Hong Kong	Ordinary	100

* These subsidiaries hold 100% of the issued share capital in We Are Social West Inc, a company incorporated in the USA and We Are Social Production SAS, a company incorporated in France

** We Are Social Ltda was dissolved in the year

The group disposed of its entire interest in the share capital of We Are Social Pty Limited in June 2017

We Are Very Social Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

The principal activity of these undertakings for the last relevant financial year was that of providing marketing communication services

By virtue of Section 479A of the Companies Act 2006, We Are Social Limited is exempt from the Companies Act requirements relating to the audit of the individual accounts *

13 DEBTORS	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Due within one year				
Trade debtors	16,198,264	11,766,360	-	-
Amounts due from subsidiary undertakings	-	-	3,543,356	2,400,081
Other debtors	2,603,350	1,677,435	10,859	(8,033)
Prepayments and accrued income	6,402,104	3,971,409	448,728	94,872
Corporation tax repayable	269,915	-	-	-
Amounts due from group undertakings	84,821	33,543	-	-
	<u>25,558,454</u>	<u>17,448,747</u>	<u>4,002,943</u>	<u>2,486,920</u>
Due in more than one year				
Deferred tax asset (see note 15)	195,873	367,473	-	41,909
	<u>195,873</u>	<u>367,473</u>	<u>-</u>	<u>41,909</u>
Total debtors	<u>25,754,327</u>	<u>17,810,220</u>	<u>4,002,943</u>	<u>2,528,829</u>
14 CREDITORS - Amounts falling due within one year	2017 £	Group 2016 £	2017 £	Company 2016 £
Trade creditors	3,441,685	2,852,078	48,456	27,376
Amounts owed to subsidiary undertakings	-	-	10,434,493	7,406,134
Corporation tax payable	-	217,144	224,658	272,197
Other taxation and social security	2,667,885	2,415,722	(84,471)	(51,200)
Other creditors	3,528,970	2,270,213	14,445	20,831
Accruals and deferred income	8,933,553	7,798,667	144,490	84,639
Amounts owed to group undertakings	379,677	364,861	-	29,296
	<u>8,951,770</u>	<u>15,948,684</u>	<u>10,782,071</u>	<u>7,781,273</u>

We Are Very Social Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

15	PROVISIONS FOR LIABILITIES	2017 £	Group 2016 £	2017 £	Company 2016 £
	Deferred tax liabilities	132,279	-	21,061	-
	Provision for deferred tax has been made as follows			Group 2017 £	Company 2017 £
	Deferred tax liabilities			(132,279)	(21,061)
	Deferred tax assets			195,873	-
	Net position at 31 December 2017			<u>63,594</u>	<u>(21,061)</u>

The major deferred tax liabilities and assets recognised are

Deferred tax liabilities	2017 £	Group 2016 £	2017 £	Company 2016 £
Accelerated capital allowances	132,279	91,591	21,061	(3,393)
	<u>132,279</u>	<u>91,591</u>	<u>21,218</u>	<u>(3,393)</u>
Deferred tax assets	2017 £	Group 2016 £	2017 £	Company 2016 £
Other timing differences	195,873	453,664	-	38,516
	<u>195,873</u>	<u>453,664</u>	<u>-</u>	<u>38,516</u>

The other timing differences represent the deferred tax asset in relation to timing differences between the recognition of a number of expenses for tax purposes and in the financial statements. The deferred tax asset is expected to reverse when the expenses are recognised in the financial statements.

We Are Very Social Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

16	FINANCIAL INSTRUMENTS	Group	
		2017	2016
		£	£
	Carrying amount of financial assets		
	Debt instruments measured at amortised cost	27,517,933	24,858,427
		<u>27,517,933</u>	<u>24,858,427</u>
	Carrying amount of financial liabilities		
	Measured at amortised cost	8,223,309	9,483,888
		<u>8,223,309</u>	<u>9,483,888</u>
17	SHARE CAPITAL	Group	
		2017	2016
		£	£
	Allotted, called up and fully paid		
	9,356 Ordinary shares of £1 each	9,356	9,356
	2,242 A Ordinary shares of £1 each	2,242	2,242
	3,000 B Ordinary shares of £1 each	3,000	3,000
	3,000 C Ordinary shares of £1 each	3,000	3,000
	3,000 D Ordinary shares of £1 each	3,000	3,000
	3,000 E Ordinary shares of £1 each	3,000	3,000
	3,000 F Ordinary shares of £1 each	3,000	3,000
	300 G Ordinary shares of £1 each	300	300
	3,000 H Ordinary shares of £1 each	3,000	3,000
	1,400 I Ordinary shares of £1 each	1,400	1,400
	3,000 J Ordinary shares of £1 each	3,000	-
		<u>34,298</u>	<u>31,298</u>

There were no shares issued or redeemed during the year

The ordinary shares hold 50 votes each and all other classes of shares one vote each. The shares in issue rank par passu in all other respects, except as otherwise stated within the company's articles.

In September 2016 the company issued 3,000 £1 Ordinary J shares at par. This transaction was not recorded in the 2016 financial statements and therefore has been corrected through the 2017 financial statements by way of a reserves transfer.

We Are Very Social Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

18 OTHER RESERVES	Articles of association reserve	Share option reserve	Total
GROUP	£	£	£
BALANCE AT 1 DECEMBER 2016	2,818	-	2,818
Transfer to profit or loss on expiry of options			
BALANCE AT 31 DECEMBER 2016	<u>2,818</u>	<u>-</u>	<u>2,818</u>
BALANCE AT 31 DECEMBER 2017	<u>2,818</u>	<u>-</u>	<u>2,818</u>

19 OPERATING LEASE COMMITMENTS

At the reporting end date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Expiry date	2017	2016
	£	£
Within one year	3,214,521	2,053,949
Between two and five years	9,648,978	10,252,828
In over five years	5,349,426	6,899,267
	<u>18,212,925</u>	<u>19,206,044</u>

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20	CASH GENERATED FROM OPERATIONS	2017	2016
		£	£
	Profit for the year	2,002,419	4,323,682
	Adjustments for		
	Depreciation	911,421	650,720
	Amortisation of intangible assets	172,264	495,210
	Foreign exchange gains	137,071	(217,759)
	Interest paid	4,774	79,102
	Interest receivable	(7,137)	(4,583)
	Loss on disposal of tangible fixed assets	-	117,721
	Taxation	1,293,567	1,028,745
	Operating cash flows before movements in working capital	<u>4,514,379</u>	<u>6,472,838</u>
	Increase in trade and other debtors	(7,839,792)	(3,774,951)
	Increase in trade and other creditors	3,220,239	5,052,381
	Cash (used in) / generated from operations	<u>(105,184)</u>	<u>7,750,262</u>

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21 RELATED PARTY TRANSACTIONS

Remuneration of key management personnel

The remuneration of key management personnel, who are defined as the group and regional directors, is as follows

	2017 £	2016 £
Aggregate compensation	2,538,102	2,068,907

Transactions between the Company and its related parties are disclosed below

	2017 £	2016 £
Dividends paid to directors	-	-

The following amounts were outstanding at the reporting end date

	2017 £	2016 £
Amounts owed to related parties	84,821	58,394
Amounts owed from related parties	387,722	-

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of amounts owed by related parties.

No further transactions with related parties were undertaken such as are required to be disclosed under FRS 102 Section 33 Related Party Disclosures.

22 ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The directors regard BlueFocus International Group, a company incorporated in China, as the immediate parent undertaking by virtue of its interest in the share capital of the company. The ultimate parent undertaking is BlueFocus Intelligent Communications Group. The largest and smallest undertaking for which consolidated accounts are prepared is Bluefocus Communication Group. The accounts of BlueFocus Intelligent Communications Group Co., Ltd. are available from Universal Creative Park, 9 Jiuxianqiao North Road, Cha Yang District, Beijing, 100015, China.

The directors are of the view that there is no sole controlling party of the group.

23 POST-BALANCE SHEET EVENTS

In July 2018, the group acquired a majority stake in Socialize, an independent agency in the Middle East.