Company Registration No. 06979250 (England and Wales)

# ALVA REPUTATION ANALYSIS LIMITED

## ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2019

## PAGES FOR FILING WITH REGISTRAR

# ALVA REPUTATION ANALYSIS LIMITED

## CONTENTS


| | Page |
|---|---|
| Directors' report | 1 |
| Directors' responsibilities statement | 2 |
| Balance sheet | 3 - 4 |
| Statement of changes in equity | 5 |
| Notes to the financial statements | 6 - 13 |

# ALVA REPUTATION ANALYSIS LIMITED

## DIRECTORS' REPORT

### *FOR THE YEAR ENDED 31 DECEMBER 2019*

The directors present their annual report and financial statements for the year ended 31 December 2019.

**Directors**
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

| | |
|---|---|
| A Lopez-Valenzuela | |
| A Pickering | (Resigned 28 February 2019) |
| Q Boyd | |
| O Thomas | (Resigned 25 February 2020) |
| W Haney | |
| R Goldsmith | |
| J J Lehman | |
| E B Brown | (Appointed 25 February 2020) |

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

A Lopez-Valenzuela
**Director**

5 June 2020

# ALVA REPUTATION ANALYSIS LIMITED

## DIRECTORS' RESPONSIBILITIES STATEMENT

### *FOR THE YEAR ENDED 31 DECEMBER 2019*

The directors are responsible for preparing the annual 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# ALVA REPUTATION ANALYSIS LIMITED

## BALANCE SHEET

### *AS AT 31 DECEMBER 2019*

| | Notes | 2019 £ | 2019 £ | 2018 £ | 2018 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 3 | | 815,404 | | 172,699 |
| Tangible assets | 4 | | 16,238 | | 18,635 |
| Investments | 5 | | 67 | | 67 |
| | | | 831,709 | | 191,401 |
| **Current assets** | | | | | |
| Debtors | 7 | 992,259 | | 883,229 | |
| Cash at bank and in hand | | 457,093 | | 1,477,637 | |
| | | 1,449,352 | | 2,360,866 | |
| **Creditors: amounts falling due within one year** | 8 | (1,407,437) | | (1,210,622) | |
| **Net current assets** | | | 41,915 | | 1,150,244 |
| **Total assets less current liabilities** | | | 873,624 | | 1,341,645 |
| **Creditors: amounts falling due after more than one year** | 9 | | (946,152) | | (1,315,400) |
| **Net (liabilities)/assets** | | | (72,528) | | 26,245 |
| **Capital and reserves** | | | | | |
| Called up share capital | 10 | | 2,097 | | 2,097 |
| Share premium account | | | 2,670,296 | | 2,670,296 |
| Profit and loss reserves | | | (2,744,921) | | (2,646,148) |
| **Total equity** | | | (72,528) | | 26,245 |

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 December 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

# ALVA REPUTATION ANALYSIS LIMITED

## BALANCE SHEET (CONTINUED)

### *AS AT 31 DECEMBER 2019*

The financial statements were approved by the board of directors and authorised for issue on 5 June 2020 and are signed on its behalf by:

A Lopez-Valenzuela
**Director**

**Company Registration No. 06979250**

# ALVA REPUTATION ANALYSIS LIMITED

## STATEMENT OF CHANGES IN EQUITY

*FOR THE YEAR ENDED 31 DECEMBER 2019*

| | Notes | Share capital £ | Share premium account £ | Profit and loss reserves £ | Total £ |
|---|---|---|---|---|---|
| **Balance at 1 January 2018** | | 2,035 | 2,570,272 | (2,346,780) | 225,527 |
| **Year ended 31 December 2018:** | | | | | |
| Loss and total comprehensive income for the year | | - | - | (299,368) | (299,368) |
| Issue of share capital | **10** | 62 | 100,024 | - | 100,086 |
| **Balance at 31 December 2018** | | 2,097 | 2,670,296 | (2,646,148) | 26,245 |
| **Year ended 31 December 2019:** | | | | | |
| Loss and total comprehensive income for the year | | - | - | (98,773) | (98,773) |
| **Balance at 31 December 2019** | | 2,097 | 2,670,296 | (2,744,921) | (72,528) |

## 1 Accounting policies

**Company information**

Alva Reputation Analysis Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Print Rooms, 164-180 Union Street, Unit 5.10, London, SE1 0LH.

### 1.1 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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary a mounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared on a going concern basis under the historical cost convention. The principal accounting policies adopted are set out below.

### 1.2 Going concern

The impact of the COVID-19 pandemic (coronavirus) on the ability of the company to continue as a going concern has been assessed by the directors. Since the outbreak, the company has not experienced any material cancellations in client contracts, however, given the uncertainty and related macro-economic outlook, the directors are being more cautious with respect to growth and investment.

Due to the nature of the pandemic, it cannot be certain how long these conditions will continue to affect the company. As at the date of approval of these financial statements, and taking into consideration the latest information published by the UK Government concerning the pandemic, the directors have prepared the financial statements on the going concern basis.

In assessing whether the going concern basis is appropriate, the directors have considered various cash flow scenarios, taking into consideration the potential impact the pandemic could have on the business.

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements and the financial statements do not include any adjustments that would be necessary if the going concern basis was not appropriate.

### 1.3 Turnover

Turnover represents amounts receivable for services net of VAT and trade discounts. Revenue is recognised as earned when, and to the extent that the company obtains the right to consideration in exchange for its performance. Income received in advance of providing the service is recognised over the period that the service is provided and revenue is accrued or deferred accordingly.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion. Revenue is recognised as contract activity progresses, so that for incomplete contracts, it reflects the partial performance of the contractual obligations. For such contracts, the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed.

**1 Accounting policies** **(Continued)**

**1.4 Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Intangible assets are made up entirely of an internally generated IT software development project.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives from the date they are ready for use.

**1.5 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---|---|
| Fixtures, fittings & equipment | 25% on a straight line basis |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

**1.6 Fixed asset investments**

Interests in subsidiaries, associates and jointly controlled entities 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.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

**1.7 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its 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).

**1.8 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand.

**1 Accounting policies** **(Continued)**

**1.9 Financial instruments**

The company 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 instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

***Basic financial assets***

Basic financial assets, which include debtors 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

***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. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

***Basic financial liabilities***

Basic financial liabilities, including creditors and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**1.10 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**1 Accounting policies** **(Continued)**

**1.11 Derivatives**

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

**1.12 Taxation**

The tax expense represents the sum of the tax currently payable.

***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.13 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.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.14 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

**1 Accounting policies** **(Continued)**

**1.15 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

**1.16 Research and development**

Research and development expenditure is written off against profits in the year in which it is incurred unless it is capitalised in accordance with the Intangible fixed asset accounting policy 1.4.

**1.17 Reserves**

***Share premium***

The share premium reserve represents the excess of consideration paid for Ordinary shares above par value.

***Profit and loss reserves***

The profit and loss reserve represents accumulated results to date.

**2 Employees**

The average monthly number of persons (including directors) employed by the company during the year was 32 (2018 - 31).

**3 Intangible fixed assets**

| | Other<br>£ |
|---|---|
| **Cost** | |
| At 1 January 2019 | 172,699 |
| Additions | 642,705 |
| At 31 December 2019 | 815,404 |
| **Amortisation and impairment** | |
| At 1 January 2019 and 31 December 2019 | - |
| **Carrying amount** | |
| At 31 December 2019 | 815,404 |
| At 31 December 2018 | 172,699 |

By the year end all of the intangibles shown above had not been brought into use and therefore they have not been amortised in these financial statements.

## 4 Tangible fixed assets

| | Plant and machinery |
|---|---|
| | £ |
| **Cost** | |
| At 1 January 2019 | 95,469 |
| Additions | 9,882 |
| At 31 December 2019 | 105,351 |
| **Depreciation and impairment** | |
| At 1 January 2019 | 76,834 |
| Depreciation charged in the year | 12,279 |
| At 31 December 2019 | 89,113 |
| **Carrying amount** | |
| At 31 December 2019 | 16,238 |
| At 31 December 2018 | 18,635 |

## 5 Fixed asset investments

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Investments | 67 | 67 |

The amount in fixed asset investments relates to Alva Reputation Intelligence Inc., a wholly owned subsidiary incorporated in the United States of America.

**Movements in fixed asset investments**

| | Shares in group undertakings |
|---|---|
| | £ |
| **Cost or valuation** | |
| At 1 January 2019 & 31 December 2019 | 67 |
| **Carrying amount** | |
| At 31 December 2019 | 67 |
| At 31 December 2018 | 67 |

## 6 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

| Name of undertaking and country of incorporation or residency | | Nature of business | Class of shareholding | % Held Direct |
|---|---|---|---|---|
| Alva Reputation Intelligence Inc | United States of America | Reputation intelligence | Ordinary shares | 100 |

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

| Name of undertaking | Profit/(Loss) | Capital and Reserves |
|---|---|---|
| | £ | £ |
| Alva Reputation Intelligence Inc | (60,262) | (139,633) |

## 7 Debtors

| Amounts falling due within one year: | 2019 £ | 2018 £ |
|---|---|---|
| Trade debtors | 441,665 | 705,366 |
| Corporation tax recoverable | 335,474 | - |
| Amounts owed by group undertakings | - | 52,298 |
| Other debtors | 215,120 | 125,565 |
| | 992,259 | 883,229 |

## 8 Creditors: amounts falling due within one year

| | 2019 £ | 2018 £ |
|---|---|---|
| Bank loans | 369,232 | 184,600 |
| Trade creditors | 202,797 | 124,317 |
| Amounts owed to group undertakings | 36,821 | - |
| Taxation and social security | 156,744 | 131,194 |
| Other creditors | 641,843 | 770,511 |
| | 1,407,437 | 1,210,622 |

## 9 Creditors: amounts falling due after more than one year

| | 2019 £ | 2018 £ |
|---|---|---|
| Bank loans and overdrafts | 946,152 | 1,315,400 |

**9 Creditors: amounts falling due after more than one year** **(Continued)**

Clydesdale Bank Plc. holds a fixed and floating charge over the assets of the company in respect of the bank loan totalling £1,315,384 at the balance sheet date.

**10 Called up share capital**

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| **Ordinary share capital** | | |
| **Issued and fully paid** | | |
| 34,600 Ordinary 'A class' Shares of 1p each | 346 | 346 |
| 131,905 Ordinary 'B class' Shares of 1p each | 1,319 | 1,319 |
| 43,232 Series A Shares of 1p each | 432 | 432 |
| | 2,097 | 2,097 |

**11 Operating lease commitments**

**Lessee**

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

| 2019 | 2018 |
|---|---|
| £ | £ |
| 11,856 | 153,557 |

**12 Share based payments**

At the year end there were 16,792 share options in issue which had been granted to employees. The options are over the ordinary 'B' shares of £0.01 each. No share options were exercised during the year. The exercise price is £0.01 and they expire after 10 years. The options vest at the earlier of a qualifying event or between one and four years from the date of grant.

The share option charge is not material and has therefore not been included in the financial statements.

**13 Ultimate controlling party**

At the year end, the directors are of the opinion that there is no ultimate controlling party.

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