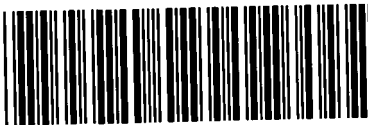


Registered number: 07649324



DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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COMPANIES HOUSE

LIVINGSTONE HOLDINGS LIMITED

COMPANY INFORMATION

Directors

E Mond
S Leuty
D Simpson
G Mond
T Green

Registered number

07649324

Registered office

Kilbrook House
Rose Kiln Lane
Reading
Berkshire
RG2 0BY

Independent auditors

Nexia Smith & Williamson
Chartered Accountants & Statutory Auditor
1 Bishops Wharf
Walnut Tree Close
Guildford
Surrey
GU1 4RA

LIVINGSTONE HOLDINGS LIMITED

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LIVINGSTONE HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

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

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

Directors

The directors who served during the year were:

E Mond
S Leuty
D Simpson
G Mond
T Green

Disclosure of information to auditors

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

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

Auditors

The auditors, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

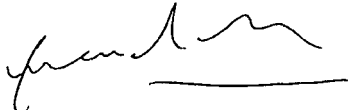
LIVINGSTONE HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on *3 May 2018* and signed on its behalf.



E Mond
Director

LIVINGSTONE HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LIVINGSTONE HOLDINGS LIMITED

Opinion

We have audited the financial statements of Livingstone Holdings Limited (the 'company') for the year ended 31 December 2017 which comprise the Consolidated statement of comprehensive income, Consolidated and parent company balance sheets, Consolidated and parent company statement of changes in equity and the 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).

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.

In our opinion, the financial statements:

- give a true and fair view of the state of the the 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 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.

LIVINGSTONE HOLDINGS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LIVINGSTONE HOLDINGS LIMITED
(CONTINUED)**

Other information

The other information comprises the information included in the Annual report and financial statements, 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.

Opinion 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 1, 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 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 company or to cease operations, or have no realistic alternative but to do so.

LIVINGSTONE HOLDINGS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LIVINGSTONE HOLDINGS LIMITED
(CONTINUED)**

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Nexia Smith & Williamson

Jeffrey Selden (Senior Statutory Auditor)

for and on behalf of
Nexia Smith & Williamson

Chartered Accountants
Statutory Auditor

1 Bishops Wharf
Walnut Tree Close
Guildford
Surrey
GU1 4RA

Date: *4 May 2018*

LIVINGSTONE HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
Turnover	10,442,912	7,462,304
Cost of sales	(177,033)	(254,162)
Gross profit	10,265,879	7,208,142
Administrative expenses	(6,853,987)	(5,892,893)
Other operating income	-	120,000
Operating profit	3,411,892	1,435,249
Interest receivable and similar income	25	43
Interest payable and expenses	-	(1,028)
Profit before taxation	3,411,917	1,434,264
Tax on profit	(610,972)	(295,440)
Profit for the financial year	2,800,945	1,138,824
Currency translation differences	(37,060)	(7,904)
Other comprehensive income for the year	(37,060)	(7,904)
Total comprehensive income for the year	2,763,885	1,130,920

The notes on pages 14 to 28 form part of these financial statements.

LIVINGSTONE HOLDINGS LIMITED
REGISTERED NUMBER: 07649324

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2017

Note		2017 £	2016 £
Fixed assets			
Intangible assets	4	386,528	494,467
Tangible assets	5	101,242	186,738
		<u>487,770</u>	<u>681,205</u>
Current assets			
Debtors: amounts falling due within one year	7	2,721,007	1,764,228
Cash at bank and in hand	8	2,812,067	1,011,145
		<u>5,533,074</u>	<u>2,775,373</u>
Creditors: amounts falling due within one year	9	(3,372,578)	(1,759,103)
Net current assets		<u>2,160,496</u>	<u>1,016,270</u>
Total assets less current liabilities		<u>2,648,266</u>	<u>1,697,475</u>
Provisions for liabilities			
Deferred taxation	10	(1,084)	(30,527)
Provisions	11	-	(5,000)
		<u>(1,084)</u>	<u>(35,527)</u>
Net assets		<u><u>2,647,182</u></u>	<u><u>1,661,948</u></u>

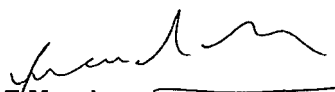
LIVINGSTONE HOLDINGS LIMITED
REGISTERED NUMBER: 07649324

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2017

Note	2017 £	2016 £
Capital and reserves		
Called up share capital	122	124
Share premium account	574,178	499,975
Capital redemption reserve	17	11
Foreign exchange reserve	(45,349)	(8,289)
Other reserves	182,738	182,738
Share option reserve	149,027	78,478
Profit and loss account	1,786,449	908,911
	<u>2,647,182</u>	<u>1,661,948</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 May 2018.


Emond
Director

The notes on pages 14 to 28 form part of these financial statements.

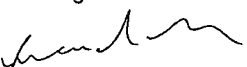
LIVINGSTONE HOLDINGS LIMITED
REGISTERED NUMBER: 07649324

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2017

Note		2017 £	2016 £
Fixed assets			
Investments	6	475,648	475,648
		<u>475,648</u>	<u>475,648</u>
Current assets			
Debtors: amounts falling due within one year	7	45,308	115,512
Cash at bank and in hand	8	1,106,358	109,318
		<u>1,151,666</u>	<u>224,830</u>
Creditors: amounts falling due within one year	9	(617,087)	(46,847)
Net current assets		<u>534,579</u>	<u>177,983</u>
Total assets less current liabilities		<u>1,010,227</u>	<u>653,631</u>
Provisions for liabilities			
Provisions	11	(172,140)	(177,140)
		<u>(172,140)</u>	<u>(177,140)</u>
Net assets excluding pension asset		<u>838,087</u>	<u>476,491</u>
Net assets		<u>838,087</u>	<u>476,491</u>
Capital and reserves			
Called up share capital		122	124
Share premium account		574,178	499,975
Capital redemption reserve		17	11
Share option reserve		149,027	78,478
Profit and loss account		114,743	(102,097)
		<u>838,087</u>	<u>476,491</u>

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 May 2018.


Emond
 Director

LIVINGSTONE HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Foreign exchange reserve £	Other reserves £	Share option reserve £	Profit and loss account £	Total equity £
At 1 January 2017	124	499,975	11	(8,289)	182,738	78,478	908,911	1,661,948
Comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	2,800,945	2,800,945
Movement in reserves	-	-	-	(37,060)	-	70,549	-	33,489
Other comprehensive income for the year	-	-	-	(37,060)	-	70,549	-	33,489
Total comprehensive income for the year	-	-	-	(37,060)	-	70,549	2,800,945	2,834,434
Dividends: Equity capital	-	-	-	-	-	-	(500,023)	(500,023)
Shares issued during the year	4	74,203	-	-	-	-	-	74,207
Purchase of own shares	(6)	-	6	-	-	-	(1,423,384)	(1,423,384)
Total transactions with owners	(2)	74,203	6	-	-	-	(1,923,407)	(1,849,200)
At 31 December 2017	122	574,178	17	(45,349)	182,738	149,027	1,786,449	2,647,182

LIVINGSTONE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Share premium account	Capital redemption reserve	Foreign exchange reserve	Other reserves	Share option reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£	£
At 1 January 2016	124	499,975	11	(385)	182,738	31,292	(229,913)	483,842
Comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	1,138,824	1,138,824
Movement in reserves	-	-	-	(7,904)	-	47,186	-	39,282
Other comprehensive income for the year	-	-	-	(7,904)	-	47,186	-	39,282
Total comprehensive income for the year	-	-	-	(7,904)	-	47,186	1,138,824	1,178,106
Total transactions with owners	-	-	-	-	-	-	-	-
At 31 December 2016	124	499,975	11	(8,289)	182,738	78,478	908,911	1,661,948

The notes on pages 14 to 28 form part of these financial statements.

LIVINGSTONE HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Share option reserve £	Profit and loss account £	Total equity £
At 1 January 2017	124	499,975	11	78,478	(102,097)	476,491
Comprehensive income for the year						
Profit for the year	-	-	-	-	2,140,247	2,140,247
Share option expense	-	-	-	70,549	-	70,549
Other comprehensive income for the year	-	-	-	70,549	-	70,549
Total comprehensive income for the year	-	-	-	70,549	2,140,247	2,210,796
Contributions by and distributions to owners						
Dividends: Equity capital	-	-	-	-	(500,023)	(500,023)
Shares issued during the year	4	74,203	-	-	-	74,207
Purchase of own shares	(6)	-	6	-	(1,423,384)	(1,423,384)
Total transactions with owners	(2)	74,203	6	-	(1,923,407)	(1,849,200)
At 31 December 2017	122	574,178	17	149,027	114,743	838,087

LIVINGSTONE HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Share option reserve £	Profit and loss account £	Total equity £
At 1 January 2016	124	499,975	11	31,292	(24,767)	506,635
Comprehensive income for the year						
Loss for the year	-	-	-	-	(77,330)	(77,330)
Share option expense	-	-	-	47,186	-	47,186
Other comprehensive income for the year	-	-	-	47,186	-	47,186
Total comprehensive income for the year	-	-	-	47,186	(77,330)	(30,144)
Total transactions with owners	-	-	-	-	-	-
At 31 December 2016	124	499,975	11	78,478	(102,097)	476,491

The notes on pages 14 to 28 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. General information

Livingstone Holdings Limited is a private company limited by shares, incorporated in England and Wales with registered number 07649324. The address of the registered office is Kilnbrook House, Rose Kiln Lane, Reading, Berkshire, RG2 0BY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2015.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2. Accounting policies (continued)****2.4 Intangible assets****Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

IP and Systems	-	10	years straight line
In-house developed software	-	5	years straight line

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	-	5 years straight line
Office equipment	-	3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

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

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

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

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

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

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

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.9 Financial instruments (continued)

is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.10 Creditors

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

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.12 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

LIVINGSTONE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.13 Dividends

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

2.14 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.15 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.16 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.17 Provisions for liabilities

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

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

3. Employees

The average monthly number of employees, including directors, during the year was 71 (2016 - 66).

LIVINGSTONE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. Intangible assets

Group and Company

	IP and Systems £	Developed software £	Total £
Cost			
At 1 January 2017	148,000	506,409	654,409
Additions	-	8,282	8,282
At 31 December 2017	<u>148,000</u>	<u>514,691</u>	<u>662,691</u>
Amortisation			
At 1 January 2017	93,733	66,209	159,942
Charge for the year	14,800	101,420	116,220
At 31 December 2017	<u>108,533</u>	<u>167,629</u>	<u>276,162</u>
Net book value			
At 31 December 2017	<u>39,467</u>	<u>347,062</u>	<u>386,529</u>
At 31 December 2016	<u>54,267</u>	<u>440,200</u>	<u>494,467</u>

LIVINGSTONE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5. Tangible fixed assets

Group

	Leasehold improve- ments	Office equipment	Total
	£	£	£
Cost or valuation			
At 1 January 2017	169,650	524,011	693,661
Additions	-	2,983	2,983
Disposals	-	(59,783)	(59,783)
At 31 December 2017	<u>169,650</u>	<u>467,211</u>	<u>636,861</u>
Depreciation			
At 1 January 2017	90,842	416,081	506,923
Charge for the year on owned assets	23,207	64,953	88,160
Disposals	-	(59,464)	(59,464)
At 31 December 2017	<u>114,049</u>	<u>421,570</u>	<u>535,619</u>
Net book value			
At 31 December 2017	<u>55,601</u>	<u>45,641</u>	<u>101,242</u>
At 31 December 2016	<u>78,808</u>	<u>107,930</u>	<u>186,738</u>

LIVINGSTONE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

6. Fixed asset investments

Company

	Subsidiary under- takings	£
Cost or valuation		
At 1 January 2017	475,648	
At 31 December 2017	475,648	
Net book value		
At 31 December 2017	475,648	
At 31 December 2016	475,648	

7. Debtors

	Group	Group	Company	Company
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	2,521,194	1,573,794	-	-
Amounts owed by group undertakings	-	-	-	109,232
Other debtors	20,395	4,826	16,044	30
Prepayments and accrued income	179,418	185,608	-	5,400
Deferred taxation	-	-	29,264	850
	2,721,007	1,764,228	45,308	115,512

8. Cash and cash equivalents

	Group	Group	Company	Company
	2017	2016	2017	2016
	£	£	£	£
Cash at bank and in hand	2,812,067	1,011,145	1,106,358	109,318
	2,812,067	1,011,145	1,106,358	109,318

LIVINGSTONE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. Creditors: Amounts falling due within one year

	Group	<i>Group</i>	Company	<i>Company</i>
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	200,886	93,275	7,590	5,399
Amounts owed to group companies	-	-	588,345	10
Corporation tax	651,083	195,334	-	35,287
Taxation and social security	346,912	372,417	-	-
Other creditors	17,692	24,835	-	1
Accruals and deferred income	2,156,005	1,073,242	21,152	6,150
	<u>3,372,578</u>	<u>1,759,103</u>	<u>617,087</u>	<u>46,847</u>

10. Deferred taxation

Group

	2017
	£
At 1 January 2017	(30,527)
Statement of Comprehensive Income movement	29,443
At 31 December 2017	<u><u>(1,084)</u></u>

LIVINGSTONE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. Deferred taxation (continued)

Company

	2017	£
At 1 January 2017	850	
Statement of Comprehensive Income movement	28,414	
At 31 December 2017	29,264	

The provision for deferred taxation is made up as follows:

	Group	Company	
	2017	2017	
	£	£	
Accelerated capital allowances	(42,970)	-	
Short term timing differences	41,886	29,264	
	(1,084)	29,264	

11. Provisions

Group

	Legal costs	
	£	
At 1 January 2017	5,000	
Utilised in year	(5,000)	
At 31 December 2017	-	

LIVINGSTONE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. Provisions (continued)

Company

	Legal costs £	Parent company support £	Total £
At 1 January 2017	5,000	172,140	177,140
Utilised in year	(5,000)	-	(5,000)
At 31 December 2017	-	172,140	172,140

Legal costs represent the directors' estimate of the outstanding costs related to the settlement of litigation concluded in the prior year.

The Company has guaranteed the recoverability of inter-company balances between its subsidiaries. The parent company support provision represents a potential claim by a subsidiary.

12. Share options

Options have been granted under the Company's Enterprise Management Incentive Scheme to subscribe for Ordinary Shares of the Company as follows:

Grant date	Number of employees with options	Number of ordinary shares	Exercise price £
12 November 2013	1	18	243
20 May 2015	5	243	243
18 June 2015	1	27	243
1 July 2015	1	216	692
9 March 2016	2	90	695
10 January 2017	1	72	695
10 February 2017	1	180	695

Options will lapse immediately on the recipient ceasing to be an employee unless the reason for cessation is injury, disability, illness, transfer (to which the Transfer of Undertakings (protection of Employments) Regulations 1981 apply), retirement or death.

13. Pension commitments

At 31 December 2017 the Group had unpaid pension contributions totalling £11,667 (2016: £10,212).

LIVINGSTONE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. Commitments under operating leases

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

	Group	<i>Group</i>
	2017	<i>2016</i>
	£	<i>£</i>
Not later than 1 year	172,800	<i>155,154</i>
Later than 1 year and not later than 5 years	646,660	<i>643,405</i>
Later than 5 years	172,186	<i>333,851</i>
	991,646	<i>1,132,410</i>

15. Related party transactions

The company's subsidiary undertaking Livingstone Technologies Limited has entered into a 15 year lease ending on 24 December 2028. The lessor is Four Daughters Limited and Samantha Simpson. Emanuel Mond, a director of the company, is a director of Four Daughters Limited. Gabrielle Mond, a director and shareholder of Livingstone Holdings Limited, is a director and shareholder of Four Daughters Limited. Samantha Simpson is the wife of Daniel Simpson, a director and shareholder of Livingstone Holdings Limited. The annual rent paid in the year was £91,968 (2016: £89,282). At the year end there is a balance of £nil (2016: £nil).

The company's subsidiary undertaking Livingstone Technologies Limited has entered into a 9 year lease ending on 29 February 2024. The lessor is Daniel John Simpson, PAL Trustees Limited, Emanuel Mond and Rowanmoor Trusts Limited. Emanuel Mond is a director of Livingstone Holdings Limited. Daniel Simpson is a director and shareholder of Livingstone Holdings Limited. The annual rent paid in the year amounted to £70,079 (2016: £68,873). At the year end there is a balance of £nil (2016: £nil).

Directors held loan notes issued by the company's subsidiary undertaking Livingstone Technologies Limited in the prior year. During the year, interest of £nil (2016: £543) was accrued on the loan notes. Repayments of £nil (2016: £78,250) were made by the company during the year. At year end £nil (2016: £nil) was owed by the company to the directors.

A director also maintains a current account with the company's subsidiary undertaking Livingstone Technologies Limited. At year end, £4,091 (2016: £4,091) was owed to the company and is included within Other Debtors.

During the year, dividends of £427,143 (2016: £nil) in aggregate were paid to four directors.

The company has taken advantage of the exemptions provided by the Reporting Standards and has not disclosed transactions with wholly owned group companies.

16. Controlling party

There is deemed to be no controlling party as the shares are sufficiently widespread.

LIVINGSTONE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Holding
Livingstone Technologies Limited	UK	100%
Livingstone Technologies Pty Ltd	Australia	100%
Specialist Software Services Inc	USA	100%
Specialist Consultants for Software Limited	UK	100%
Livingstone Tech Limited	UK	100%
Livingstone Technology Limited	UK	100%

Name	Business	Registered office
Livingstone Technologies Limited	Information technology consultancy activities	Kilnbrook House, Rose Kiln Lane, Reading, Berkshire, RG2 0BY
Livingstone Technologies Pty Ltd	Information technology consultancy activities	GPO Box 2947, Sydney NSW 2001, Australia
Specialist Software Services Inc	Information technology consultancy activities	4514 Cole Avenue, Suite 600, Dallas, TX 75205, USA
Specialist Consultants for Software Limited	Dormant company	Kilnbrook House, Rose Kiln Lane, Reading, Berkshire, RG2 0BY
Livingstone Tech Limited	Dormant company	Kilnbrook House, Rose Kiln Lane, Reading, Berkshire, RG2 0BY
Livingstone Technology Limited	Dormant company	Kilnbrook House, Rose Kiln Lane, Reading, Berkshire, RG2 0BY

LIVINGSTONE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. Subsidiary undertakings (continued)

The aggregate of the share capital and reserves as at 31 December 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves	Profit/(loss)
	£	£
Livingstone Technologies Limited	1,741,030	2,377,415
Livingstone Technologies Pty Ltd	(220,668)	(54,899)
Specialist Software Services Inc	923,412	917,808
Specialist Consultants for Software Limited	8,201	-
Livingstone Tech Limited	10	-
Livingstone Technology Limited	1,000	-
	<u>2,452,985</u>	<u>3,240,324</u>

All three active subsidiaries listed above are included in the consolidation. Livingstone Technologies Pty Ltd and Specialist Software Services Inc are exempt from audit in Australia and the USA respectively, but have been audited for inclusion in these consolidated financial statements.

Livingstone Holdings Limited has three dormant subsidiaries as listed above, which are exempt from preparing and filing individual accounts (by virtue of s394A and s448A of Companies Act 2006).