

Poq Studio Limited

Poq Studio Limited

Report and Financial Statements

For the year ended 31 December 2018

Company Registration No. 07791197

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Poq Studio Limited

Company Information

Directors O Henriksen
 M Langguth
 J Lerner
 E Malinge
 J Mckay

Company number 07791197

Registered office 3 Finsbury Avenue
 London
 EC2M 2PA

Auditors BDO LLP
 55 Baker Street
 London
 W1U 7EU

Poq Studio Limited

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Poq Studio Limited

Directors' report

For the year ended 31 December 2018

The directors present their first report together with the audited financial statements for the year ended 31 December 2018.

Principal activities and review of business

The principal activity of the company is that of providing native mobile apps for retailers and brands.

Results and dividends

The statement of income is set out on page 6 and shows the loss for the year. The directors do not recommend the payment of a dividend.

Future developments

No change is anticipated in the nature of the company's activities for the foreseeable future.

Directors

The directors who held office during the year were as follows (except as noted below)

O Henriksen

M Langguth

J Lerner (appointed 5 April 2018)

E Malinger

J Mckay (appointed 5 April 2018)

Directors' responsibilities

The directors are responsible for preparing 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 accounts 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;

Poq Studio Limited

Directors' report (continued)

For the year ended 31 December 2018

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records that are sufficient to show and explain the company's transactions and that 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.

The directors confirm that so far as they are aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that he or she ought to have taken, as a director, in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The director's report has been prepared in accordance with the special provisions applicable to companies subject to the small companies regime

On behalf of the Board



O Henriksen

Director

30 July 2019

Poq Studio Limited

Independent Auditors Report

Opinion

We have audited the financial statements of Poq Studio Limited ("the Company") for the year ended 31 December 2018 which comprise the statement of income, the balance sheet and the 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss 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 Auditors' 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.

Other matter

The comparative period figures for the year ended 31 December 2018 are unaudited.

Poq Studio Limited

Independent Auditors Report (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' Report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 its environment obtained in the course of the audit, we have not identified material misstatements in the Director's 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, 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Poq Studio Limited

Independent Auditors Report (continued)

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities, 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditors' 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 auditors' 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.



Andrew Viner (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

28/7/2019

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

Poq Studio Limited

Statement of income

For the year ended 31 December 2018

	Note	2018 £000	Unaudited 2017 £000
Turnover	2	3,775	1,888
Cost of sales		(1,778)	(746)
Gross profit		1,997	1,142
Administrative expenses		(6,803)	(4,894)
Operating loss		(4,806)	(3,752)
Interest receivable and similar income	5	15	-
Interest payable and similar expenses	6	(43)	(54)
Loss before taxation		(4,834)	(3,806)
Taxation	7	235	766
Loss for the financial year		(4,599)	(3,040)

All amounts relate to continuing activities.

The notes on pages 9 to 16 form part of the financial statements.

Poq Studio Limited

Balance Sheet

As at 31 December 2018

	Note	2018 £000	2018 £000	Unaudited 2017 £000	Unaudited 2017 £000
Fixed assets					
Tangible assets	8		172		47
Current assets					
Debtors	9	1,593		1,397	
Cash at bank and in hand		3,927		648	
Creditors: amounts falling due within one year	10	(1,926)		(2,114)	
Net current assets/(liabilities)			3,594		(69)
Creditors: amounts falling due after more than one year	11		-		(500)
Net assets/(liabilities)			3,766		(522)
Capital and reserves					
Called up share capital	12		1		1
Share premium account			14,346		5,450
Capital contribution reserve			14		23
Retained earnings			(10,595)		(5,996)
Shareholders' funds/(deficit)			3,766		(522)

These 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 by the Board of Directors and authorized for issue on 30 July 2019



O Henriksen
Director

Company number 07791197

Poq Studio Limited

Statement of changes in equity

For the year ended 31 December 2018

	Called up share capital £000	Share premium account £000	Equity reserve £000	Retained earnings £000	Total equity £000
At 1 January 2018	1	5,450	23	(5,996)	(522)
Income for the year					
Loss for the year	-	-	-	(4,599)	(4,599)
Issue of share capital (note 12)	-	8,873	-	-	8,873
Cost of share issue (note 12)	-	(510)	-	-	(510)
Conversion of loan to shares (note 12)	-	533	(9)	-	524
Total income/(loss) for the year	-	8,896	(9)	(4,599)	4,288
At 31 December 2018	1	14,346	14	(10,595)	3,766
At 1 January 2017	1	3,508	-	(2,958)	551
Income for the year					
Loss for the year	-	-	-	(3,040)	(3,040)
Issue of share capital	-	1,942	-	-	1,942
Issue of convertible loan	-	-	23	-	23
Credit to equity for equity settled share-based payments	-	-	-	2	2
Total income/(loss) for the year	-	1,942	23	(3,038)	(1,073)
At 31 December 2017	1	5,450	23	(5,996)	(522)

Poq Studio Limited

Notes to the financial statements

For the year ended 31 December 2018

1 General information

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

Accounting policies

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 financial statements are prepared in sterling, which is the functional currency of the Company.

The financial statements are prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Going concern

These financial statements have been prepared on the going concern basis. Subsequent to the year end £3,500,000 additional funding (note 15) has been secured such that for at least 12 months from the date of approval of these financial statements, the directors are confident that sufficient resources will be available to the Company for it to continue in operational existence by meeting its liabilities as they fall due for payment.

Turnover

The turnover shown in the income statement represents amounts earned and earnable during the year on the sale of software license subscriptions and services, (including managed services) exclusive of value added tax and other discounts.

Software license subscription contracts are recognised straight line over the course of the subscription contract license period. Services turnover is recognised when the company obtains the right to consideration as the services are delivered.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	3 years
Computer equipment	3 years

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.

Cash flow statement

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 102, Section 1A not to prepare a cash flow statement on the basis it is classified as a small entity under the Companies Act 2006.

Impairment of fixed assets

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

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Notes to the Financial Statements (continued)

For the year ended 31 December 2018

1 General Information (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 is estimated to be less than its carrying amount, the carrying amount of the asset 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.

Cash and cash equivalents

Cash at bank and in hand are basic financial assets and 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.

Taxation

The charge for taxation is the sum of the tax currently payable and deferred tax payable.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the reporting period end date. Tax credits in respect of Research & Development Tax Relief are recognized when it is considered probable the amount will be received.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the period end reporting date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying differences.

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black Scholes model.

Leases

Rentals payable under operating leases, including 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 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.

Poq Studio Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2018

2. Turnover

Turnover is wholly attributable to the principal activity of the company and arises primarily within the United Kingdom.

3. Employees

	2018	Unaudited 2017
	£000	£000
Staff costs consist of		
Wages and salaries	4,799	3,026
Social security costs	575	371
Other pension costs	47	13
	<u>5,421</u>	<u>3,410</u>

The average monthly number of persons employed by the company during the year was 80 (2017: 58).

Directors' remuneration was £314,323 (2017: £144,134)

4. Operating loss

	2018	Unaudited 2017
	£000	£000
Operating loss has been arrived at after charging/(crediting)		
Depreciation	38	24
Foreign exchange differences	(27)	14
Auditors remuneration	22	-
	<u>33</u>	<u>38</u>

Poq Studio Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2018

5. Interest receivable and similar income

	2018	Unaudited 2017
	£000	£000
Interest receivable	15	-

6. Interest payable and similar charges

	2018	Unaudited 2017
	£000	£000
Interest payable	43	54

7. Taxation

	2018	Unaudited 2017
	£000	£000
Current tax		
R&D tax credit for the year	(467)	(582)
Over/(under) provision in respect of prior years	232	(184)
Current tax credit	(235)	(766)

Poq Studio Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2018

8. Tangible fixed assets

	Plant & Machinery £000	Furniture & Fittings £000	Total £000
Cost			
At 1 January 2018	72	24	96
Additions	50	113	163
At 31 December 2018	122	137	259
Depreciation			
At 1 January 2018	34	15	49
Charge for the year	27	11	38
At 31 December 2018	61	26	87
Net book value			
At 31 December 2018	61	111	172
At 31 December 2017	38	9	47

9. Debtors

	2018 £000	Unaudited 2017 £000
Trade debtors	547	686
Corporation tax recoverable	817	582
Other debtors	229	129
	<u>1,593</u>	<u>1,397</u>

Poq Studio Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2018

10. Creditors: amounts falling due within one year

	2018	Unaudited 2017
	£000	£000
Trade creditors	176	106
Other taxation and social security	210	211
Accruals and other creditors (refer note below)	539	721
Deferred income	1,001	1,076
	1,926	2,114

The previous year amount of £721,000 includes a convertible loan note amount of £490,000 which has been converted during the year. The effect of this conversion is disclosed in the Statement of Changes in Equity.

11. Creditors: amounts falling due after one year

	2018	Unaudited 2017
	£000	£000
Bank loan	-	500

A fixed and floating charge was held over the assets of the Company in respect of a £1,000,000 bank loan taken by the Company and drawn down in two equal tranches on 30 August 2017 and 3 January 2018. The bank loan was repaid in full on 5 June 2018.

Poq Studio Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2018

12. Share capital

	2018 No.	2017 No.	2018 £	2017 £
Ordinary shares (2018 £0.0001, 2017 £0.001)	4,210,161	427,235	421	427
Series A shares (2018 £0.0001, 2017 £0.001)	3,094,820	309,482	309	309
Series B shares of £0.0001	4,438,615	-	444	-
Series B2 shares of £0.0001	79,883	-	8	-
	<u>11,823,479</u>	<u>736,717</u>	<u>1,182</u>	<u>736</u>

On 5 April 2018 there was a 10 for 1 share split of all share capital.

On the same date the company issued 3,890,893 B Shares and 79,883 B2 Shares of £0.0001 for cash consideration of £8,872,699. The company incurred share issue expenses of £509,837 which are directly attributable to the raising of equity and has adjusted these against share premium. Also on this date, a loan note converted into 317,915 B Shares and Ordinary Shareholders sold 229,807 shares which were reclassified as B Shares.

On 22 August 2018 the company issued a further 167,618 Ordinary Shares at nominal value.

Holders of Ordinary Shares, series A Shares, Series B Shares and Series B2 Shares have equal rights in the company with respect to voting and dividends. On a distribution of assets on a liquidation or a return of capital the surplus assets of the company shall be distributed among all holders of shares according to the provisions of the company's Articles of Association which confer a preferential distribution in favour of the series B shareholders. The Ordinary Shares, series A Shares, Series B Shares and series B2 Shares are not redeemable.

13. Operating lease commitments

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

	2018 £000	Unaudited 2017 £000
Within one year	285	14
Between two and five years	166	-
	<u>451</u>	<u>14</u>

Poq Studio Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2018

14. Related party transactions

There were no related party transactions during the year (2017 £Nil).

15. Post balance sheet event

On 10 July 2019, the Company secured a venture debt loan for £3,500,000 having a maturity of three years, with an option under certain performance conditions to draw down a further £1,000,000, thus giving the directors additional confidence that the Company can continue in operational existence for the foreseeable future.

16. Ultimate holding company

There is no ultimate controlling party of the company.