

Touch Local Limited

**Annual Report and Consolidated Financial
Statements**

Registered number 02885607

31 December 2015

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Officers and Professional Advisors

Directors

David L. Brown
Kevin M. Carney
Matthew P. McClure

Secretary

Matthew P. McClure

Registered Office

12 New Fetter Lane
London
EC4A 1JP

Bankers

NatWest Bank plc, Westminster Branch
PO Box 3038
57 Victoria Street
London
SW1H 0HN

Solicitors

Bird & Bird LLP
15 Fetter Lane
London
EC4A 1JP

Auditors

KPMG LLP
Chartered Accountants and Registered Auditors
15 Canada Square
Canary Wharf
London
E14 5GL

Strategic Report

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

During the year, the business continued to provides an online directory network to its clients, as well as, providing additional online marketing products and services.

During 2016, we expect revenue growth as we continue our focus on online marketing solutions for our customers with monthly subscription packages. We expect to achieve this growth by adding additional investment in sales personnel, as well as, continuing to provide great customer service and products to our current customers in order to retain them.

KEY PERFORMANCE INDICATORS

During the year ended 31st December 2015, Touch Local has incurred a loss of £293,000 (2014: loss £70,000). The Company had approximately 9,600 customers as of 31st December 2015 with average revenue per month of £45.17 as compared to approximately 10,400 customers as of 31st December 2014 with average revenue per month of £41.53. However, even with the decrease in the number of customers from a year ago, revenues increased by 4% to £5,423,000 during 2015 as compared to £5,193,000 during 2014. The average revenue per month (per customer) increased approximately 9% primarily due to our internal strategy to move our customers from the traditional directory product to monthly online marketing products.

PRINCIPLE RISKS AND UNCERTAINTIES

The principal risks facing the Company are as follows:

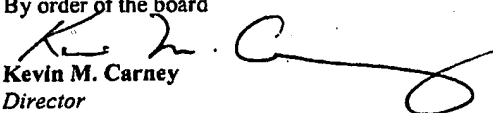
- We rely heavily on the reliability, security, and performance of or internally developed systems and processes, and any difficulties in maintaining these systems may result in service interruptions, decrease customer service, or increase expenditures.
- Providing online marketing service and products to our clients is a fragmented and changing market; if this market fails to grow, we will not be able to grow our business.
- A portion of our online marketing service and products are sold on a month-by-month basis, and if our customers are unable or choose not to subscribe to our web services, our revenue may decrease.
- Weakened global economic conditions may harm our industry, business and results of operations.

These risks are mitigated by constant monitoring by management. For the risks deemed to be high risk factors, management has developed a formal action plan that addresses this risk and assigned an owner who will closely monitor the process and take action as warranted.

FINANCIAL RISK MANAGEMENT

The most important components of financial risk to a company are interest rate risk, credit risk, market risk and cash flow risk. The only financial risk the directors consider relevant to this group is cash flow risk. The key risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. This risk is mitigated by the ultimate parent company being able to satisfy all obligations of the Company if they are unable to pay creditors.

By order of the board


Kevin M. Carney
Director

September 26, 2016

Touch Local Limited
12 New Fetter Lane
London
EC4A 1JP

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 December 2015.

RESULTS AND DIVIDENDS

Consolidated financial statements have been prepared comprising the results of the Company and its wholly owned subsidiaries Touch (NW) Limited, Enable Media Limited and Central Index Limited. The subsidiaries of Touch Local Limited, which are all incorporated in Great Britain and registered in England and Wales, are exempt from the audit of their individual accounts due to the existence of a parental guarantee given by this parent undertaking of this group which prepares these consolidated accounts. The consolidated loss for the year ended 31 December 2015 after taxation amounted to £293,000 (2014: loss £70,000). The profit attributable to the Company for the year ended 31st December 2015 after taxation, amounted to £523,000 (2014: Profit £695,000).

The directors do not recommend any dividend on the ordinary shares in respect of the year ended 31 December 2015 (2014: £nil).

DIRECTORS

The directors who held office during the year were as follows:

David L. Brown
Kevin M. Carney
Matthew P. McClure

POLITICAL CONTRIBUTIONS

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year ended 31st December 2015.

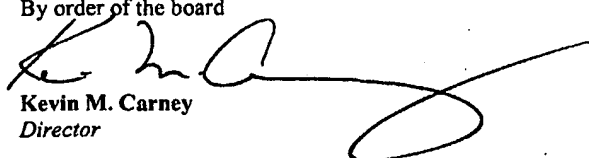
DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed reappointed and KPMG LLP will therefore continue in office.

By order of the board


Kevin M. Carney
Director

September 26, 2016

Touch Local Limited
12 New Fetter Lane
London
EC4A 1JP

Statement of Directors' Responsibilities in Respect of the Strategic Report, Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 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 group and parent company and of their profit or loss for that period.

In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- 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 group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Touch Local Limited

We have audited the financial statements of Touch Local Limited for the year ended 31 December 2015 set out on pages 8-25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2015 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of Touch Local Limited *(continued)*

Matters on which we are required to report by exception

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

Andrew Turner (Senior Statutory auditor)
For and on behalf of KPMG, statutory auditor
15 Canada Square
Canary Wharf
London
E14 5GL

Date: 29 September 2016

Consolidated Profit and Loss Account and Other Comprehensive Income

for the year ended 31st December 2015

	<i>Note</i>	2015 £000	2014 £000
Turnover	2	5,423	5,193
Cost of sales		(1,144)	(991)
Gross profit		<u>4,279</u>	<u>4,202</u>
Administrative expenses		(4,572)	(3,888)
Operating loss	3	<u>(293)</u>	<u>314</u>
Interest payable and similar charges	6	-	(384)
Loss on ordinary activities before taxation		<u>(293)</u>	<u>(70)</u>
Tax on loss on ordinary activities	7	-	-
Loss for the financial year		<u>(293)</u>	<u>(70)</u>
Other comprehensive income		-	-
Total comprehensive loss for the year		<u>(293)</u>	<u>(70)</u>

The accompanying notes on pages 14 to 25 are an integral part of these financial statements

All results derive from continuing operations.

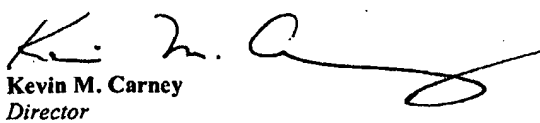
There are no other gains or losses other than the loss for the year of £293,000 (2014: loss £70,000).

Consolidated Balance Sheet
as of 31st December 2015

	Notes	2015		2014	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	8		84		100
Tangible assets	9		12		20
			<u>96</u>		<u>120</u>
CURRENT ASSETS					
Debtors	11	563		613	
Cash at bank and in hand		<u>95</u>		<u>55</u>	
		658		668	
CREDITORS: amounts falling due within one year	12	<u>(2,237)</u>		<u>(2,724)</u>	
NET CURRENT LIABILITIES			<u>(1,579)</u>		<u>(2,056)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(1,483)</u>		<u>(1,936)</u>
CREDITORS: amounts falling due after more than one year					
NET LIABILITIES			<u>(1,483)</u>		<u>(1,936)</u>
CAPITAL AND RESERVES					
Called-up share capital	13		1		1
Share premium account			23,695		23,695
Capital redemption reserve			12,200		12,200
Profit and loss account			(41,325)		(41,032)
Capital contribution			<u>3,946</u>		<u>3,200</u>
SHAREHOLDERS' DEFICIT			<u>(1,483)</u>		<u>(1,936)</u>

The accompanying notes on pages 14 to 25 are an integral part of this consolidated balance sheet.

These financial statements were approved by the board of directors on 26th of September 2016 and were signed on its behalf by:


Kevin M. Carney
Director

Company registered number: 02885607

Touch Local Limited
12 New Fetter Lane
London
EC4A 1JP

Company Statement of Balance Sheet
as of 31st December 2015

		2015		2014	
	Notes	£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	8		84		100
Tangible assets	9		-		2
Investment	10		-		-
			<u>84</u>		<u>102</u>
CURRENT ASSETS					
Debtors	11	1,064		414	
Cash at bank and in hand		<u>75</u>		<u>36</u>	
		1,139		450	
CREDITORS: amounts falling due within one year	12	<u>(493)</u>		<u>(1,091)</u>	
NET CURRENT LIABILITIES			<u>646</u>		<u>(641)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>730</u>		<u>(539)</u>
CREDITORS: amounts falling due after more than one year			-		-
NET LIABILITIES			<u>730</u>		<u>(539)</u>
CAPITAL AND RESERVES					
Called-up share capital	13		1		1
Share premium account			23,695		23,695
Capital redemption reserve			12,200		12,200
Profit and loss account			(39,112)		(39,635)
Capital contribution			<u>3,946</u>		<u>3,200</u>
SHAREHOLDERS' DEFICIT			<u>730</u>		<u>(539)</u>

The accompanying notes on pages 14 to 25 are an integral part of this consolidated balance sheet.

These financial statements were approved by the board of directors on 26th of September 2016 and were signed on its behalf by:



Kevin M. Carney
Director

Company registered number: 02885607

Touch Local Limited
12 New Fetter Lane
London
EC4A 1JP

Consolidated Statement of Changes in Equity

	Called up Share Capital £000	Share Premium Account £000	Capital Redemption Reserve £000	Profit and loss account £000	Capital Contribution £000	Total equity £000
Balance at 31 December 2014	1	23,695	12,200	(41,032)	3,200	(1,936)
Total comprehensive income for the period	-	-	-	(293)	-	(293)
Profit or loss	-	-	-	(293)	-	(293)
Total comprehensive income for the period	-	-	-	(293)	-	(293)
Transactions with owners, recorded directly in equity	-	-	-	-	746	746
Total contributions by and distributions to owners	-	-	-	-	746	746
Balance at 31 December 2015	<u>1</u>	<u>23,695</u>	<u>12,200</u>	<u>(41,325)</u>	<u>3,946</u>	<u>(1,483)</u>

Company Statement of Changes in Equity

	Called up Share Capital £000	Share Premium Account £000	Capital Redemption Reserve £000	Profit and loss account £000	Capital Contribution £000	Total equity £000
Balance at 31 December 2014	1	23,695	12,200	(39,635)	3,200	(539)
Total comprehensive income for the period						
Profit or loss	-	-	-	523	-	523
Total comprehensive income for the period	-	-	-	523	-	523
Transactions with owners, recorded directly in equity	-	-	-	-	746	746
Total contributions by and distributions to owners	-	-	-	-	746	746
Balance at 31 December 2015	<u>1</u>	<u>23,695</u>	<u>12,200</u>	<u>(39,112)</u>	<u>3,946</u>	<u>730</u>

Consolidated Cash Flows Statement

	2015	2014
<i>Notes</i>	£000	£000
Cash flows from operating activities		
Loss for the year	(293)	(70)
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment	8,9 <u>71</u>	<u>69</u>
	(222)	(1)
Decrease in trade and other debtors	50	10
(Decrease) in trade and other creditors	<u>(487)</u>	<u>(559)</u>
Net cash used for operating activities	(659)	(550)
Cash flows from investing activities		
Acquisition of tangible fixed assets	9 (5)	(12)
Development expenditures	8 <u>(42)</u>	<u>(75)</u>
Net cash used for investing activities	(47)	(87)
Cash flows from financing activities		
Proceeds from parent company	746	3,200
Repayment of borrowings	<u>-</u>	<u>(2,750)</u>
Net cash provided by financing activities	<u>746</u>	<u>450</u>
Net increase / (decrease) in cash and cash equivalents	40	(187)
Cash and cash equivalents at 1 January	<u>55</u>	<u>242</u>
Cash and cash equivalents at 31 December	<u><u>95</u></u>	<u><u>55</u></u>

Notes to the Financial Statements (forming part of the financial statements)

1 Accounting policies

Touch Local Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. These group and parent financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and,
- Key Management Personnel compensation has not been included a second time.
- The disclosures required by FRS 102.11 Basic Financial Instrument and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The financial statements have been prepared on the going concern basis. The group made loss for the year of £293,000 (2014: loss £70,000), with net current liabilities of £1,579,000 (2014: £2,056,000) and net liabilities of £1,483,000 (2014: £1,936,000), which the directors believe to be appropriate for the following reasons; directors have prepared a forecast and a worst case scenario on the Company's forecasts and projections. The group also has contingency plans in place which would allow costs to be further reduced if required. The net results of the year for 2015 were slightly better than our initial forecast. Although the Company's revenue did not increase as quickly as expected, the expenses were adjusted accordingly to meet the Company's internal forecast. As such this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

It is on this basis that the directors consider it appropriate to prepare the financial statements on a going concern basis. However if, under certain scenarios, the Company was unable to obtain funding, the directors are of the view that the Company might find itself under cash pressure which may jeopardise the preparation of accounts on a going concern basis and that consequent adjustments would therefore have to be made to the carrying value of both assets and liabilities.

1.3 Basis of consolidation

The consolidated financial statements incorporate the results of Touch Local Limited and all of its subsidiary undertakings as at 31 December 2015. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Notes (continued)

1 Accounting policies (continued)

1.4 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings. The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- plant and equipment 3-4 years
- fixtures and fittings 3-4 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1.7 Intangibles

Licences

The fair value of acquired licences are amortised over their estimated useful lives or 20 years, whichever is the shorter. Provision is made for any impairment.

Notes (continued)

1 Accounting policies (continued)

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

1.8 Investment

Fixed asset investments are shown at cost less provision or impairment.

1.9 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.10 Turnover

Turnover represents the amounts derived from the provision of services which fall within the Company's ordinary activities, stated net of value added tax.

All revenue except third party directory products is recognised in equal monthly instalments over the length of the contract. Third party directory products revenue is recognised at point of sale.

All turnover is generated by one class of business and in one geographic area, the United Kingdom.

1.11 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

1.12 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Notes (continued)

1 Accounting policies (continued)

1.12 Taxation (continued)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Turnover

	2015 £000	2014 £000
Rendering of services	5,423	5,193
Total turnover	<u>5,423</u>	<u>5,193</u>

All turnover for the Touch Local Group is derived in the United Kingdom.

Notes (continued)

3 Expenses and auditors remuneration

	2015 £ '000	2014 £ '000
The loss on ordinary activities before taxation is stated after charging:		
Amortisation of intangible assets	58	36
Depreciation of tangible assets	13	33
Operating lease expense of rent	166	115

The analysis of auditors' remuneration is as follows:

	2015 £ '000	2014 £ '000
Fees payable to the company's auditors for the audit of the company's annual accounts	27	26

4 Directors' remuneration

	2015 £ '000	2014 £ '000
Directors' emoluments		
Remuneration	-	208
Pension contributions	-	13
	<u>-</u>	<u>221</u>

The following directors are employed by Web.com and were not paid by any of the companies in the Touch Local Group:

David L. Brown
Kevin M. Carney
Matthew P. McClure

Due to the nature of the operations of the Group, the remuneration of the directors for their services to the Company is not contained in the records of the Company, as the amount of work performed for the Company is considered immaterial by the directors. The directors are remunerated for their services to the group as a whole, which is disclosed in the holding Company, Web.com, and consolidated financial statements of Web.com Limited. The financial statements are publicly available, details are disclosed in note 16.

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	2015	2014
Average number of persons employed (including directors)		
Administrative	28	26
Operational	104	76
Total	<u>132</u>	<u>102</u>

	2015 £ '000	2014 £ '000
Staff costs during the period (including directors)		
Wages and salaries	3,394	3,036
Social security costs	303	287
Pension contributions	19	25
Total	<u>3,716</u>	<u>3,348</u>

6 Interest payable

Interest expense recognised in the profit and loss account:

	2015 £ '000	2014 £ '000
Loan interest expense	-	384

Notes (continued)

7 Taxation

There is no current UK tax charge for the year (2014: £nil) due to losses brought forward. At the future tax rate of 18% (2014: 20%) the accumulated tax losses and the benefit of other timing differences give rise to a potential deferred tax asset of £7,560,000 (2014: £8,341,000), which has not been recognised because of the uncertainty of future profits with which to utilise the losses.

Recognition of effective tax rate:

Tax assessed for the period is higher (2014: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2015 of 20.25% (2014: 21.5%). The differences are explained below:

	2015 £ '000	2014 £ '000
Loss on ordinary activities before tax	<u>(293)</u>	<u>(70)</u>
	<u>(293)</u>	<u>(70)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	(59)	(15)
Expenses not deductible for tax purposes	6	7
Deferred tax not recognised on other timing differences	(30)	(34)
Current year losses for which no deferred tax asset was recognised	174	170
Utilisation tax losses brought forward	(91)	(128)
Total tax expense included in profit or loss	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The standard rate of UK Corporation Tax reduced from 21% to 20% on 1 April 2015. The Finance Act 2015, which received Royal Assent on 26 March 2015, states that this rate will not change for financial year 2016. A reduction in the corporation tax rate to 19% will take place for the Financial Year beginning 1 April 2017 and a further reduction to 18% for the Financial Year beginning 1 April 2020, both of which were substantively enacted on 26 October 2015. Accordingly, these rates have been applied to the measurement of deferred tax assets and liabilities at 31 December 2015.

In the Spring Budget 2016, the Chancellor of the announced tax rate changes, which, if enacted in the proposed manner, will have an effect on the Company's future tax position. These additional changes will reduce the standard rate of UK corporation tax to 17% for the Financial Year beginning 1 April 2020. These proposed changes had not yet been substantively enacted at the balance sheet date and consequently their effects are not included in these financial statements.

Notes (continued)

8 Intangible assets and goodwill

GROUP	Goodwill	Licenses	Development Costs	Total
	£ '000	£ '000	£ '000	£ '000
Cost				
Balance at 1 January	834	586	293	1,713
Additions	-	-	42	42
Balance at 31 December	<u>834</u>	<u>586</u>	<u>335</u>	<u>1,755</u>
Amortisation and impairment				
Balance at 1 January	834	586	193	1,613
Amortisation for the year	-	-	58	58
Balance at 31 December	<u>834</u>	<u>586</u>	<u>251</u>	<u>1,671</u>
Net book value				
At 1 January	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>
At 31 December	<u>-</u>	<u>-</u>	<u>84</u>	<u>84</u>

COMPANY	Licenses	Development Costs	Total
	£ '000	£ '000	£ '000
Cost			
Balance at 1 January	521	293	814
Additions	-	42	42
Balance at 31 December	<u>521</u>	<u>335</u>	<u>856</u>
Amortisation and impairment			
Balance at 1 January	521	193	714
Amortisation for the year	-	58	58
Impairment charge	-	-	-
Balance at 31 December	<u>521</u>	<u>251</u>	<u>772</u>
Net book value			
At 1 January	<u>-</u>	<u>100</u>	<u>100</u>
At 31 December	<u>-</u>	<u>84</u>	<u>84</u>

Notes (continued)

9 Tangible fixed assets

GROUP	Leasehold Improvements £ '000	Plant, Vehicles and Equipment £ '000	Total £ '000
Cost			
Balance at 1 January	507	1,029	1,536
Additions	-	5	5
Disposals	-	-	-
Balance at 31 December	<u>507</u>	<u>1,034</u>	<u>1,541</u>
Depreciation			
Balance at 1 January	505	1,011	1,516
Charge for the year	1	12	13
Disposals	-	-	-
Balance at 31 December	<u>506</u>	<u>1,023</u>	<u>1,529</u>
Net book value			
At 1 January	<u>2</u>	<u>18</u>	<u>20</u>
At 31 December	<u>1</u>	<u>11</u>	<u>12</u>

COMPANY	Leasehold Improvements £ '000	Plant, Vehicles and Equipment £ '000	Total £ '000
Cost			
Balance at 1 January	293	621	914
Additions	-	-	-
Disposals	-	-	-
Balance at 31 December	<u>293</u>	<u>621</u>	<u>914</u>
Depreciation			
Balance at 1 January	292	620	912
Charge for the year	1	1	2
Disposals	-	-	-
Balance at 31 December	<u>293</u>	<u>621</u>	<u>914</u>
Net book value			
At 1 January	<u>1</u>	<u>1</u>	<u>2</u>
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>

Notes (continued)

10 Fixed asset investment

The subsidiaries of Touch Local limited, below, which are all incorporated in Great Britain and registered in England and Wales, are exempt from the audit of their individual accounts (Section 479a of the Companies Act 2006) due to the existence of a parental guarantee given by this parent undertaking of this group which prepares these consolidated accounts:

Net book value as at 1 January 2015 and 31 December 2015			£ 10
Name of Company	Proportion of voting rights and ordinary share capital owned	Nature of business	
Touch NW Limited - 04144911	100%	Non-trading	
Touch Jobs Limited - 04140442	100%	Non-trading	
Enable Media Limited - 05178759	100%	Marketing and web services	
Ask A lix* - 03762890	100%	Non-trading	
Central Index Limited - 06002202	100%	White label online business director	

*Ask A lix is attributed to the Company by virtue of being held by Enable Media

11 Debtors

	Group		Company	
	2015 £ '000	2014 £ '000	2015 £ '000	2014 £ '000
Trade Debtors	226	329	171	235
Other Debtors	53	46	51	45
Prepayments and accrued income	284	238	111	134
Amounts due from group undertakings	-	-	731	-
	563	613	1,064	414

Notes (continued)

12 Creditors

	Group		Company	
	2015	2014	2015	2014
	£ '000	£ '000	£ '000	£ '000
Trade Creditors	244	300	126	237
Taxes and social security	348	352	51	(45)
Accruals and deferred income	1,645	2,072	316	388
Amounts owed to group undertakings	-	-	-	511
	<u>2,237</u>	<u>2,724</u>	<u>493</u>	<u>1,091</u>

13 Called-up Share Capital

	Number	Amount £
31 December 2015		
<i>Authorised:</i>		
Ordinary Shares of 0.01p each	11,240,688	1,124
	Number	Amount £
31 December 2014		
<i>Authorised:</i>		
Ordinary Shares of 0.01p each	11,240,688	1,124

The Ordinary Shares shall be entitled to the following rights:

Voting in general meetings

The holders of the Ordinary Shares shall be entitled to receive notice of and to attend and vote at the general meeting of the Company.

Dividends

All dividends declared by the Company shall be payable to the holders of the Ordinary Shares *pari passu* as if the same were one class of the Shares, and shall be distributed *pro rata* according to the number of Shares held by them respectively.

Capital rights

On a return of assets on a liquidation or a winding-up, reduction of capital or otherwise, the assets of the Company remaining after payment of such liabilities as it is necessary to discharge to effect the distribution shall be distributed based on a complex formula laid out in the Articles of Association.

Notes (continued)

14 Operating Leases

Non-cancellable operating lease rentals are payable as follows:

Group

	2015 £ '000	2014 £ '000
Land and building leases which expire:		
Within one year	13	-
Within two to five years	-	293
Over five years	684	-
	<u>697</u>	<u>293</u>

Company

	2015 £ '000	2014 £ '000
Land and building leases which expire:		
Within one year	13	-
Within two to five years	-	53
Over five years	-	-
	<u>13</u>	<u>53</u>

15 Related Parties

The group has taken advantage of the exemption in Financial Reporting Standard Number 8 from disclosure in respect of intergroup related party transactions.

16 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Web.com Group, Inc. The ultimate controlling party is Web.com Group, Inc. Web.com Group, Inc. is located in Florida, United States of America.

Web.com Group, Inc. financial statements are available from Web.com, 12808 Gran Bay Parkway, West Jacksonville, FL 32258 or on its website www.web.com.