

Adstream (UK) Limited

Report and Financial Statements

Year Ended

30 June 2012

Company number: 04691908

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Adstream (UK) Limited

**Report and financial statements
for the year ended 30 June 2012**

Contents

Page

1	Report of the directors
3	Independent auditor's report
5	Profit and loss account
6	Balance sheet
7	Notes forming part of the financial statements

Directors

G Barron
J Carpenter
M Lee
D Mark

Secretary and registered office

M Lee, 7th Floor, Berkshire House, 168-173 High Holborn, London, WC1V 7AA

Company number

04691908

Auditors

Ernst & Young LLP, 400 Capability Green, Luton, Bedfordshire, LU1 3LU

Solicitors

Laytons, 22 St John Street, Manchester, M3 4EB

Adstream (UK) Limited

Report of the directors for the year ended 30 June 2012

The directors present their report together with the audited financial statements for the year ended 30 June 2012

Results

The profit and loss account is set out on page 5 and shows the profit for the year

Principal activities, trading review and future developments

The principal activities of the company are

- The provision of technology solutions to validate, transmit and provide intelligence on all forms of digital media from short form to long form content, and
- The provision of advice, outsourced services and technology solutions to the advertising industry to reduce the costs of the advertising supply chain

The year to 30 June 2012 was another excellent year for Adstream (UK) Limited, with revenues growing from £10,406,275 to £11,709,771, growth of 12.5%, while gross profit margin has decreased year on year from 69% to 64.9%

We continue to support Clearcast, the industry body for clearance of broadcast advertising in the UK, and through this, the industry with further efficiencies in broadcast transmission and workflow

Principal risks and uncertainties

The main financial risks arising from the company's operating activities are credit risk and liquidity risk. The directors do not consider interest rate risk to be a significant risk to the company given the size and nature of the company's borrowings. All of the risks are monitored by the board of directors and the senior management team and none of the risks were considered to be significant at the year end.

The company manages its credit risk through its credit control and customer service teams, the enforcement of credit limits, timely reviews of outstanding debtor balances and regular communication with customers. Based on the diverse range of customers and the lack of concentration of credit with any one customer the directors do not believe that credit checks for new customers provide sufficient benefit for the costs arising.

The company manages liquidity risk through a combination of an invoice discounting facility and funding from other group entities to ensure the company has sufficient funds for operations. The cash deposits are held in a mixture of short term deposits and current accounts that earn interest at a floating rate. The interest rate on the invoice discounting facility is at a floating rate.

Branches within the European Union

The company operates a branch covering the Nordic region with offices located in Denmark and Sweden.

Going concern

The accounts have been prepared on the going concern basis as a result of the profit for the year of £565,154, a net current asset position of £3,960,119 and a net asset position of £7,193,702.

Adstream (UK) Limited

Report of the directors for the year ended 30 June 2012 (continued)

Directors

The directors of the company during the year were

G Barron
J Carpenter
M Lee
D Mark

Directors' responsibilities

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

Company law requires the Directors to prepare the financial statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Profit or Loss of the Company for that period. In preparing those Financial Statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, subject to any material departure 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 disclose with reasonable accuracy at any time the financial position of the Company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Ernst & Young LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting in accordance with s485 of the Companies Act 2006.

On behalf of the Board



Daniel Mark
Director

25 March 2013

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADSTREAM (UK) LIMITED

We have audited the financial statements of Adstream (UK) Limited for the year ended 30 June 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement (set out on page 2), 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its 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.

Opinion on other matter prescribed by the Companies Act 2006

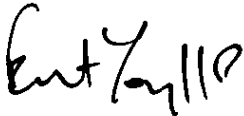
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report (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, 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



Andrew Clewer (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

Date 20/6/13

Adstream (UK) Limited

Profit and loss account for the year ended 30 June 2012

	Note	2012 £	2011 £
Turnover	2	11,709,771	10,406,275
Cost of sales		(4,104,987)	(3,229,689)
Gross profit		7,604,784	7,176,586
Distribution costs		(1,872,968)	(970,942)
Exceptional release/(provision) against intercompany debtor	4	-	1,653,411
Exchange differences	4	(83,451)	(360,853)
Other administrative expenses		(4,790,210)	(5,162,568)
Total administrative expenses		(4,873,661)	(3,870,010)
Operating profit	3	858,155	2,335,634
Other interest receivable and similar income	7	14,075	8,514
Interest payable and similar charges	8	(105,543)	(55,065)
Profit on ordinary activities before taxation		766,687	2,289,083
Taxation	9	(201,533)	50,612
Profit on ordinary activities after taxation	16	565,154	2,339,695

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on pages 7 to 16 form part of these financial statements

Adstream (UK) Limited

Balance sheet at 30 June 2012

Company number 04691908	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets	10		1,277,942		1,061,251
Fixed asset investments	11		2,121,293		2,121,293
			<u>3,399,235</u>		<u>3,182,544</u>
Current assets					
Debtors	12	10,265,225		8,178,829	
Cash at bank and in hand		232,179		378,315	
		<u>10,497,404</u>		<u>8,557,144</u>	
Creditors. amounts falling due within one year	13	<u>(6,537,285)</u>		<u>(4,863,861)</u>	
Net current assets			3,960,119		3,693,283
Total assets less current liabilities			7,359,354		6,875,827
Creditors falling due after more than one year	14		<u>(165,652)</u>		<u>(247,279)</u>
Net assets			<u>7,193,702</u>		<u>6,628,548</u>
Capital and reserves					
Called up share capital	15		10,000		10,000
Profit and loss account	16		7,183,702		6,618,548
			<u>7,193,702</u>		<u>6,628,548</u>
Shareholder's funds	17		<u>7,193,702</u>		<u>6,628,548</u>

The financial statements were approved by the board of directors and authorised for issue on *25 March 2013*.



Daniel Mark
Director

The notes on pages 7 to 16 form part of these financial statements

Adstream (UK) Limited

Notes forming part of the financial statements for the year ended 30 June 2012

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Consolidated financial statements

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 401 of the Companies Act 2006 as the group it heads forms part of the group headed by Adstream Holdings Limited, a company incorporated in Australia. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Cash flow statement

The company, being a subsidiary undertaking where 100% of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up cash flow statements in accordance with Financial Reporting Standard 1 'Cash flow statements (Revised)'.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Transmission and validation revenue is recognised when the work has been completed. Revenue deriving from digital storage solutions is recognised on an estimated usage basis. Revenue arising from the provision of outsourced services, consultancy and technology solutions is recognised as the work is performed.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following annual rates:

Leasehold property	-	33% or over the life of the lease whichever is shorter
Plant and machinery	-	25%
Fixtures and fittings	-	25%
Computer equipment	-	25%

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Adstream (UK) Limited

Notes forming part of the financial statements
for the year ended 30 June 2012 (*continued*)

1 Accounting policies (*continued*)

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation

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 balance sheet date

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 the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

Operating leases

The annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease

Reverse premiums and similar incentives received to enter into operating lease agreements are initially recorded as deferred income and released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate

Related party disclosure

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, 'Related party disclosures', not to disclose transactions with members or investees of the group headed by Adstream Holdings Limited on the grounds that at least 100% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements

Going concern

The accounts have been prepared on the going concern basis as a result of the profit for the year of £565,154, a net current asset position of £3,960,119 and a net asset position of £7,193,702

2 Turnover

The proportion of turnover that is attributable to markets outside the United Kingdom is 40.2% (2011 – 34%)

Adstream (UK) Limited

Notes forming part of the financial statements for the year ended 30 June 2012 (continued)

3 Operating profit

	2012 £	2011 £
This is arrived at after charging		
Depreciation of tangible fixed assets	445,982	334,244
Hire of other assets – operating leases	363,869	114,917
Hire of plant and machinery – operating leases	1,334	12,500
Auditors' remuneration		
Audit services	16,500	15,000
Exchange difference	83,451	360,853

4 Exceptional items

The amount relating to exchange differences arises from the movement in foreign exchange rates in the year and amounts to £83,451 (2011 - £360,853). The profit arising on the retranslation of intercompany balances amounted to £22,526 (2011 – loss £406,802). The Directors consider the profit/loss arising on foreign exchange rates to be exceptional due to their size and non-trading nature. The loss arises due to the large intercompany creditor denominated in Australian dollars and the deterioration of the UK – Australian exchange rates.

5 Wages and salaries

Staff costs (including directors) consist of

	2012 £	2011 £
Wages and salaries	5,364,884	3,477,551
Social security costs	573,055	332,449
Other pension costs	-	-
	<u>5,937,939</u>	<u>3,810,000</u>

The monthly average number of employees (including directors) during the year was 109 (2011 – 72)

Adstream (UK) Limited

Notes forming part of the financial statements
for the year ended 30 June 2012 (*continued*)

6 Directors

	2012 £	2011 £
Directors' remuneration consists of		
Emoluments	681,275	708,861

The remuneration of the highest paid director amounted to £227,500 (2011 - £207,094)

The company makes no payments to a defined contribution pension scheme on behalf of the directors

7 Interest receivable

	2012 £	2011 £
Bank deposits	14,075	8,514

8 Interest payable and similar charges

	2012 £	2011 £
Bank loans and overdrafts	75,050	50,904
Interest payable under finance leases	30,493	4,161
	105,543	55,065

9 Taxation

	2012 £	2011 £
<i>Current tax</i>		
UK corporation tax on profit for the year	235,434	-
<i>Deferred tax</i>		
Movement in the year	(33,901)	(50,612)
Taxation on profit on ordinary activities	201,533	(50,612)

Adstream (UK) Limited

Notes forming part of the financial statements
for the year ended 30 June 2012 *(continued)*

9 Taxation (continued)

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2012 £	2011 £
Profit on ordinary activities before tax	766,687	2,289,083
Profit on ordinary activities at the standard rate of corporation tax in the UK of 25.5% (2011 – 27.5%)	195,505	629,498
Effects of:		
Capital allowances in (excess)/deficit of depreciation	(3,618)	45,956
Expenses not deductible for taxation purposes	42,253	60,358
Provision against intercompany debtor	-	(454,688)
Tax losses utilised	(9,334)	(281,124)
Other timing differences	10,628	-
Tax charge/(credit) for the year	235,434	-
	2012 £	2011 £
At 1 July	50,612	-
Deferred tax credit in profit and loss account	33,901	50,612
At 30 June	84,513	50,612

As at 30 June 2012 the company had £1,029,212 (2011 – £1,065,813) of tax losses, none of which were recognised as a deferred tax asset.

Adstream (UK) Limited

Notes forming part of the financial statements
for the year ended 30 June 2012 (*continued*)

10 Tangible fixed assets

	Leasehold land and buildings £	Plant and machinery £	Total £
<i>Cost or valuation</i>			
At 1 July 2011	352,727	3,147,595	3,500,322
Additions	25,283	638,609	663,892
Foreign exchange	-	(3,190)	(3,190)
At 30 June 2012	378,010	3,783,014	4,161,024
<i>Depreciation</i>			
At 1 July 2011	85,845	2,353,226	2,439,071
Provided for the year	52,210	393,772	445,982
Foreign exchange	-	(1,971)	(1,971)
At 30 June 2012	138,055	2,745,027	2,883,082
<i>Net book value</i>			
At 30 June 2012	239,955	1,037,987	1,277,942
At 30 June 2011	266,882	794,369	1,061,251

Included in plant and machinery are assets under hire purchase agreements with a net book value of £599,561 (2011 £165,843)

Adstream (UK) Limited

Notes forming part of the financial statements
for the year ended 30 June 2012 (continued)

11 Fixed asset investments

Shares in
group
undertakings
£

Cost or valuation

At 1 July 2011 and at 30 June 2012

2,121,293

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows

	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held
The Traffic Bureau Limited	UK	100%
Adstream (Italy) S r l	Italy	100%
Adstream France S A S	France	100%
Adstream Spain	Spain	100%
Adstream Holland	Holland	100%
Digital Transfer Kft	Hungary	100%
LBB Limited	UK	100%

On 30 June 2011, the company hived up the trade and assets of LBB Limited at their net book value

12 Debtors

	2012 £	2011 £
Trade debtors	3,501,493	2,402,952
Amounts owed by group undertakings	5,915,269	4,471,440
Other debtors	57,891	362,002
Deferred tax asset	84,513	50,612
Prepayments and accrued income	706,059	891,823
	10,265,225	8,178,829

All amounts shown under debtors fall due for payment within one year

Adstream (UK) Limited

Notes forming part of the financial statements
for the year ended 30 June 2012 (continued)

13 Creditors amounts falling due within one year

	2012 £	2011 £
Invoice discounting facility	794,795	644,707
Trade creditors	1,698,235	725,332
Amounts owed to group undertakings	1,692,259	1,925,640
Taxation and social security	261,990	479,820
Other creditors	27,169	23,316
Finance leases	250,396	71,640
Deferred consideration	33,334	220,000
Accruals and deferred income	1,543,673	773,406
Corporation tax creditor	235,434	-
	<u>6,537,285</u>	<u>4,863,861</u>

14 Creditors amounts falling due after more than one year

	2012 £	2011 £
Deferred consideration	-	100,000
Finance leases	165,652	147,279
	<u>165,652</u>	<u>247,279</u>

Maturity of debt

	Deferred Consideration 2012 £	Deferred Consideration 2011 £	Finance Leases 2012 £	Finance Leases 2011 £
In one year or less, or on demand	33,334	220,000	250,396	71,640
In more than one year but not more than two years	-	100,000	135,644	147,279
In more than two years but not more than five years	-	-	30,008	-
	<u>-</u>	<u>320,000</u>	<u>165,652</u>	<u>218,919</u>

Adstream (UK) Limited

Notes forming part of the financial statements
for the year ended 30 June 2012 (*continued*)

15 Share capital

	Allotted, called up and fully paid	
	2012 £	2011 £
10,000 ordinary shares of £1 each	10,000	10,000

16 Reserves

	Profit and loss account £
At 1 July 2011	6,618,548
Profit for the year	565,154
At 30 June 2012	7,183,702

Adstream (UK) Limited

Notes forming part of the financial statements
for the year ended 30 June 2012 *(continued)*

17 Reconciliation of shareholder's funds

	2012 £	2011 £
Profit for the year	565,154	2,339,695
Opening shareholder's funds	6,628,548	4,288,853
Closing shareholder's funds	7,193,702	6,628,548

18 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2012 £	Land and buildings 2011 £
Operating leases which expire		
Within one year	-	-
In two to five years	379,848	379,848

19 Ultimate parent company and controlling party

The immediate parent company and the smallest company for which group accounts are drawn up is Adstream Holdings Pty Limited. The controlling party and the largest group of undertakings for which group accounts are drawn up is Paul Ramsay Holdings Pty Limited. Both Companies are incorporated in Australia and group accounts are available from Level 5, Tower B, 207 Pacific Highway, St Leonards, NSW 2065 Australia.