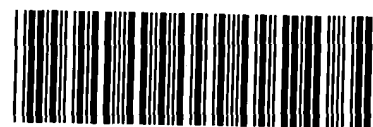


Adstream (UK) Limited

Report and Financial Statements

30 June 2016

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COMPANIES HOUSE

Company Information

Directors

G. Sutton
D. Mark
W. Syphers

Secretary

W. Syphers

Auditors

Ernst & Young LLP
400 Capability Green
Luton LU1 3LU

Registered Office

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

Strategic report

The directors present their strategic report for the year ended 30 June 2016.

Principal activity

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.

Business review and future developments

The profit for the year, after taxation, is £1,009,049 (2015 – profit £774,062). The directors are not proposing a dividend this year.

During the year the company transitioned from EU-adopted IFRS to FRS 101 - Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard. The key impacts of the transition relate to the recognition of a provision for annual and long service leave, along with the recognition of forward currency financial instruments, a full analysis is detailed in note 27.

The Company's key financial and other performance indicators during the year were as follows:

	2016 £	2015 £	Change %
Turnover	12,105,074	11,078,061	9.3%
Gross profit margin	71.53%	70.56%	1.4%
Profit on ordinary activities before taxation	1,230,508	984,377	(145.0%)

The growth in turnover has come from an increase in the company's underlying broadcast revenue coupled with continued growth in platform sales. Revenue from the Campaign Management business has ceased following the sale of the business during the last financial year.

The company has continued to focus on costs and as a result the gross profit margin has improved marginally year on year.

At the end of the year the company acquired the trade and assets of its subsidiary entity, The Traffic Bureau Limited ('TTB'). Prior to the acquisition TTB paid a dividend to the company of £1,671,799, which has been recognised in the income statement. At the date of acquisition the company wrote off its investment in TTB, which amounted to £1,639,693 and was recognised in the income statement; the net impact on the income statement was a profit of £32,106.

The Company intends to continue to provide technological solutions to the media industry and will focus on growing revenue and improving profitability during the next financial year.

Strategic report (*Continued*)

Principal risks and uncertainties

In common with all other businesses, Adstream is exposed to risks that arise from its use of financial instruments. There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note. The main financial risks arising from the company's operating activities are credit risk, foreign exchange 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.

There is no significant concentration of credit risk with respect to current receivables in the company. The directors manage credit risk through the company's 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 is exposed to foreign currency risk through its overseas based customers and suppliers along with intercompany balances and funding received from other group entities located overseas. The company benefits from a natural hedge for an element of its foreign currency requirements as the cash received from overseas customers is used to pay overseas suppliers in the same currency. The company has taken out forward currency financial instruments in order to manage some of its exposure to fluctuations in exchange rates. The company also operates in the spot market enabling it to benefit from any upside but also exposing it to any downside as exchange rates fluctuate. The directors regularly review cash requirements of the business, the source and currency of funds along with forecast exchange rate movements and make decisions accordingly. The intercompany balances existing at the year end are fully exposed to fluctuations in exchange rates. As a result of the UK's decision to leave the European Union shortly before the year end and the resulting depreciation of sterling the company has experienced a material movement in the value of its intercompany balances (loss of £897,998 recognised in the year).

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.

Approved by the Board on 17 May 2017 and signed on its behalf by:



D Mark
Director

Directors' report

The directors present their Directors' report for the year ended 30 June 2016.

Results

The results for the year are set out on page 8 and shows the profit for the year.

Future developments

The Company intends to continue to provide technological solutions to the media industry and will focus on growing revenue and improving profitability during the next financial year.

Directors

The directors who served the company during the year were:

G. Sutton
D. Mark
W. Syphers

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review on pages 2 to 3. In light of these factors and the long term nature of customer relationships, the diverse number of customers and the strategic relationships with major brands, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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.

On behalf of the Board



D Mark
Director
Date: 17 May 2017

Statement of directors' responsibilities

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 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 101 'Reduced Disclosure Framework'.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Independent auditors' report to the members of Adstream (UK) Limited

We have audited the financial statements of Adstream (UK) Limited for the year ended 30 June 2016 which comprise the Income statement, the Statement of Comprehensive Income, the Statement of Change in Equity, the Statement of Financial Position and the related notes 1 to 27. 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

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 financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

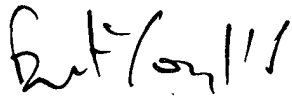
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Adstream (UK) 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, 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: 18/5/17

Income statement

for the year ended 30 June 2016

	Notes	2016 £	2015 £
Turnover	3	12,105,074	11,078,061
Cost of sales		(3,446,563)	(3,261,014)
Gross profit		8,658,511	7,817,047
Distribution costs		(1,008,112)	(978,480)
Administrative expenses		(6,451,771)	(7,762,397)
Exchange differences	5	(1,002,004)	587,799
Operating profit/(loss)	4	196,624	(336,031)
Interest receivable and similar income	8	1,777,794	339,328
Interest payable and similar charges	9	(743,910)	(102,051)
Profit on ordinary activities before taxation from continuing operations		1,230,508	(98,754)
Profit for the year from disposed operations	11	-	1,083,131
Profit on ordinary activities before taxation		1,230,508	984,377
Tax	10	(221,459)	(210,315)
Profit for the financial year		1,009,049	774,062

The prior year results include discontinued operations.

Statement of comprehensive income

for the year ended 30 June 2016

	2016 £	2015 £
Profit for the financial year	1,009,049	774,062
Other comprehensive income for the year	-	-
Total comprehensive income for the year	1,009,049	774,062

Statement of changes in equity

for the year ended 30 June 2016

	Share capital £	Profit & loss account £	Total equity £
At 1 July 2014	10,000	7,861,669	7,871,669
Profit for the financial year	-	774,062	774,062
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	774,062	774,062
At 30 June 2015	10,000	8,635,731	8,645,731
At 1 July 2015	10,000	8,635,731	8,645,731
Profit for the financial year	-	1,009,049	1,009,049
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,009,049	1,009,049
At 30 June 2016	10,000	9,644,780	9,654,780

Statement of financial position

at 30 June 2016

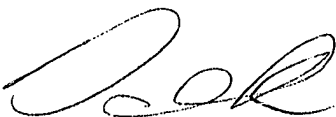
	Notes	2016 £	2015 £
Fixed assets			
Intangible assets	12	2,680	8,254
Tangible assets	13	600,345	719,603
Investments	14	839,373	2,479,066
Non current debtor	15	157,017	355,566
		<u>1,599,415</u>	<u>3,562,489</u>
Current assets			
Debtors	16	2,972,495	2,357,527
Amounts owed by group undertakings		20,512,089	17,943,806
Other debtors		327,674	278,889
Prepayments and accrued income		950,627	564,149
Corporation tax debtor		237,859	127,503
Deferred tax asset	10	136,253	160,248
Financial assets	17	-	341,331
Cash at bank and in hand		199,459	168,262
		<u>25,336,456</u>	<u>21,941,715</u>
Creditors: amounts falling due within one year			
Invoice discounting	18	906,639	940,104
Trade creditors		1,215,990	1,371,872
Amounts owed to group undertakings		10,322,847	10,447,732
Other creditors		167,853	84,533
Taxation and social security		857,103	708,826
Accruals and deferred income		2,176,853	2,006,241
Deferred tax liability	10	-	68,267
Financial liabilities	18	285,203	-
Obligations under finance leases and hire purchase agreements	19	78,515	84,042
		<u>16,011,003</u>	<u>15,711,617</u>
Net current assets		9,325,453	6,230,098
Total assets less current liabilities		10,924,868	9,792,587
Creditors: amounts falling due after one year			
Obligations under finance leases and hire purchase agreements	19	77,421	71,986
Provisions for liabilities	20	1,192,667	1,074,870
Net assets		<u>9,654,780</u>	<u>8,645,731</u>

Statement of financial position

at 30 June 2016 (continued)

	Notes	2016 £	2015 £
Capital and reserves			
Called up share capital	21	10,000	10,000
Profit and loss account	22	<u>9,644,780</u>	<u>8,635,731</u>
Total Shareholders' funds		9,654,780	8,645,731

These financial statements were approved by the board of directors on 17 May 2017 and were signed on its behalf by:



D Mark

Director

Registered No. 0469190

Notes forming part of the financial statements

for the year ended 30 June 2016

1 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Adstream (UK) Limited for the year ended 30 June 2016 were authorised for issue by the board of directors as indicated on the statement of financial position.

The company is incorporated and domiciled in England & Wales.

The company transitioned from previously extant UK GAAP to FRS 101 for all periods presented. Transition reconciliations showing all material adjustments are disclosed in note 27. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 June 2016.

The financial statements are presented in sterling and all values are rounded to the nearest pound (£) except where otherwise indicated.

The company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Adstream Holdings Pty Limited whose consolidated financial statements are available as per note 25.

2 Accounting policies

Basis of preparation

The company transitioned from previously extant UK GAAP to FRS 101 for all periods presented. Transition reconciliations showing all material adjustments are disclosed in note 27. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 June 2016.

The company has taken advantage of the following disclosure exemptions under FRS101:

- (a) the requirements of IAS 7 *Statement of cashflows*;
- (b) the requirements of paragraphs 17 and 18a of IAS 24 *Related party disclosures*;
- (c) the requirement under paragraphs 30 and 31 of IAS 8 relating to new IFRS's in issue but not effective;
- (d) the requirements of IFRS 7 *Financial instruments*;
- (e) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 *Presentation of Financial Statements*;
- (f) the requirements in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information

Notes forming part of the financial statements

for the year ended 30 June 2016 (continued)

2 Accounting policies (continued)

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates, and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date, and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effects on amounts recognised in the financial statements:

Operating lease commitments – The company has obtained the use of property, plant and equipment as a lessee. The classification of such leases as operating or finance leases requires the company to determine, based on the evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Taxation – management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 10.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review on pages 2 to 3. In light of these factors and the long term nature of customer relationships, the diverse number of customers and the strategic relationships with major brands, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Group financial statements

The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual company undertaking.

Tangible fixed assets

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%

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes forming part of the financial statements

for the year ended 30 June 2016 (continued)

2 Accounting policies (continued)

Intangible assets

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets, is determined on a transaction by transaction basis. Acquisition costs incurred are expensed and included in administrative expenses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Foreign currencies

The company's financial statements are presented in sterling, which is also the company's functional currency. Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

The Company uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. Any gains or losses arising from changes in the fair value of derivatives are taken to the income statement.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

Notes forming part of the financial statements

for the year ended 30 June 2016 (continued)

2 Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals, including the impact of rental incentives, are charged to the profit and loss account on a straight-line basis over the period of the lease.

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.

3 Turnover

The proportion of turnover that is attributable to markets outside the United Kingdom is 7.2% (2015 – 9.2%).

	2016	2015
<i>Turnover by destination</i>	£	£
United Kingdom	11,233,594	10,056,686
Europe (excluding UK)	774,878	558,975
United States of America	-	309,042
Middle East	1,606	-
Asia	86,258	149,057
Australasia	-	-
South and Central America	8,738	4,301
	<u>12,105,074</u>	<u>11,078,061</u>

Notes forming part of the financial statements

for the year ended 30 June 2016 (continued)

4 Operating profit

This is stated after charging:

	2016 £	2015 £
Auditors' remuneration	25,000	23,000
Depreciation of tangible fixed assets	428,796	518,068
Amortisation of intangible fixed assets	5,574	6,138
Exchange differences	1,002,004	(587,799)
Loss on disposal	-	153
Operating leases – plant and machinery	505,965	426,094
– other assets	14,386	13,472

5 Exchange differences

The amount relating to exchange differences arises from the movement in foreign exchange rates in the year and amounts to a loss of £1,002,004 (2015 gain - £587,799). The loss arising on the retranslation of intercompany balances amounted to £897,998 (2015 – gain £805,758). The Directors consider the gain arising on foreign exchange rates to be exceptional due to their size and non-trading nature. The gain arises due to significant intercompany creditors denominated in Euros, Australian dollars and the strengthening of the GBP against these currencies.

6 Directors' remuneration

	2016 £	2015 £
Directors' remuneration	1,339,442	1,238,454
Company contributions to money purchase pension schemes	54,544	41,842
Number of directors	3	3

The remuneration of the highest paid director was £784,682 (2015 – £671,338), and company pension contributions of £18,333 (2015 – £18,333) were made to a money purchase scheme on his behalf.

	2016 £	2015 £
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	3	3

Notes forming part of the financial statements

for the year ended 30 June 2016 (continued)

7 Staff costs

	2016 £	2015 £
Wages and salaries	9,928,939	8,123,519
Social security costs	1,066,516	866,260
Other pension costs	247,299	212,486
	<u>11,242,754</u>	<u>9,202,265</u>

The average monthly number of employees (including directors) during the year was made up as follows:

	2016 £	2015 £
Selling, distribution and production	147	116
Administration	26	23
	<u>173</u>	<u>139</u>

8 Interest receivable and similar income

	2016 £	2015 £
Bank interest receivable	105,995	400
Equity dividends received	1,671,799	-
Gain on financial assets at fair value through profit and loss	-	338,928
	<u>105,995</u>	<u>339,328</u>

9 Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	41,095	65,362
Interest payable under finance leases	74,292	36,235
Other interest payable	1,989	454
Loss on financial assets at fair value through profit and loss	626,534	-
	<u>743,910</u>	<u>102,051</u>

Notes forming part of the financial statements

for the year ended 30 June 2016 (continued)

10 Tax

(a) Tax charged in the income statement

The tax charge is made up as follows:

	2016 £	2015 £
Current tax:		
UK corporation tax on the profit for the year	241,808	-
Adjustments in respect of prior periods	23,923	167,472
Total current tax	265,731	167,472
Deferred tax		
Origination/(reversal) of timing differences	(26,002)	177,427
Effect of reduction in tax rate to 20% in 2016 (20.75% in 2015)	12,250	(134,584)
Adjustments in respect of prior periods	(30,520)	-
Total deferred tax	(44,272)	42,843
Tax on profit on ordinary activities (note 10(b))	221,459	210,315

(b) Factors affecting the current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20.00% (2015 – 20.75%). The differences are explained below:

	2016 £	2015 £
(Loss)/profit on ordinary activities before tax	1,230,508	984,377
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015 – 20.25%)	246,102	204,258
Effects of:		
Expenses not deductible for tax purposes	354,730	46,871
Losses eliminated	85,946	-
Income not assessable for tax purposes	(334,360)	-
Group relief claimed	(53,556)	-
Change in tax rate	16,348	(1,948)
Tax losses utilised	-	(156,217)
Adjustments to tax charge in respect of previous periods	23,922	167,472
Adjustments to tax charge in respect of previous periods – deferred tax	(30,519)	-
Deferred tax not recognised	(87,154)	(50,121)
Current tax for the year (note 10 (a))	221,459	210,315

Notes forming part of the financial statements

for the year ended 30 June 2016 (continued)

10 Tax (continued)

(c) Deferred taxation

The elements of deferred taxation are as follows:

	2016	2015
	£	£
<i>Deferred tax asset</i>		
At 1 July	160,248	144,418
Deferred tax (debit)/credit in income statement	(23,995)	15,830
At 30 June	136,253	160,248
	2016	2015
	£	£
<i>Deferred tax liability</i>		
At 1 July	68,267	481
Deferred tax (credit)/debit in income statement	(68,267)	67,786
At 30 June	-	68,267
	2016	2015
	£	£
<i>Provision for deferred tax</i>		
Accelerated capital allowances	(39,282)	(85,697)
Short term temporary differences	(96,971)	(6,285)
Total deferred tax (asset)/liability	(136,253)	(91,982)

e) Factors that may affect future tax charges

Deferred tax assets and liabilities on all temporary differences have been calculated at 18%, being the rate at which the timing differences are expected to reverse (the overall average rate for which would otherwise be 20.25%).

The deferred tax asset relates to deferred capital allowances and other timing differences. As at 30 June 2016 the company had £60,421 (2015 – £60,421) of tax losses, none of which were recognised as a deferred tax asset.

The 2015 Finance Act number two enacted a reduction in the main rate of UK corporation tax from 20% to 19%, effective 1 April 2017, and effective 1 April 2020, which was enacted by 30 June 2016.

In his budget of 16 March 2016, the Chancellor of the Exchequer announced that the main rate of corporation tax will be further reduced to 17%, effective from 1 April 2020, instead of the 18% rate previously enacted. For the year ended 30 June 2016, the reduction in the corporation tax rate to 17% had not been substantively enacted.

Accordingly, the corporation tax rate of 19% has been applied in the measure of the company's deferred tax balances as at 30 June 2016.

Notes forming part of the financial statements

for the year ended 30 June 2016 (continued)

11 Discontinued operations

	2016 £	2015 £
Consideration	-	1,154,946
Cost of disposal	-	(71,815)
Net profit on disposal before tax	-	1,083,131

On 1 January 2015, the company sold the Campaign Management business as it was no longer core to the strategic direction of the business. There have been no disposals of businesses for the year ended 30 June 2016.

12 Intangible fixed asset

	Intellectual property and trademarks £	Total £
Cost:		
At 1 July 2015	21,537	21,537
Effects of exchange rates	-	-
Additions	-	-
Disposals	-	-
At 30 June 2016	21,537	21,537
Depreciation:		
At 1 July 2015	13,283	13,283
Effects of exchange rates	-	-
Charge for year	5,574	5,574
On disposals	-	-
At 30 June 2016	18,857	18,857
Net book value:		
At 30 June 2016	2,680	2,680
At 1 July 2015	8,254	8,254

Notes forming part of the financial statements

for the year ended 30 June 2016 (continued)

13 Tangible fixed assets

	Leasehold land and buildings £	Plant and machinery £	Total £
Cost:			
At 1 July 2015	506,524	4,647,809	5,154,333
Intra group transfer		136,358	136,358
Additions	38,506	269,420	307,926
Disposals		-	-
At 30 June 2016	545,030	5,053,587	21,537
Depreciation:			
At 1 July 2015	421,364	4,013,366	4,434,730
Intra group transfer		134,746	134,746
Charge for year	72,708	356,088	428,796
On disposals		-	-
At 30 June 2016	494,072	4,504,200	18,857
Net book value:			
At 30 June 2016	50,958	549,387	600,345
At 1 July 2015	85,160	634,443	719,603

Included in plant and machinery are assets under hire purchase agreements with a net book value of £32,759 (2015 – £nil).

Notes forming part of the financial statements

for the year ended 30 June 2016 (continued)

14 Fixed assets investments

	2016	2015
	£	£
<i>Cost or valuation</i>		
At 1 July	2,479,066	1,778,959
Additions	-	700,107
Disposals	(1,639,693)	-
At 30 June	839,373	2,479,066

On 30 June 2016 Adstream (UK) Limited acquired 100% of the trade and assets of its subsidiary undertaking, The Traffic Bureau Limited ('TTB'). The disposal in the year relates to TTB and arises following the transfer of the trade and assets of TTB to Adstream (UK) Limited. The transaction is a business combination under common control which is outside the scope of IFRS 3 and has been accounted for using a predecessor value method. The assets and liabilities have been acquired at existing carrying values rather than fair value thus no goodwill has been recorded.

Net assets at date of acquisition:

	Carrying value	Adjustment	Net book value
		£	£
Cost:			
Tangible assets	1,613	-	1,613
Debtors	132,613	-	132,613
Cash	22,790	-	22,790
Creditors less than one year	(100,215)	-	(100,215)
	56,801	-	56,801

	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held
Adstream (Italy) S.r.l.	Italy	100%
Adstream France S.A.S	France	100%
Adstream Espania S.L.	Spain	100%
Adstream B.V.	Netherlands	100%
Digital Transfer Kft	Hungary	100%
Adstream Hellas	Greece	100%
Adstream Nordic ApS	Denmark	100%
Digital Adstream Czech Republic s.r.o	Czech Republic	100%
Pelagon UK Limited	United Kingdom	100%
Adstream Gulf FZ LLC	United Arab Emirates	100%
Adstream MENA DMCC	United Arab Emirates	100%
SendPlus Limited	United Kingdom	100%

Notes forming part of the financial statements

for the year ended 30 June 2016 (continued)

15 Non current debtor

	2016 £	2015 £
Other debtors	157,017	355,566
	<u>157,017</u>	<u>355,566</u>

Non current other debtors relate to deferred consideration arising from the sale of discontinued operations in the prior year.

16 Debtors

	2016 £	2015 £
Trade debtors (a)	2,972,495	2,357,527
	<u>2,972,495</u>	<u>2,357,527</u>
	2,988,212	2,377,899
(a) Trade debtors		
Less provision for impairment (b)	(15,717)	(20,372)
	<u>(15,717)</u>	<u>(20,372)</u>
Trade debtors – net	2,972,495	2,357,527
	<u>2,972,495</u>	<u>2,357,527</u>

The fair value of the trade and other debtors is equal to their carrying value. Trade debtors that are neither past due nor impaired relate to long standing customers with a good track record.

As at 30 June 2016 trade debtors for the company of £450,917 (2015 – £151,807) were past due but were not impaired. They relate to customers with no default history. The ageing analysis of these receivables is as follows:

Days past due	2016 £	2015 £
0 – 30	179,986	93,583
31 – 60	106,375	9,830
60+	164,555	48,395
	<u>450,917</u>	<u>151,808</u>

Notes forming part of the financial statements

for the year ended 30 June 2016 (continued)

16 Debtors (continued)

As at 30 June 2016 trade debtors of £15,717 (2015 – £20,372) were past due and impaired. Movements on the provision for impairment of trade debtors are as follows:

	2016	2015
	£	£
(b) <i>Provision for impairment</i>		
Opening balance	20,372	11,028
Amount recognised in income statement	5,025	(17,156)
Provision for doubtful receivables	(9,680)	26,500
Closing balance	15,717	20,372

17 Financial assets

	2016	2015
	£	£
Forward currency derivative contracts	-	341,331
	-	341,331

The fair value of forward currency derivative contracts was determined using quoted forward exchange rates matching the maturity of the contracts.

18 Financial liabilities

	2016	2015
	£	£
Forward currency derivative contracts	285,203	-
Invoice discounting	906,639	940,104
	1,191,842	940,104

Invoice discounting

The company has entered into a confidential invoice discounting arrangement with their local bankers. An interest charge of 3% per annum is incurred in addition to a service charge of 0.23% of notified debts (with an annual minimum of £18,000 across the group).

The invoice discounting facility is secured by way of a fixed and floating charge on the assets of the company.

Notes forming part of the financial statements

for the year ended 30 June 2016 (continued)

19 Obligations under finance leases and hire purchase agreements

The Company uses finance leases and hire purchase contracts to acquire plant and machinery. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the lessee. Future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2016	2015
	£	£
<i>Future minimum lease payments due:</i>		
Not later than one year	93,114	100,343
After one year but not more than five years	86,135	78,382
	179,249	178,725
Less finance charges allocated to future periods	(23,314)	(22,697)
Present value of minimum lease payments	155,936	156,028

The present value of minimum lease payments is analysed as follows:

	2016	2015
	£	£
In one year or less, or on demand	78,515	84,042
In more than one year but not more than two years	45,851	54,716
In more than two years but not more than five years	31,570	17,270
	77,421	71,986
Closing balance	155,936	156,028

Notes forming part of the financial statements

for the year ended 30 June 2016 (continued)

20 Provisions

	Annual and long service £	Deferred consideration £
At 1 July 2015		
Current	372,753	144,935
Non current	-	557,182
	<u>372,753</u>	<u>702,117</u>
Arising during the year		
Additional provision during the year	125,476	133,724
Utilisation of provision	(87,696)	-
Reversal of unused amounts	(73,434)	-
Unwinding of discount	-	19,727
Movement in discount rate	-	-
	<u>337,099</u>	<u>855,568</u>
Analysed as		
Current	337,099	308,532
Non current	-	547,036
	<u>337,099</u>	<u>855,568</u>

21 Issued share capital

	No.	2016 £	No.	2015 £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

22 Movements on reserves

	Profit and loss account £
At 1 July 2015	8,635,731
Profit for the financial year	<u>1,009,049</u>
At 30 June 2016	<u>9,644,780</u>

Notes forming part of the financial statements

for the year ended 30 June 2016 (continued)

23 Other financial commitments

At 30 June 2016 the company had future minimum rentals payable under non-cancellable operating leases as set out below:

		2016		2015
	Land and buildings £	Operating & office equipment £	Land and buildings £	Operating & office equipment £
Not later than one year	792,250	14,277	466,674	13,053
After one year but no more than five years	1,871,578	23,938	1,655,940	38,628
After five years	-	-	-	-
	<u>2,663,828</u>	<u>38,215</u>	<u>2,122,614</u>	<u>51,681</u>

24 Related party transactions

The company is controlled by Adstream Holdings Pty Limited. As 100% of the company's voting rights are controlled within the group headed by Adstream Holdings Pty Limited, the company has taken advantage of the exemptions from IAS 24 contained in FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The group financial statements Adstream Holdings Pty Limited, within which this company is included, can be obtained from the address given in note 25.

There are no transactions with directors. The company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

25 Ultimate parent undertaking and controlling party

The immediate parent company is Adstream Holdings Pty Limited. The controlling party is Adstream Holdings Pty Limited and the smallest company for which group accounts are drawn up is Adstream Holdings Pty Limited. The ultimate parent company 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 for Adstream Holdings Pty Limited are available from Level 5, Tower B, 207 Pacific Highway, St Leonards, NSW 2065 Australia.

26 Post balance sheet events

On 22 December 2016, the company acquired the trade and assets of Dev Zero G Limited, another group company.

Notes forming part of the financial statements

for the year ended 30 June 2016 (continued)

27 Transition to FRS 101

For all periods up to and including the year ended 30 June 2015, the company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 30 June 2016, are the first the company has prepared in accordance with FRS 101.

Accordingly, the company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 July 2015 and the significant accounting policies meeting these requirements are described in the relevant notes.

In preparing these financial statements, the company has started from an opening balance sheet position as at 1 July 2014, the company's date of transition to FRS101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101. As such, this note explains the principal adjustments made to the company in restating its balance sheet as at 1 July 2014 prepared under the extant UK GAAP and its previously published UK GAAP financial statements for the year ended 30 June 2015.

On transition to FRS 101, the company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards".

Exemptions Applied

IFRS 1 allows first-time adopters certain exemptions from the general requirements to apply IFRS's as effective for June 2016 year ends retrospectively. The company has taken advantage of IFRS 1 requirement to restate all business combinations under IFRS 3 on or after the date of transition

Transitional impact

As a result of the transition to FRS 101 the company has recognised the following adjustments, the impact of which can be seen in the note below.

Annual and long service leave provision – the company has recognised a provision for accrued annual leave and long service leave at 1 July 2015 and the subsequent year ends. The net impact on the income statement for the year ended 30 June 2014 amounted to £293,606 and in the year ended 30 June 2015 a charge of £47,725 was recognised in the restated income statement.

Forward currency financial instruments – the company has recognised forward currency contracts on the balance sheet as a result of the transition to FRS 101. At 1 July 2015 an asset of £2,403 was recognised and in the year ended 30 June 2015 a gain of £338,928 was recognised in the income statement.

The fair value of forward currency derivative contracts was determined using quoted forward exchange rates matching the maturity of the contracts.

In 2014 a deferred tax asset of £58,721 was recognised in relation to the holiday provision that has been recognised on transition, in addition a deferred tax liability amounting to £481 was recognised in relation to the forward currency contracts. The net impact on the income statement for the year ended 30 June 2014 amounted to £58,240. In 2015 the deferred tax asset relating to the holiday provision increased by £15,830, at 30 June 2015 the asset amounted to £74,551. The deferred tax liability increased by £67,786 during the year ended 30 June 2015 and at the year end the liability amounted to £68,267.

Notes forming part of the financial statements

for the year ended 30 June 2016 (continued)

27 Transition to FRS 101 (Continued)

	UK GAAP	FRS101 Re- classifications / Re-measurements	FRS 101
	£	£	£
Reconciliation of equity as at 1 July 2014			
Fixed Assets			
Intangible fixed assets	-	-	-
Tangible fixed assets	998,794	-	998,794
Investments	1,778,959	-	1,778,959
	<u>2,777,753</u>	<u>-</u>	<u>2,777,753</u>
Non current debtor	-	-	-
Current assets			
Trade debtors	1,800,234	-	1,800,234
Amounts owed by group undertakings	13,354,903	-	13,354,903
Other debtors	26,177	-	26,177
Prepayments and accrued income	628,490	-	628,490
Deferred tax asset	76,584	58,721	135,305
Financial assets	-	2,403	2,403
Cash at bank and in hand	418,945	-	418,945
	<u>16,305,333</u>	<u>61,124</u>	<u>16,366,457</u>
Creditors: amounts falling due within one year			
Trade creditors	(1,020,164)	-	(1,020,164)
Amounts owed to group undertakings	(7,362,391)	-	(7,362,391)
Corporation tax creditor	(22,918)	-	(22,918)
Long service and holiday provision	-	(293,606)	(293,606)
Other creditors	(73,384)	-	(73,384)
Taxation and social security	(247,920)	-	(247,920)
Deferred tax liability	-	(481)	(481)
Accruals and deferred income	(1,241,943)	-	(1,241,943)
Invoice discounting	(783,001)	-	(783,001)
Finance leases	(126,993)	-	(126,993)
	<u>(10,878,714)</u>	<u>(294,087)</u>	<u>(11,172,801)</u>
Net current assets	<u>5,426,619</u>	<u>(232,963)</u>	<u>5,193,656</u>
Total assets less current liabilities	<u>8,204,372</u>	<u>(232,963)</u>	<u>7,971,409</u>
Creditors: amounts falling due after one year			
Finance leases	(99,740)	-	(99,740)
Deferred consideration	-	-	-
Net assets	<u>8,104,632</u>	<u>(232,963)</u>	<u>7,871,669</u>
Capital and reserves			
Called up share capital	10,000	-	10,000
Profit & loss account	8,094,632	(232,963)	7,861,669
Total equity	<u>8,104,632</u>	<u>(232,963)</u>	<u>7,871,669</u>

Notes forming part of the financial statements

for the year ended 30 June 2016 (continued)

27 Transition to FRS 101 (Continued)

	UK GAAP	FRS101 Re- classifications / Re-measurements	FRS 101
	£	£	£
Reconciliation of equity as at 30 June 2015			
Fixed Assets			
Intangible fixed assets	8,254	-	8,254
Tangible fixed assets	719,603	-	719,603
Investments	2,479,066	-	2,479,066
	3,206,923	-	3,206,923
Non current debtor	355,566	-	355,566
Current assets			
Trade debtors	2,357,527	-	2,357,527
Amounts owed by group undertakings	17,943,806	-	17,943,806
Other debtors	278,889	-	278,889
Prepayments and accrued income	564,149	-	564,149
Corporation tax debtor	127,503	-	127,503
Deferred tax asset	85,697	74,551	160,248
Financial assets	-	341,331	341,331
Cash at bank and in hand	168,262	-	168,262
	21,525,833	415,882	21,941,715
Creditors: amounts falling due within one year			
Trade creditors	(1,371,872)	-	(1,371,872)
Amounts owed to group undertakings	(10,447,732)	-	(10,447,732)
Long service and holiday provision	-	(372,753)	(372,753)
Other creditors	(84,533)	-	(84,533)
Taxation and social security	(708,826)	-	(708,826)
Deferred tax liability	-	(68,267)	(68,267)
Accruals and deferred income	(2,006,241)	-	(2,006,241)
Invoice discounting	(940,104)	-	(940,104)
Finance leases	(84,042)	-	(84,042)
Deferred consideration	(144,935)	-	(144,935)
	(15,788,285)	(441,020)	(16,229,305)
Net current assets	5,737,548	(25,138)	5,712,410

Notes forming part of the financial statements

for the year ended 30 June 2016 (continued)

27 Transition to FRS 101 (Continued)

Total assets less current liabilities	9,300,037	(25,138)	9,274,899
Creditors: amounts falling due after one year			
Finance leases	(71,986)	-	(71,986)
Deferred consideration	(557,182)	-	(557,182)
Net assets	8,670,869	(25,138)	8,645,731
<i>Capital and reserves</i>			
Called up share capital	10,000	-	10,000
Profit & loss account	8,660,869	(25,138)	8,635,731
Total equity	8,670,869	(25,138)	8,645,731

Reconciliation of total comprehensive income

The effect of the remeasurement differences on the reported total comprehensive income of the company for the year ended 30 June 2015 is as follows:

	2015
	£
Total comprehensive income for the year ended 31 December 2014 under UK GAAP	566,237
Gain arising on forward contracts	338,928
Movement in holiday provision recognised in the year	(79,147)
Movement on deferred tax	(51,956)
Total comprehensive income for the year under FRS101	774,062