

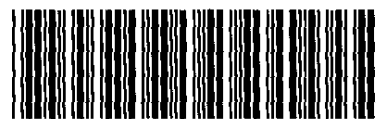
Adstream (UK) Limited

Report and Financial Statements

30 June 2017

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TUESDAY
THURSDAY



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COMPANIES HOUSE			
A06	*A75J05IP*	08/05/2018	#95
COMPANIES HOUSE			

Company Information

Directors

G. Sutton
D. Mark
W. Syphers
T. Emly

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 2017.

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 £796,532 (2016 – profit £1,009,049). The directors are not proposing a dividend this year.

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

	2017 £	2016 £	Change %
Turnover	12,721,657	12,105,074	5.1%
Gross profit margin	65.2%	71.5%	(6.3%)
Profit on ordinary activities before taxation	1,043,810	1,230,508	(15.2%)

The growth in turnover has come from the company's continued growth in platform revenue coupled with an increase in revenue from solution services. Gross profit margin has fallen during the year due to higher costs in relation to group companies.

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. The company has experienced a material movement in the value of its intercompany balances (loss of £201,949 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 29 March 2018 and signed on its behalf by:



T Emly
Director

Directors' report

The directors present their Directors' report for the year ended 30 June 2017.

Results

The results for the year are set out on page 9 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
T. Emly (appointed 1 July 2017)

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 Strategic Report on pages 2 to 3. The company benefits from considerable financial resources and the ongoing support from the ultimate parent undertaking. 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


T Emly
Director
Date: 29 March 2018

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

Opinion

We have audited the financial statements of Adstream (UK) Limited for the year ended 30 June 2017 which comprise of the Income Statement, the Balance Sheet, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

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

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

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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



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

Luton

Date: 29/3/18

Income statement

for the year ended 30 June 2017

	Notes	2017 £	2016 £
Turnover	3	12,721,657	12,105,074
Cost of sales		<u>(4,432,269)</u>	<u>(3,446,563)</u>
Gross profit		8,289,388	8,658,511
Distribution costs		(1,650,384)	(1,008,112)
Administrative expenses		(17,002,168)	(16,563,119)
Exchange differences	5	(224,693)	(1,002,004)
Other operating income		<u>11,645,302</u>	<u>10,111,348</u>
Operating profit	4	1,057,445	196,624
Interest receivable and similar income	8	90,426	1,777,794
Interest payable and similar charges	9	<u>(104,061)</u>	<u>(743,910)</u>
Profit on ordinary activities before taxation from continuing operations		1,043,810	1,230,508
Tax	10	<u>(247,278)</u>	<u>(221,459)</u>
Profit for the financial year		<u>796,532</u>	<u>1,009,049</u>

Statement of comprehensive income

for the year ended 30 June 2017

	2017 £	2016 £
Profit for the financial year	796,532	1,009,049
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>796,532</u>	<u>1,009,049</u>

Statement of changes in equity

for the year ended 30 June 2017

	Share capital £	Profit & loss account £	Total equity £
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
At 1 July 2016	10,000	9,644,780	9,654,780
Profit for the financial year	-	796,532	796,532
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	796,532	796,532
At 30 June 2017	10,000	10,441,312	10,451,312

Statement of financial position

at 30 June 2017

	Notes	2017 £	2016 £
Fixed assets			
Intangible assets	11	56,918	2,680
Tangible assets	12	890,232	600,345
Investments	13	838,697	839,373
Non current debtor	14	-	157,017
		<u>1,785,847</u>	<u>1,599,415</u>
Current assets			
Debtors	15	26,499,385	25,136,997
Cash at bank and in hand		<u>475,477</u>	<u>199,459</u>
		<u>26,974,862</u>	<u>25,336,456</u>
Creditors: amounts falling due within one year			
Trader and other creditors	16	(15,327,074)	(14,819,161)
Financial liabilities	18	(1,488,257)	(1,191,842)
Provisions for liabilities	20	(1,107,101)	-
		<u>9,052,430</u>	<u>9,325,453</u>
Net current assets			
		<u>10,838,277</u>	<u>10,924,868</u>
Total assets less current liabilities			
		<u>10,838,277</u>	<u>10,924,868</u>
Creditors: amounts falling due after one year			
Trade and other creditors	17	(386,965)	(77,421)
Provisions for liabilities	20	-	(1,192,667)
		<u>10,451,312</u>	<u>9,654,780</u>
Net assets			
		<u>10,451,312</u>	<u>9,654,780</u>
Capital and reserves			
Called up share capital	21	10,000	10,000
Profit and loss account	22	<u>10,441,312</u>	<u>9,644,780</u>
Total Shareholders' funds		<u>10,451,312</u>	<u>9,654,780</u>

These financial statements were approved by the board of directors on 29 March 2018 and were signed on its behalf by:

T Emly
Director

Registered No. 0469190

Notes forming part of the financial statements

for the year ended 30 June 2017

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 2017 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 accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 June 2017.

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 26.

2 Accounting policies

Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 June 2017.

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 2017 (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 Strategic 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 2017 (continued)

2 Accounting policies (continued)

Intangible assets

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 2017 (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 13.3% (2016 – 7.2%).

	2017	2016
	£	£
<i>Turnover by destination</i>		
United Kingdom	11,024,240	11,233,594
Europe (excluding UK)	922,228	774,878
United States of America	704,787	-
Middle East	2,028	1,606
Asia	42,576	86,258
Australasia	15,779	-
South and Central America	10,019	8,738
	<u>12,721,657</u>	<u>12,105,074</u>

Notes forming part of the financial statements

for the year ended 30 June 2017 (continued)

4 Operating profit

This is stated after charging:

	2017 £	2016 £
Auditors' remuneration	25,000	25,000
Depreciation of tangible fixed assets	384,815	428,796
Amortisation of intangible fixed assets	2,662	5,574
Exchange differences	224,693	1,002,004
Operating leases – plant and machinery	852,892	505,965
– other assets	31,555	14,386

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 £224,693 (2016 loss - £1,002,004). The loss arising on the retranslation of intercompany balances amounted to £201,949 (2016 – loss £897,998). The Directors consider the loss arising on foreign exchange rates to be exceptional due to their size and non-trading nature. The loss arises due to significant intercompany creditors denominated in Euros, Australian dollars and the weakening of the GBP against these currencies.

6 Directors' remuneration

	2017 £	2016 £
Directors' remuneration	218,121	1,339,442
Company contributions to money purchase pension schemes	10,875	54,544
Number of directors	1	3

The remuneration of the highest paid director was £218,121 (2016 – £784,682), and company pension contributions of £10,875 (2016 – £18,333) were made to a money purchase scheme on his behalf.

	2017 £	2016 £
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	3

The costs of the remaining directors have been borne by other group companies.

Notes forming part of the financial statements

for the year ended 30 June 2017 (continued)

7 Staff costs

	2017 £	2016 £
Wages and salaries	10,715,246	9,928,939
Social security costs	1,267,544	1,066,516
Other pension costs	271,651	247,299
	<u>12,254,441</u>	<u>11,242,754</u>

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

	2017 £	2016 £
Selling, distribution and production	180	147
Administration	28	26
	<u>208</u>	<u>173</u>

8 Interest receivable and similar income

	2017 £	2016 £
Bank interest receivable	71	105,995
Equity dividends received	47,629	1,671,799
Gain on financial liabilities at fair value through profit and loss	42,726	-
	<u>90,426</u>	<u>1,777,794</u>

9 Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	18,799	41,095
Interest payable under finance leases	85,262	74,292
Other interest payable	-	1,989
Loss on financial assets at fair value through profit and loss	-	626,534
	<u>104,061</u>	<u>743,910</u>

Notes forming part of the financial statements

for the year ended 30 June 2017 (continued)

10 Tax

(a) Tax charged in the income statement

The tax charge is made up as follows:

	2017 £	2016 £
Current tax:		
UK corporation tax on the on the profit for the year	182,227	241,808
Adjustments in respect of prior periods	27,242	23,923
Total current tax	209,469	265,731
Deferred tax		
Origination/(reversal) of timing differences	30,239	(26,002)
Effect of reduction in tax rate to 19.75% in 2017 (20% in 2016)	7,570	12,250
Adjustments in respect of prior periods	-	(30,520)
Total deferred tax	37,809	(44,272)
Tax on profit on ordinary activities (note 10(b))	247,278	221,459

(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 19.75% (2016 – 20.00%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	1,043,810	1,230,508
Tax on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.75% (2016 – 20.00%)	206,152	246,102
Effects of:		
Expenses not deductible for tax purposes	21,134	354,730
Losses eliminated	-	85,946
Income not assessable for tax purposes	(9,407)	(334,360)
Group relief claimed	-	(53,556)
Change in tax rate	3,234	16,348
Adjustments to tax charge in respect of previous periods	27,242	23,922
Adjustments to tax charge in respect of previous periods – deferred tax	-	(30,519)
Deferred tax not recognised	(1,078)	(87,154)
Current tax for the year (note 10 (a))	247,277	221,459

Notes forming part of the financial statements

for the year ended 30 June 2017 (continued)

10 Tax (continued)

(c) Deferred taxation

The elements of deferred taxation are as follows:

	2017	2016
	£	£
<i>Deferred tax asset</i>		
At 1 July	136,253	160,248
Deferred tax debit in income statement	(37,809)	(23,995)
At 30 June	98,444	136,253
	2017	2016
	£	£
<i>Deferred tax liability</i>		
At 1 July	-	68,267
Deferred tax credit in income statement	-	(68,267)
At 30 June	-	-
	2017	2016
	£	£
<i>Provision for deferred tax</i>		
Accelerated capital allowances	(31,092)	(39,282)
Short term temporary differences	(67,352)	(96,971)
Total deferred tax asset	(98,444)	(136,253)

e) Factors that may affect future tax charges

Deferred tax assets and liabilities on all temporary differences have been calculated at 17%, being the rate at which the timing differences are expected to reverse.

The deferred tax asset relates to deferred capital allowances and other timing differences. As at 30 June 2017 the company had £60,350 (2016 – £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 to 18% effective 1 April 2020, which was enacted by 30 June 2017.

The Finance Act 2016 enacted a further reduction in the main rate of UK corporation tax to 17% effective from 1 April 2020, instead of the 18% rate previously enacted. The Finance Act 2016 was enacted by 30 June 2017.

Accordingly, the corporation tax rate of 17% has been applied in the measure of the company's deferred tax balances as at 30 June 2017.

Notes forming part of the financial statements

for the year ended 30 June 2017 (continued)

11 Intangible fixed asset

	Intellectual property and trademarks £	Total £
Cost:		
At 1 July 2016	21,537	21,537
Additions	56,900	56,900
At 30 June 2017	78,437	78,437
Depreciation:		
At 1 July 2016	18,857	18,857
Charge for year	2,662	2,662
At 30 June 2017	21,519	21,519
Net book value:		
At 30 June 2017	56,918	56,918
At 1 July 2016	2,680	2,680

Notes forming part of the financial statements

for the year ended 30 June 2017 (continued)

12 Tangible fixed assets

	Leasehold land and buildings £	Plant and machinery £	Total £
Cost:			
At 1 July 2016	545,030	5,053,587	5,598,617
Additions	-	673,569	673,569
Acquired on acquisition	82,125	490,079	572,204
At 30 June 2017	627,155	6,217,235	6,844,390
Depreciation:			
At 1 July 2016	494,072	4,504,200	4,998,272
Charge for year	31,348	353,467	384,815
Acquired on acquisition	82,125	488,946	571,071
At 30 June 2017	607,545	5,346,613	5,954,158
Net book value:			
At 30 June 2017	19,610	870,622	890,232
At 1 July 2016	50,958	549,387	600,345

Included in plant and machinery are assets under hire purchase agreements with a net book value of £16,645 (2016 – £32,759).

Notes forming part of the financial statements

for the year ended 30 June 2017 (continued)

13 Fixed assets investments

	2017	2016
	£	£
<i>Cost or valuation</i>		
At 1 July	839,373	2,479,066
Disposals	(676)	(1,639,693)
At 30 June	838,697	839,373

	<i>Country of incorporation or registration</i>	<i>Proportion of voting rights and ordinary share capital held</i>
Adstream (Italy) S.r.l.	Italy	99%
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	51%
SendPlus Limited	United Kingdom	100%

During the year the company reassigned a proportion of its shareholding in Adstream (Italy) S.r.l. to another group company. No consideration was received and no amounts were recognised through the profit and loss account.

14 Non current debtor

	2017	2016
	£	£
Other debtors	-	157,017
	-	157,017

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

Notes forming part of the financial statements

for the year ended 30 June 2017 (continued)

15 Debtors

	2017 £	2016 £
Trade debtors (a)	3,014,206	2,972,495
Amounts owed by group undertakings	21,120,612	20,512,089
Other debtors	407,041	327,674
Prepayments and accrued income	1,747,245	950,627
Corporation tax debtor	111,837	237,859
Deferred tax asset	98,444	136,253
	<u>26,499,385</u>	<u>25,136,997</u>

	2017 £	2016 £
(a) Trade debtors	<u>3,014,206</u>	<u>2,972,495</u>

	2017 £	2016 £
Trade debtors	3,078,735	2,988,212
Less provision for impairment (b)	<u>(64,529)</u>	<u>(15,717)</u>
Trade debtors – net	<u>3,014,206</u>	<u>2,972,495</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 2017 trade debtors for the company of £926,819 (2016 – £450,917) 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	2017 £	2016 £
0 – 30	174,944	179,986
31 – 60	178,499	106,375
60+	<u>573,376</u>	<u>164,555</u>
	<u>926,819</u>	<u>450,917</u>

Notes forming part of the financial statements

for the year ended 30 June 2017 (continued)

15 Debtors (continued)

As at 30 June 2017 trade debtors of £64,529 (2016 – £15,717) were past due and impaired. Movements on the provision for impairment of trade debtors are as follows:

	2017	2016
	£	£
(b) <i>Provision for impairment</i>		
Opening balance	15,717	20,372
Amount recognised in income statement	14,598	5,025
Provision for doubtful receivables	34,214	(9,680)
Closing balance	64,529	15,717

16 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	1,905,681	1,215,990
Amounts owed to group undertakings	10,321,020	10,322,847
Other creditors	191,589	167,853
Taxation and social security	782,830	857,103
Accruals and deferred income	1,730,709	2,176,853
Obligations under finance leases and hire purchase agreements (Note 19)	395,245	78,515
	15,327,074	14,819,161

17 Creditors: amounts falling due after one year

	2017	2016
	£	£
Obligations under finance leases and hire purchase agreements (Note 19)	386,965	77,421
	386,965	77,421

Notes forming part of the financial statements

for the year ended 30 June 2017 (continued)

18 Financial liabilities

	2017 £	2016 £
Forward currency derivative contracts	242,477	285,203
Invoice discounting	1,245,780	906,639
	<u>1,488,257</u>	<u>1,191,842</u>

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.

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:

	2017 £	2016 £
<i>Future minimum lease payments due:</i>		
Not later than one year	403,195	93,114
After one year but not more than five years	391,183	86,135
	<u>794,378</u>	<u>179,249</u>
Less finance charges allocated to future periods	(12,168)	(23,314)
Present value of minimum lease payments	<u>782,210</u>	<u>155,936</u>

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

	2017 £	2016 £
In one year or less, or on demand	<u>395,245</u>	<u>78,515</u>
In more than one year but not more than two years	357,685	45,851
In more than two years but not more than five years	29,280	31,570
	<u>386,965</u>	<u>77,421</u>
Closing balance	<u>782,210</u>	<u>155,936</u>

Notes forming part of the financial statements

for the year ended 30 June 2017 (continued)

20 Provisions

	Annual and long service £	Deferred consideration £	Total £
At 1 July 2016			
Current	337,099	308,532	645,631
Non current	-	547,036	547,036
	337,099	855,568	1,192,667
Arising during the year			
Additional provision during the year	118,493	15,465	133,958
Utilisation of provision	(132,076)	-	(132,076)
Reversal of unused amounts	(97,651)	-	(97,651)
Unwinding of discount	-	10,203	10,203
Movement in discount rate	-	-	-
Analysed as	225,865	881,236	1,107,101
Current	225,865	881,236	1,107,101
Non current	-	-	-
	225,865	881,236	1,107,101

21 Issued share capital

	No.	2017 £	No.	2016 £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	10,000	10,000	10,000	10,000

22 Movements on reserves

	Profit and loss account £
At 1 July 2016	9,644,780
Profit for the financial year	796,532
At 30 June 2017	10,441,312

Notes forming part of the financial statements

for the year ended 30 June 2017 (continued)

24 Other financial commitments

At 30 June 2017 the company had future minimum rentals payable under non-cancellable operating leases as set out below:

	Land and buildings £	2017 Operating & office equipment £	Land and buildings £	2016 Operating & office equipment £
Not later than one year	792,250	12,107	792,250	14,277
After one year but no more than five years	1,079,058	11,831	1,871,578	23,938
After five years			-	-
	<u>1,871,308</u>	<u>23,938</u>	<u>2,663,828</u>	<u>38,215</u>

25 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 26.

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.

26 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.