

REGISTERED NUMBER: 06339167 (England and Wales)

**Compelo Limited**

**Previously known as Progressive Media International Limited**

**Group Strategic Report, Report of the Directors and**

**Consolidated Financial Statements for the Year Ended 31 December 2016**



Smailes Goldie  
Chartered Accountants  
Statutory Auditor  
Regent's Court  
Princess Street  
Hull  
East Yorkshire HU2 8BA

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*for the year ended 31 December 2016*

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**Compelo Limited**

**Company Information**  
*for the year ended 31 December 2016*

**DIRECTORS:**

P Danson  
K Appiah  
S Pyper

**REGISTERED OFFICE:**

John Carpenter House  
John Carpenter Street  
London  
EC4Y 0AN

**REGISTERED NUMBER:**

06339167 (England and Wales)

**AUDITORS:**

Smailes Goldie  
Chartered Accountants  
Statutory Auditor  
Regent's Court  
Princess Street  
Hull  
East Yorkshire HU2 8BA

## Compelo Limited (Registered number: 06339167)

### Group Strategic Report for the year ended 31 December 2016

The directors present their strategic report for the company and group for the year ended 31 December 2016.

#### REVIEW OF BUSINESS

The principal activity of the group and the company during the year was the publication of media titles both in print and online.

On 31st December 2016 the company acquired the entire share capital of Financial News Publishing Limited. Accordingly the balance sheet of Financial News Publishing Limited, together with its subsidiary VRL Publishing Singapore Limited, has been consolidated within the group balance sheet at 31 December 2016. No entries have been reflected in the income statement due to the timing of the acquisition.

#### PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the group include:

- an economic downturn that causes a reduction in the marketing and advertising budgets of customers in the markets in which the group has media titles and brands;
- failure by the group to implement new product initiatives and improvements to the business processes; and
- failure to attract, motivate and retain key personnel who are key to the business.

#### Financial instruments

The group uses various financial instruments which include cash, trade debtors, trade creditors and amounts due to group and due to related party undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group operations. The existence of these financial instruments exposes the group to a number of financial risks, the principal ones of which are credit and liquidity risk.

#### Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable short term needs and to invest cash assets safely and profitably. As set out below under 'Going concern', the group relies on the continuing support of its related parties which manages the liquidity of the group to ensure that the group has sufficient liquidity for its operations.

#### Credit risk

The group's principal financial assets are debtors due from related parties and trade debtors. As set out below under 'Going concern', the group relies on the continuing support of its related parties. This risk to trade debtors is mitigated by the low dependency of the group on any one customer, or any small group of customers, and by setting credit limits for individual customers based on an assessment of their credit rating.

#### KEY PERFORMANCE INDICATORS

The group maintain a number of key performance indicators in respect of sales growth, gross margin and circulation numbers.

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

|                                                            | 2016<br>£'000 | 2015<br>£'000 | Change<br>% |
|------------------------------------------------------------|---------------|---------------|-------------|
| Turnover                                                   | 12,909        | 12,013        | 7.5%        |
| Group operating loss                                       | (1,682)       | (1,925)       | -12.6%      |
| Loss after tax                                             | (1,684)       | (1,925)       | -12.5%      |
| Equity shareholders' funds                                 | (13,650)      | (12,243)      | -11.5%      |
| Current assets as % of current liabilities ('quick ratio') | 30.1%         | 20.5%         | 46.8%       |
| Average number of employees                                | 121           | 107           | 13.1%       |

The directors have not disclosed the group's non-financial key performance indicators, as it is considered this would seriously prejudice the group's interests.

#### ON BEHALF OF THE BOARD:



K Appiah - Director

9 November 2017

**Compelo Limited (Registered number: 06339167)**

**Report of the Directors**  
**for the year ended 31 December 2016**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2016.

**CHANGE OF NAME**

The group passed a special resolution on 3 February 2017 changing its name from Progressive Media International Limited to Compelo Limited.

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of the publication of media titles both in print and online.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2016.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

P Danson  
S Pyper

Other changes in directors holding office are as follows:

K Appiah - appointed 30 September 2016

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**AUDITORS**

The auditors, Smailes Goldie, will be deemed to be re-appointed under section 487 of the Companies Act 2006.

**ON BEHALF OF THE BOARD:**



K Appiah - Director

9 November 2017

## **Report of the Independent Auditors to the Members of Compelo Limited**

We have audited the financial statements of Compelo Limited for the year ended 31 December 2016 on pages five to twenty one. 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 group's and the parent 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 Group Strategic Report and the Report of the Directors 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 group's and of the parent company's affairs as at 31 December 2016 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit, the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements, and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the group and the parent company and its environment, we have not identified any material misstatements in the Group Strategic Report or the Report of the Directors.

### **Matters on which we are required to report by exception**

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

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

Stephen Bramall Bsc FCA (Senior Statutory Auditor)  
for and on behalf of Smailes Goldie  
Chartered Accountants  
Statutory Auditor  
Regent's Court  
Princess Street  
Hull  
East Yorkshire HU2 8BA

9 November 2017

**Compelo Limited (Registered number: 06339167)**

**Consolidated Income Statement**  
*for the year ended 31 December 2016*

|                                                    | Notes | 2016<br>£'000   | 2015<br>£'000   |
|----------------------------------------------------|-------|-----------------|-----------------|
| <b>TURNOVER</b>                                    | 3     | 12,909          | 12,013          |
| Cost of sales                                      |       | <u>(3,824)</u>  | <u>(3,890)</u>  |
| <b>GROSS PROFIT</b>                                |       | 9,085           | 8,123           |
| Administrative expenses                            |       | <u>(10,767)</u> | <u>(10,048)</u> |
| <b>OPERATING LOSS and<br/>LOSS BEFORE TAXATION</b> | 5     | (1,682)         | (1,925)         |
| Tax on loss                                        | 6     | <u>(2)</u>      | -               |
| <b>LOSS FOR THE FINANCIAL YEAR</b>                 |       | <u>(1,684)</u>  | <u>(1,925)</u>  |
| Loss attributable to:                              |       |                 |                 |
| Owners of the parent                               |       | (1,708)         | (1,906)         |
| Non-controlling interests                          |       | 24              | (19)            |
|                                                    |       | <u>(1,684)</u>  | <u>(1,925)</u>  |

The notes form part of these financial statements

**Compelo Limited (Registered number: 06339167)**

**Consolidated Other Comprehensive Income**  
*for the year ended 31 December 2016*

|                                                                       | Notes | 2016<br>£'000  | 2015<br>£'000  |
|-----------------------------------------------------------------------|-------|----------------|----------------|
| <b>LOSS FOR THE YEAR</b>                                              |       | <b>(1,684)</b> | <b>(1,925)</b> |
| <b>OTHER COMPREHENSIVE INCOME</b>                                     |       |                |                |
| Exchange differences on retranslation<br>of subsidiary undertakings   |       | 301            | -              |
| Income tax relating to other comprehensive<br>income                  |       | -              | -              |
| <b>OTHER COMPREHENSIVE INCOME FOR<br/>THE YEAR, NET OF INCOME TAX</b> |       | <b>301</b>     | <b>-</b>       |
| <b>TOTAL COMPREHENSIVE INCOME FOR<br/>THE YEAR</b>                    |       | <b>(1,383)</b> | <b>(1,925)</b> |
| Total comprehensive income attributable to:                           |       |                |                |
| Owners of the parent                                                  |       | (1,407)        | (2,477)        |
| Non-controlling interests                                             |       | 24             | 552            |
|                                                                       |       | <b>(1,383)</b> | <b>(1,925)</b> |

The notes form part of these financial statements

**Compelo Limited (Registered number: 06339167)**

**Consolidated Balance Sheet**  
**31 December 2016**

|                                              | Notes | 2016<br>£'000   | 2015<br>£'000   |
|----------------------------------------------|-------|-----------------|-----------------|
| <b>FIXED ASSETS</b>                          |       |                 |                 |
| Intangible assets                            | 8     | 2,812           | 231             |
| Tangible assets                              | 9     | 74              | 86              |
| Investments                                  | 10    | -               | -               |
|                                              |       | <u>2,886</u>    | <u>317</u>      |
| <b>CURRENT ASSETS</b>                        |       |                 |                 |
| Stocks                                       | 11    | 34              | 133             |
| Debtors                                      | 12    | 6,639           | 2,979           |
| Cash at bank                                 |       | 508             | 178             |
|                                              |       | <u>7,181</u>    | <u>3,290</u>    |
| <b>CREDITORS</b>                             |       |                 |                 |
| Amounts falling due within one year          | 13    | (23,862)        | (16,019)        |
| <b>NET CURRENT LIABILITIES</b>               |       | <u>(16,681)</u> | <u>(12,729)</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | <u>(13,795)</u> | <u>(12,412)</u> |
| <b>NET LIABILITIES</b>                       |       | <u>(13,795)</u> | <u>(12,412)</u> |
| <b>CAPITAL AND RESERVES</b>                  |       |                 |                 |
| Called up share capital                      | 14    | -               | -               |
| Foreign exchange reserve                     | 15    | 205             | (96)            |
| Retained earnings                            | 15    | (13,855)        | (12,147)        |
| <b>SHAREHOLDERS' FUNDS</b>                   |       | <u>(13,650)</u> | <u>(12,243)</u> |
| <b>NON-CONTROLLING INTERESTS</b>             |       | <u>(145)</u>    | <u>(169)</u>    |
| <b>TOTAL EQUITY</b>                          |       | <u>(13,795)</u> | <u>(12,412)</u> |

The financial statements were approved by the Board of Directors on 9 November 2017 and were signed on its behalf by:



K Appiah - Director

**Compelo Limited (Registered number: 06339167)****Company Balance Sheet****31 December 2016**

|                                                | Notes | 2016<br>£'000  | 2015<br>£'000  |
|------------------------------------------------|-------|----------------|----------------|
| <b>FIXED ASSETS</b>                            |       |                |                |
| Intangible assets                              | 8     | -              | -              |
| Tangible assets                                | 9     | 1              | 5              |
| Investments                                    | 10    | 1,232          | 1,381          |
|                                                |       | <u>1,233</u>   | <u>1,386</u>   |
| <b>CURRENT ASSETS</b>                          |       |                |                |
| Debtors                                        | 12    | 6,815          | 6,235          |
| Cash at bank                                   |       | -              | 23             |
|                                                |       | <u>6,815</u>   | <u>6,258</u>   |
| <b>CREDITORS</b>                               |       |                |                |
| Amounts falling due within one year            | 13    | (13,527)       | (11,156)       |
| <b>NET CURRENT LIABILITIES</b>                 |       | <u>(6,712)</u> | <u>(4,898)</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>   |       | <u>(5,479)</u> | <u>(3,512)</u> |
| <b>CAPITAL AND RESERVES</b>                    |       |                |                |
| Called up share capital                        | 14    | -              | -              |
| Retained earnings                              | 15    | (5,479)        | (3,512)        |
| <b>SHAREHOLDERS' FUNDS</b>                     |       | <u>(5,479)</u> | <u>(3,512)</u> |
| Company's (loss)/profit for the financial year |       | <u>(1,967)</u> | <u>102</u>     |

The financial statements were approved by the Board of Directors on 9 November 2017 and were signed on its behalf by:



K Appiah - Director

**Compelo Limited (Registered number: 06339167)**

**Consolidated Statement of Changes in Equity**  
*for the year ended 31 December 2016*

|                                    | Retained<br>earnings<br>£'000 | Foreign<br>exchange<br>reserve<br>£'000 | Total<br>£'000 | Non-controlling<br>interests<br>£'000 | Total<br>equity<br>£'000 |
|------------------------------------|-------------------------------|-----------------------------------------|----------------|---------------------------------------|--------------------------|
| <b>Balance at 1 January 2015</b>   | (10,394)                      | 57                                      | (10,337)       | (721)                                 | (11,058)                 |
| <b>Changes in equity</b>           |                               |                                         |                |                                       |                          |
| Total comprehensive income         | (1,753)                       | (153)                                   | (1,906)        | 552                                   | (1,354)                  |
| <b>Balance at 31 December 2015</b> | (12,147)                      | (96)                                    | (12,243)       | (169)                                 | (12,412)                 |
| <b>Changes in equity</b>           |                               |                                         |                |                                       |                          |
| Total comprehensive income         | (1,708)                       | 301                                     | (1,407)        | 24                                    | (1,383)                  |
| <b>Balance at 31 December 2016</b> | (13,855)                      | 205                                     | (13,650)       | (145)                                 | (13,795)                 |

The notes form part of these financial statements

**Compelo Limited (Registered number: 06339167)**

**Company Statement of Changes in Equity**  
*for the year ended 31 December 2016*

|                                    | <b>Retained<br/>earnings<br/>£'000</b> | <b>Total<br/>equity<br/>£'000</b> |
|------------------------------------|----------------------------------------|-----------------------------------|
| <b>Balance at 1 January 2015</b>   | (3,614)                                | (3,614)                           |
| <b>Changes in equity</b>           |                                        |                                   |
| Total comprehensive income         | 102                                    | 102                               |
| <b>Balance at 31 December 2015</b> | <u>(3,512)</u>                         | <u>(3,512)</u>                    |
| <b>Changes in equity</b>           |                                        |                                   |
| Total comprehensive income         | (1,967)                                | (1,967)                           |
| <b>Balance at 31 December 2016</b> | <u><u>(5,479)</u></u>                  | <u><u>(5,479)</u></u>             |

The notes form part of these financial statements

**Compelo Limited (Registered number: 06339167)**

**Consolidated Cash Flow Statement**  
*for the year ended 31 December 2016*

|                                                         | Notes | 2016<br>£'000     | 2015<br>£'000     |
|---------------------------------------------------------|-------|-------------------|-------------------|
| <b>Cash flows from operating activities</b>             |       |                   |                   |
| Cash generated from operations                          | 1     | 437               | (26)              |
| Tax paid                                                |       | (2)               | -                 |
| Net cash from operating activities                      |       | <u>435</u>        | <u>(26)</u>       |
| <b>Cash flows from investing activities</b>             |       |                   |                   |
| Purchase of tangible fixed assets                       |       | (119)             | (176)             |
| Cash acquired with business combination                 |       | 14                | -                 |
| Net cash from investing activities                      |       | <u>(105)</u>      | <u>(176)</u>      |
| <b>Increase/(decrease) in cash and cash equivalents</b> |       | <u>330</u>        | <u>(202)</u>      |
| <b>Cash and cash equivalents at beginning of year</b>   | 2     | 178               | 380               |
| <b>Cash and cash equivalents at end of year</b>         | 2     | <u><u>508</u></u> | <u><u>178</u></u> |

The notes form part of these financial statements

**Compelo Limited (Registered number: 06339167)**

**Notes to the Consolidated Cash Flow Statement**  
*for the year ended 31 December 2016*

**1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

|                                                | <b>2016</b>    | <b>2015</b>  |
|------------------------------------------------|----------------|--------------|
|                                                | <b>£'000</b>   | <b>£'000</b> |
| Loss before taxation                           | (1,682)        | (1,925)      |
| Depreciation charges                           | 136            | 180          |
| Loss on disposal of fixed assets               | -              | 119          |
| Amortisation                                   | 105            | 104          |
| Impairment of goodwill                         | -              | 571          |
| Foreign exchange gains                         | 301            | -            |
|                                                | <b>(1,140)</b> | <b>(951)</b> |
| Decrease/(increase) in stocks                  | 99             | (107)        |
| (Increase)/decrease in trade and other debtors | (1,489)        | 840          |
| Increase in trade and other creditors          | 2,967          | 192          |
| <b>Cash generated from operations</b>          | <b>437</b>     | <b>(26)</b>  |

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 December 2016**

|                           | <b>31.12.16</b> | <b>1.1.16</b> |
|---------------------------|-----------------|---------------|
|                           | <b>£'000</b>    | <b>£'000</b>  |
| Cash and cash equivalents | 508             | 178           |

**Year ended 31 December 2015**

|                           | <b>31.12.15</b> | <b>1.1.15</b> |
|---------------------------|-----------------|---------------|
|                           | <b>£'000</b>    | <b>£'000</b>  |
| Cash and cash equivalents | 178             | 380           |

## **Compelo Limited (Registered number: 06339167)**

### **Notes to the Consolidated Financial Statements for the year ended 31 December 2016**

#### **1. STATUTORY INFORMATION**

Compelo Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

#### **2. ACCOUNTING POLICIES**

##### **Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

##### **Going concern**

The Directors have prepared financial forecasts covering the 12 months after the date the directors approve the statutory accounts which show, with the continued financial support of M Danson, the groups trading viability throughout this period. A letter of support has been received from Michael Danson, indicating that he will provide continued financial support to the group for at least twelve months from the date of approval these financial statements.

##### **Basis of consolidation**

The group financial statements consolidate the financial statements of Progressive Media International Limited and all its subsidiary undertakings drawn up to 31 December each year. No company Statement of Comprehensive Income is presented for Progressive Media International Limited as permitted by section 408 of the Companies Act 2006.

##### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable net of VAT and trade discounts. The policies adopted for the recognition of turnover are as follows:

Turnover from the subscriptions is recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. For subscription revenue this is usually allocated to relevant accounting periods covered by the subscription. Subscriptions and fees invoiced in advance are carried forward in creditors amounts falling due within one year.

When the outcome of a transaction can be measured reliably, turnover from events is recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to the month in which the event takes place.

##### **Goodwill**

Goodwill arising on the excess of cost of acquisition over the fair value of the group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition, is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over 5 years, which the directors consider to be its useful economic life. Goodwill is tested for impairment at least annually. Any impairment is recognised immediately in the profit and loss account.

##### **Intangible assets**

Intangible assets acquired separately from a business are capitalised at cost less any provision for impairment.

Intangible assets are amortised on a straight line basis over their useful lives. The useful lives of intangible assets are as follows:-

- Development costs are amortised over their useful live of 5 years.
- Customer relationship are amortised over their useful lives of 5 years.

**Notes to the Consolidated Financial Statements - continued**  
**for the year ended 31 December 2016**

**2. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

|                       |       |
|-----------------------|-------|
| Fixtures and fittings | - 20% |
| Computer equipment    | - 33% |

**Investments in subsidiaries**

Investments in subsidiaries are initially measured at cost and subsequently stated at cost less impairment.

**Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition, as follows:

Paper stock - purchase cost on a weighted average basis.

Provision is made for damaged, obsolete and slow-moving stock where appropriate.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

**Foreign currencies**

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

All exchange differences are accounted for in the statement of comprehensive income.

**Pension costs and other post-retirement benefits**

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The company operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

**Research and development**

Development costs relating to separately identifiable projects that are considered commercially viable are capitalised under FRS 102 Section 18 to recognise these costs over the period of their commercial use.

**Notes to the Consolidated Financial Statements - continued**  
for the year ended 31 December 2016

**2. ACCOUNTING POLICIES - continued**

**Debtors and creditors receivable / payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

**Impairment**

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

**3. TURNOVER**

The directors have not disclosed the group's turnover by geographical location, as it is considered this would seriously prejudice the group's interests.

The directors consider the activities of the business to constitute a single class of business constituting the rendering of publishing services.

**4. EMPLOYEES AND DIRECTORS**

|                       | 2016         | 2015         |
|-----------------------|--------------|--------------|
|                       | £'000        | £'000        |
| Wages and salaries    | 5,362        | 4,652        |
| Social security costs | 545          | 486          |
| Other pension costs   | 147          | 140          |
|                       | <u>6,054</u> | <u>5,278</u> |

The average monthly number of employees during the year was as follows:

|                        | 2016       | 2015       |
|------------------------|------------|------------|
| Production             | 59         | 53         |
| Sales and distribution | 48         | 42         |
| Administration         | 14         | 12         |
|                        | <u>121</u> | <u>107</u> |

The average number of employees by undertakings that were proportionately consolidated during the year was 121.

|                         | 2016     | 2015           |
|-------------------------|----------|----------------|
|                         | £        | £              |
| Directors' remuneration | <u>-</u> | <u>176,178</u> |

The number of directors to whom retirement benefits were accruing was as follows:

| Money purchase schemes | <u>-</u> | <u>1</u> |
|------------------------|----------|----------|

**Compelo Limited (Registered number: 06339167)**

**Notes to the Consolidated Financial Statements - continued**  
**for the year ended 31 December 2016**

**5. OPERATING LOSS**

The operating loss is stated after charging/(crediting):

|                                                                                   | 2016<br>£'000 | 2015<br>£'000 |
|-----------------------------------------------------------------------------------|---------------|---------------|
| Depreciation - owned assets                                                       | 136           | 180           |
| Goodwill amortisation                                                             | 66            | 66            |
| Customer relationships amortisation                                               | 39            | 38            |
| Foreign exchange differences                                                      | 124           | (70)          |
| Auditors' remuneration for subsidiaries (including expenses and benefits in kind) | 20            | 17            |
| Auditors' remuneration for the company (including expenses and benefits in kind)  | 8             | 8             |

The above amortisation charges are included in the consolidated income statement within administrative expenses.

**6. TAXATION**

**Analysis of the tax charge**

The tax charge on the loss for the year was as follows:

|              | 2016<br>£'000 | 2015<br>£'000 |
|--------------|---------------|---------------|
| Current tax: |               |               |
| Foreign tax  | 2             | -             |
| Tax on loss  | 2             | -             |

**Reconciliation of total tax charge included in profit and loss**

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

|                                                                                       | 2016<br>£'000 | 2015<br>£'000 |
|---------------------------------------------------------------------------------------|---------------|---------------|
| Loss before tax                                                                       | (1,682)       | (1,925)       |
| Loss multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%) | (336)         | (385)         |
| Effects of:                                                                           |               |               |
| Expenses not deductible for tax purposes                                              | 5             | 152           |
| Income not taxable for tax purposes                                                   | (12)          | (27)          |
| Unprovided deferred tax asset movement                                                | 345           | 260           |
| Total tax charge                                                                      | 2             | -             |

**Tax effects relating to effects of other comprehensive income**

|                                                                  | Gross<br>£'000 | 2016<br>Tax<br>£'000 | Net<br>£'000 |
|------------------------------------------------------------------|----------------|----------------------|--------------|
| Exchange differences on retranslation of subsidiary undertakings | 301            | -                    | 301          |
|                                                                  | 301            | -                    | 301          |

**Notes to the Consolidated Financial Statements - continued**  
**for the year ended 31 December 2016**

**6. TAXATION - continued**

The standard rate of corporation tax in the UK for 2016 and 2015 is 20%. Reductions in standard rate UK corporation tax have been announced and the rate will be 19% from 1 April 2017 and 17% from 1 April 2020.

The group has tax losses arising in the UK of £5,943,000 (2015 £5,286,000) that are available indefinitely for offset against future taxable profits of those companies in which the losses arose.

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the group, and they have arisen in subsidiaries that have been loss making for some time.

**7. INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

**8. INTANGIBLE FIXED ASSETS**

**Group**

|                       | <b>Goodwill</b> | <b>Customer</b>      | <b>Development</b> | <b>Totals</b> |
|-----------------------|-----------------|----------------------|--------------------|---------------|
|                       | <b>£'000</b>    | <b>relationships</b> | <b>costs</b>       | <b>£'000</b>  |
|                       |                 | <b>£'000</b>         | <b>£'000</b>       |               |
| <b>COST</b>           |                 |                      |                    |               |
| At 1 January 2016     | 398             | 153                  | 31                 | 582           |
| Additions             | 2,686           | -                    | -                  | 2,686         |
| At 31 December 2016   | 3,084           | 153                  | 31                 | 3,268         |
| <b>AMORTISATION</b>   |                 |                      |                    |               |
| At 1 January 2016     | 228             | 92                   | 31                 | 351           |
| Amortisation for year | 66              | 39                   | -                  | 105           |
| At 31 December 2016   | 294             | 131                  | 31                 | 456           |
| <b>NET BOOK VALUE</b> |                 |                      |                    |               |
| At 31 December 2016   | 2,790           | 22                   | -                  | 2,812         |
| At 31 December 2015   | 170             | 61                   | -                  | 231           |

**Notes to the Consolidated Financial Statements - continued**  
for the year ended 31 December 2016

9. **TANGIBLE FIXED ASSETS**

**Group**

|                       | <b>Fixtures<br/>and<br/>fittings<br/>£'000</b> | <b>Computer<br/>equipment<br/>£'000</b> | <b>Totals<br/>£'000</b> |
|-----------------------|------------------------------------------------|-----------------------------------------|-------------------------|
| <b>COST</b>           |                                                |                                         |                         |
| At 1 January 2016     | 1                                              | 427                                     | 428                     |
| Additions             | 1                                              | 123                                     | 124                     |
| Exchange differences  | -                                              | 15                                      | 15                      |
|                       | <u>2</u>                                       | <u>565</u>                              | <u>567</u>              |
| At 31 December 2016   |                                                |                                         |                         |
| <b>DEPRECIATION</b>   |                                                |                                         |                         |
| At 1 January 2016     | -                                              | 342                                     | 342                     |
| Charge for year       | -                                              | 136                                     | 136                     |
| Exchange differences  | -                                              | 15                                      | 15                      |
|                       | <u>-</u>                                       | <u>493</u>                              | <u>493</u>              |
| At 31 December 2016   |                                                |                                         |                         |
| <b>NET BOOK VALUE</b> |                                                |                                         |                         |
| At 31 December 2016   | <u>2</u>                                       | <u>72</u>                               | <u>74</u>               |
| At 31 December 2015   | <u>1</u>                                       | <u>85</u>                               | <u>86</u>               |

**Company**

|                                           | <b>Fixtures<br/>and<br/>fittings<br/>£'000</b> | <b>Computer<br/>equipment<br/>£'000</b> | <b>Totals<br/>£'000</b> |
|-------------------------------------------|------------------------------------------------|-----------------------------------------|-------------------------|
| <b>COST</b>                               |                                                |                                         |                         |
| At 1 January 2016<br>and 31 December 2016 | <u>1</u>                                       | <u>11</u>                               | <u>12</u>               |
| <b>DEPRECIATION</b>                       |                                                |                                         |                         |
| At 1 January 2016                         | -                                              | 7                                       | 7                       |
| Charge for year                           | -                                              | 4                                       | 4                       |
|                                           | <u>-</u>                                       | <u>11</u>                               | <u>11</u>               |
| At 31 December 2016                       |                                                |                                         |                         |
| <b>NET BOOK VALUE</b>                     |                                                |                                         |                         |
| At 31 December 2016                       | <u>1</u>                                       | <u>-</u>                                | <u>1</u>                |
| At 31 December 2015                       | <u>1</u>                                       | <u>4</u>                                | <u>5</u>                |

**Compelo Limited (Registered number: 06339167)**

**Notes to the Consolidated Financial Statements - continued**  
*for the year ended 31 December 2016*

**10. FIXED ASSET INVESTMENTS**

**Company**

|                       | <b>Subsidiary<br/>undertakings<br/>£'000</b> |
|-----------------------|----------------------------------------------|
| <b>COST</b>           |                                              |
| At 1 January 2016     | 1,381                                        |
| Additions             | 1,232                                        |
| Impairments           | (1,381)                                      |
|                       | <hr/>                                        |
| At 31 December 2016   | 1,232                                        |
|                       | <hr/>                                        |
| <b>NET BOOK VALUE</b> |                                              |
| At 31 December 2016   | 1,232                                        |
|                       | <hr/>                                        |
| At 31 December 2015   | 1,381                                        |
|                       | <hr/>                                        |

Details of the investments in which the group and parent company hold 20% or more of the nominal value of any class of share capital at 31 December 2016 are as follows:-

| Name of company                       | Country of<br>registration and<br>operation | Nature of business | Proportion of<br>voting rights<br>and shares held |
|---------------------------------------|---------------------------------------------|--------------------|---------------------------------------------------|
| Elite Luxury Publishing Inc           | US                                          | Publishing         | 100%                                              |
| Elite Hong Kong                       | HK                                          | Publishing         | 100%                                              |
| Progressive Content Limited           | UK                                          | Publishing         | 90%                                               |
| Progressive Luxury Publishing Limited | UK                                          | Investing Business | 100%                                              |
| Spear Publishing Limited              | UK                                          | Investing Business | 90%                                               |
| Compelo Media Limited                 | UK                                          | Dormant            | 85%                                               |
| Sisyphus Media Limited                | UK                                          | Dormant            | 100%                                              |
| Elandeal Limited                      | UK                                          | Dormant            | 100%                                              |
| Financial News Publishing Limited     | UK                                          | Publishing         | 100%                                              |
| VRL Publishing Singapore Limited      | UK                                          | Publishing         | 100%                                              |

All of the above companies are included in the consolidated financial statements of Compelo Limited.

**Acquisitions**

The company acquired the entire share capital of Financial News Publishing Limited (and indirectly 100% of its subsidiary, VRL Publishing Singapore Limited) on 31 December 2016 for £1,232,000 from World Market Intelligence Limited, a company under the common control of Michael Danson. The consideration being in non-cash form resulting in an increase to the shareholder loan creditor.

The amounts recognised at the date of acquisition were:

|                           | <b>£'000</b> |
|---------------------------|--------------|
| Goodwill                  | 2,686        |
| Fixed assets              | 5            |
| Trade and other debtors   | 2,171        |
| Bank and cash             | 14           |
| Trade and other creditors | (3,644)      |
|                           | <hr/>        |
|                           | 1,232        |
|                           | <hr/>        |

The estimated useful life of goodwill is 5 years.

No revenue or costs from the above companies have been recognised in the income statement given the timing of the acquisition.

The acquisition has been accounted for using the acquisition method of accounting.

**Compelo Limited (Registered number: 06339167)**

**Notes to the Consolidated Financial Statements - continued**  
**for the year ended 31 December 2016**

**11. STOCKS**

|        | <b>Group</b> |              |
|--------|--------------|--------------|
|        | <b>2016</b>  | <b>2015</b>  |
|        | <b>£'000</b> | <b>£'000</b> |
| Stocks | <b>34</b>    | <b>133</b>   |

**12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                    | <b>Group</b> |              | <b>Company</b> |              |
|------------------------------------|--------------|--------------|----------------|--------------|
|                                    | <b>2016</b>  | <b>2015</b>  | <b>2016</b>    | <b>2015</b>  |
|                                    | <b>£'000</b> | <b>£'000</b> | <b>£'000</b>   | <b>£'000</b> |
| Trade debtors                      | <b>2,506</b> | 2,159        | <b>54</b>      | 19           |
| Amounts owed by group undertakings | -            | -            | <b>6,197</b>   | 5,841        |
| Other debtors                      | <b>200</b>   | 84           | <b>8</b>       | 3            |
| Amounts owed from related parties  | <b>3,486</b> | 280          | <b>518</b>     | 249          |
| Prepayments and accrued income     | <b>447</b>   | 456          | <b>38</b>      | 123          |
|                                    | <b>6,639</b> | 2,979        | <b>6,815</b>   | 6,235        |

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                    | <b>Group</b>  |              | <b>Company</b> |              |
|------------------------------------|---------------|--------------|----------------|--------------|
|                                    | <b>2016</b>   | <b>2015</b>  | <b>2016</b>    | <b>2015</b>  |
|                                    | <b>£'000</b>  | <b>£'000</b> | <b>£'000</b>   | <b>£'000</b> |
| Bank loans and overdrafts          | -             | -            | <b>28</b>      | -            |
| Trade creditors                    | <b>764</b>    | 523          | <b>51</b>      | 105          |
| Amounts owed to group undertakings | -             | -            | <b>151</b>     | -            |
| Social security and other taxes    | <b>427</b>    | 249          | <b>51</b>      | 77           |
| Other creditors                    | <b>196</b>    | 105          | <b>3</b>       | -            |
| Amounts owed to related parties    | <b>14,636</b> | 9,828        | <b>10,180</b>  | 9,164        |
| Shareholder loan                   | <b>4,470</b>  | 3,238        | <b>2,977</b>   | 1,745        |
| Accruals and deferred income       | <b>3,369</b>  | 2,076        | <b>86</b>      | 65           |
|                                    | <b>23,862</b> | 16,019       | <b>13,527</b>  | 11,156       |

The group has loans from Michael Danson totalling £4,470,000 (2014, £3,238,000). The loans are interest free, have no set repayment date, and are repayable on demand. The loans notes are convertible at any time at the option of the loan note holder to ordinary shares of value equivalent to any outstanding balance on the loans.

**14. CALLED UP SHARE CAPITAL**

| <b>Allotted and issued:</b> |                 | <b>Nominal value:</b> | <b>2016</b> | <b>2015</b> |
|-----------------------------|-----------------|-----------------------|-------------|-------------|
| <b>Number:</b>              | <b>Class:</b>   |                       | <b>£</b>    | <b>£</b>    |
| 100                         | Share capital 1 | £1                    | <b>100</b>  | <b>100</b>  |

**Notes to the Consolidated Financial Statements - continued**  
for the year ended 31 December 2016

15. **RESERVES**

**Group**

|                      | Retained<br>earnings<br>£'000 | Foreign<br>exchange<br>reserve<br>£'000 | Totals<br>£'000 |
|----------------------|-------------------------------|-----------------------------------------|-----------------|
| At 1 January 2016    | (12,147)                      | (96)                                    | (12,243)        |
| Deficit for the year | (1,708)                       | -                                       | (1,708)         |
| Exchange rate gains  | -                             | 301                                     | 301             |
| At 31 December 2016  | <u>(13,855)</u>               | <u>205</u>                              | <u>(13,650)</u> |

**Company**

|                      | Retained<br>earnings<br>£'000 |
|----------------------|-------------------------------|
| At 1 January 2016    | (3,512)                       |
| Deficit for the year | <u>(1,967)</u>                |
| At 31 December 2016  | <u>(5,479)</u>                |

**Nature of reserves**

Retained earnings represent cumulative profits and losses net of dividends and other adjustments.

The foreign exchange reserve represents cumulative gains and losses on retranslating the net investment in foreign subsidiaries.

16. **PENSION COMMITMENTS**

The company operates a defined contribution pension plan for its employees. The amount recognised as an expense in the period was £147,000 (2015 £140,000).

17. **FINANCIAL GUARANTEES**

The company has issued a corporate guarantee to the landlord of Elite Luxury Publishing Inc, a subsidiary undertaking, that the company will compensate the landlord if the subsidiary fails to make payments when due in accordance with the terms of their agreements.

18. **RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

During the year the company acquired Financial News Publishing Limited from a company under common control, as set out in note 10. The group and company also entered into transactions in the ordinary course of business with other companies under common control. All transactions were at market value and the resulting balances are shown in notes 12 and 13.

19. **ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is Michael Danson by virtue of his 100% shareholding.