

Encore Digital Media Limited

Annual Report and Financial Statements
Period ended 31 January 2016

Registered Number: SC449653



Encore Digital Media Limited

Annual report and financial statements
for the 8 month period ended 31 January 2016

Contents

Page:

2	Officers and professional advisers
3	Strategic Report
5	Report of the Directors
7	Independent auditor's report
9	Profit and loss account
10	Balance sheet
11	Statement of changes in equity
12	Notes to the financial statements

Encore Digital Media Limited

**Officers and professional advisers
Annual report and financial statements
for the 8 month period ended 31 January 2016**

Directors

D Kersh
G A O'Brien
D F Shaw
P G Bath
P J Harris
S W J Woodford

Registered office

1 Spiersbridge Way, Spiersbridge Business Park, Thornliebank, Glasgow, United Kingdom, G46 8NG

Registered number

SC449653 (Scotland)

Auditor

Deloitte LLP, Chartered Accountants and Statutory Auditor, 2 New Street Square, London, United Kingdom, EC4A 3BZ.

Encore Digital Media Limited

Strategic Report for the period ended 31 January 2016

The Directors present their strategic report together with the audited financial statements of Encore Digital Media Limited (the "Company" or "Encore") for the 8 month period ended 31 January 2016.

The purpose of the Strategic Report is to inform shareholders of the Company and help them to assess how the Directors have performed their duty under section 172 of the Companies Act 2006 (duty to promote the Company).

Change in accounting reference date

The Company has changed its accounting reference date to 31 January to keep it aligned with the ultimate parent undertaking, Next Fifteen Communications Group plc ('Next 15'). The current period covered by the financial statements is therefore 1 June 2015 to 31 January 2016. The prior period is the 12 months to 31 May 2015 and is therefore not entirely comparable.

Principal activity, review of business and future developments

Principal Activity

The principal activity of the Company is the provision of media representation services. Encore delivers premium programmatic media placement for brands wanting to leverage 1st and 3rd party data across the ad exchange landscape to speak to specific audiences online across multiple devices.

Review of the business

On 27 April 2015, the business was acquired by Next Fifteen Communications Group Plc, the ultimate parent company.

The business has had a strong period, with turnover growing 28% to £1,158,226 from prior year, despite the short period. The Company's Balance sheet remains healthy with a net asset position of £584,667.

Future developments

The Directors do not anticipate any changes to the principal activity of the Company in the foreseeable future.

Encore Digital Media Limited

Strategic Report (continued) for the period ended 31 January 2016

Key performance indicators

The key financial indicators that the Company uses to monitor performance are turnover less other external charges, operating profit margin and net current assets. The performance in the period was as follows:

	2016	2015
Turnover less other external charges	£825,941	£699,288
Operating profit margin (%)	31.8%	55.5%
Net Current Assets	£575,624	£316,485

Principal risks and uncertainties

The principal risks of the Company are considered to be people, clients and products.

Our people are key to ensuring consistency and quality of delivery and, in turn, ensure higher retention rates of our clients. Incentive and retention packages are reviewed annually and targeted at the key executives.

As with all businesses there is a risk from new products and services so we have to be aware of threats and develop refined services that help to ensure client retention by adding value.

Financial risk management objectives and policies

Liquidity risk

Net Current Assets are healthy at £575,624 and there is no reliance on external debt or intercompany funding. The ultimate parent undertaking Next Fifteen Communications Group plc, are able to provide support in relation to liquidity should it be required.

Credit risk

The Balance sheet of the Company includes intercompany balances. The Company is therefore exposed to credit risk on these balances.

We have considered the impact of other risks such as interest rates and foreign exchange volatility but, whilst there is some exposure, we do not consider the risks to be material to the Company.

This strategic report was approved, and signed on behalf of the Board, on 9 August 2016.



P Harris
Director

Encore Digital Media Limited

Report of the Directors for the period ended 31 January 2016

The Company has chosen, in accordance with section 411C(11) of Companies Act 2006, to include such matters of strategic importance to the Group in the Strategic Report which otherwise would be required to be disclosed in the Report of the Directors.

Results and dividends

The Profit and loss account is set out on page 9 and shows a profit of £262,913 for the period (2015: £307,331).

The Directors do not recommend the payment of a dividend in the period (2015: £60,000).

Directors

The Directors of the Company during the period were:

D Kersh
G A O'Brien
D F Shaw
P G Bath
P J Harris
S W J Woodford

Directors' Indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the period and remain in force at the date of this report.

Charitable contributions

The Company has made charitable donations of £8,000 in the period (2015: £Nil).

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the accounts 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 accounting 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.

Encore Digital Media Limited

Report of the Directors (*continued*) for the period ended 31 January 2016

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

All of the current Directors have taken all steps that they ought to have taken to make themselves aware of any information needed by the Company's auditor for the purpose of their audit and to establish that the auditor is aware of that information. The Directors are not aware of any relevant audit information of which the auditor is unaware.

Deloitte LLP is the auditor of the Company. The Company has dispensed with the obligation to appoint auditor annually.

On behalf of the Board



P Harris
Director

9 August 2016

Encore Digital Media Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENCORE DIGITAL MEDIA LIMITED

We have audited the financial statements of Encore Digital Media Limited for the period ended 31 January 2016 which comprise of the primary statements such as the Profit and loss account, the Balance sheet, the Statement of changes in equity and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced disclosure framework".

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

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 Auditor.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2016 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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.

Encore Digital Media Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

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

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



Andrew Evans
(Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

9 August 2016

Encore Digital Media Limited

Profit and loss account for the 8 month period ended 31 January 2016

	Note	8 month period ended 31 January 2016 £	Year ended 31 May 2015 £
Turnover	3	1,158,226	907,914
Other external charges		(332,285)	(208,626)
Turnover less other external charges		825,941	699,288
Administrative costs		(563,679)	(311,132)
Other operating income		-	-
Operating Profit	4	262,262	388,156
Interest receivable and similar income		120	-
Profit on Ordinary Activities before tax		262,382	388,156
Tax credit/(charge) on profit on ordinary activities	9	531	(80,825)
Profit for the financial period/year	15	262,913	307,331

All amounts relate to continuing activities.

There were no items of comprehensive income in the current period or prior year other than the profit for the year and, accordingly, no statement of comprehensive income is presented.

The accompanying notes on pages 12 to 24 form an integral part of these financial statements.

Encore Digital Media Limited

Balance sheet at 31 January 2016

Registered number SC449653	Note	31 January 2016 £	31 May 2015 £
Fixed assets			
Tangible assets	10	9,043	6,586
		<u>9,043</u>	<u>6,586</u>
Current assets			
Debtors	11	260,168	329,543
Cash at bank and in hand		676,708	226,988
		<u>936,876</u>	<u>556,531</u>
Creditors: Amounts falling due within one year	12	(361,252)	(240,046)
		<u>575,624</u>	<u>316,485</u>
Net current assets			
		<u>584,667</u>	<u>323,071</u>
Provisions for liabilities		-	(1,317)
		<u>584,667</u>	<u>321,754</u>
Net assets			
		<u>584,667</u>	<u>321,754</u>
Capital and reserves			
Called up share capital	14	1,500	1,500
Profit and loss account	15	583,167	320,254
		<u>584,667</u>	<u>321,754</u>

The financial statements of Encore Digital Media Limited (registered number SC449653) were approved by the board of directors and authorised for issue on 4 August 2016. They were signed on its behalf by:



Peter Harris
Director

The accompanying notes on pages 12 to 24 form an integral part of these financial statements.

Encore Digital Media Limited

Statement of changes in equity As at 31 January 2016

	Called up share capital (note 13) £	Profit and loss account (note 14) £	Total £
Balance as at 1 June 2014	1,500	72,923	74,423
Profit for the year	-	307,331	307,331
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	307,331	307,331
Dividends	-	(60,000)	(60,000)
Balance at 31 May 2015	1,500	320,254	321,754
Profit for the period	-	262,913	262,913
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	262,913	262,913
Balance at 31 January 2016	1,500	583,167	584,667

The accompanying notes on pages 12 to 24 form an integral part of these financial statements.

Encore Digital Media Limited

Notes to the financial statements for the period ended 31 January 2016

1 General Information

Encore Digital Media Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 3 to 4. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of Next Fifteen Communications Group plc (Next 15). The group accounts of Next 15 are available to the public and can be obtained as set out in note 17.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

2 Significant accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 January 2016 the Company has changed its accounting framework from UK GAAP to FRS 101 as issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. The prior year financial statements were restated for material adjustments on adoption of FRS 101 in the current year. See note 19 for further information.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related-party transactions.

The Company has early adopted the July 2015 amendments to FRS 101 in relation to the exemption from presenting a statement of financial position and related notes as at 1 June 2014, the date of transition to FRS 101.

The financial statements are prepared under the historical cost convention.

The following principal accounting policies have been applied:

Change in accounting reference date

The Company has changed its accounting reference date to 31 January to keep it aligned with the ultimate parent undertaking. The current period is the 8 months to 31 January 2016 and is therefore not entirely comparable to the prior year. The period covered by the financial statements is therefore 1 June 2015 to 31 January 2016.

Encore Digital Media Limited

Notes to the financial statements (continued) for the period ended 31 January 2016

2 Significant accounting policies (continued)

Adoption of new and revised standards

As explained above, the Company has adopted FRS 101 for the first time in the current period. As part of this adoption, no new and revised standards and interpretations have been adopted in the current year other than already issued IFRS.

Going concern

The financial statements have been prepared using the going concern basis of accounting.

After making enquiries, the Directors have formed a judgement at the time of approving the financial statements that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Revenue recognition

Billings represent amounts receivable from clients, exclusive of VAT, sales taxes and trade discounts in respect of charges for fees, commission and rechargeable expenses incurred on behalf of clients. Revenue is billings less amounts payable on behalf of clients to external suppliers where they are retained to perform part of a specific client project or service, and represents fees, commissions and mark-ups on rechargeable expenses. Revenue is recognised on the following basis:
Turnover less rechargeable expenses is recognised on the following basis:

- Retainer and other non-retainer fees are recognised as the services are performed.
- Project fees are recognised on a percentage completion basis.
- Expenses (other external charges) are recharged to clients at cost plus an agreed mark-up when the services are performed.

For contracts where Encore Digital Media Limited is considered to be acting as an agent, turnover is presented net in the financial statements.

Operating profit

Operating profit is stated after charging restructuring costs but before investment income and finance costs.

Tangible fixed assets

Fixed assets are stated at cost, net of depreciation. Depreciation is provided on all tangible fixed assets, at annual rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Fixtures and Fittings	-	50% per annum
Computer equipment	-	50% per annum

Encore Digital Media Limited

Notes to the financial statements (continued) for the period ended 31 January 2016

2 Significant accounting policies (continued)

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments / hedge accounting).

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Encore Digital Media Limited

Notes to the financial statements (continued) for the period ended 31 January 2016

2 Significant accounting policies (continued)

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessee

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Encore Digital Media Limited

Notes to the financial statements (continued) for the period ended 31 January 2016

Revenue Recognition

Management considers the detailed criteria for the recognition of revenue from the sale of services set out in IAS 18 Revenue. Billings represent amounts receivable from clients, exclusive of VAT, sales taxes and trade discounts in respect of charges for fees, commission and rechargeable expenses incurred on behalf of clients. Revenue is billings less amounts payable on behalf of clients to external suppliers where they are retained to perform part of a specific client project or service, and represents fees, commissions and mark-ups on rechargeable expenses. Revenue is recognised on the following basis:

- Retainer and other non-retainer fees are recognised as the services are performed, in accordance with the terms of the contractual arrangement.
- Project fees are recognised on a percentage of completion basis as contract activity progresses, if the final outcome can be assessed with reasonable certainty. The stage of completion is generally measured on the basis of the services performed to date as a percentage of the total services to be performed.
- Expenses are recharged to clients at cost plus an agreed mark-up when the services are performed.

3 Turnover

Period Ended 31 January 2016 £	Year Ended 31 May 2015 £
--------------------------------------	--------------------------------

An analysis of the Company's turnover is as follows:

Rendering of Services	825,941	907,914
Mechanical Income	332,285	-
	1,158,226	907,914

All turnover relates to continuing operations.

All of the Company's turnover arises from the provision of digital consultancy services within the UK: 55% (2015: 51%), Europe, Middle East and Africa: 7% (2015: 7%), Asia 12% (2015: 36%) and North America: 26% (2015: 6%).

Encore Digital Media Limited

Notes to the financial statements (continued) for the period ended 31 January 2016

4 Profit for the financial period

	2016 £	2015 £
Profit for the year has been arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	4,223	3,222
Staff costs (see note 6)	359,749	213,415
Foreign exchange differences	(8,918)	464
	<u>359,749</u>	<u>213,415</u>

5 Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual financial statements were £10,000 (2015: £3,000).

Fees payable to Deloitte and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent Company are required to disclose such fees on a consolidated basis.

6 Employees

	2016 £	2015 £
Staff costs, including Directors, consist of:		
Wages and salaries	332,634	193,951
Social security costs	27,115	19,464
	<u>359,749</u>	<u>213,415</u>

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

	Number	Number
Directors	3	2
Other staff	6	3
	<u>9</u>	<u>5</u>

Encore Digital Media Limited

Notes to the financial statements (continued) for the period ended 31 January 2016

7 Directors' remuneration

	2016 £	2015 £
Total remuneration of all Directors:		
Aggregate emoluments	162,000	108,000
Company contributions to defined contribution schemes	-	-
	<u>162,000</u>	<u>108,000</u>

P Harris and Stephen Woodford are Directors of more than one group company. T J B Dyson and P Harris are Directors of the ultimate parent Next Fifteen Communications Group Plc. They received emoluments from other entities within the Next Fifteen Communications Group during the year, but it is not practicable to allocate this between their services as Directors of the group and as Directors of other group companies. Included within this amount are amounts accruing under individual pension schemes for their services to the group.

	2016 £	2015 £
Remuneration of highest paid Director:		
Aggregate emoluments	66,000	54,000
Company contributions to defined contribution scheme	-	-
	<u>66,000</u>	<u>54,000</u>

8 Interest receivable and similar income

	2016 £	2015 £
Interest receivable	120	-
	<u>120</u>	<u>-</u>
Total interest receivable	120	-

Encore Digital Media Limited

Notes to the financial statements (continued) for the period ended 31 January 2016

9 Tax on profit from ordinary activities

	2016 £	2015 £
a) Analysis of charge in the period/year		
Total current tax (note 9b)	-	80,825
Analysis of deferred tax balances		
Origination and reversal of timing differences (note 13)	(531)	892
	<u>(531)</u>	<u>81,717</u>
b) Factors affecting current tax		
The tax assessed for the period differs from the standard rate of corporation tax in the UK. The differences are explained below:		
	2016 £	2015 £
Profit on ordinary activities before tax	262,382	388,156
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20% (2015: 20.83%)	52,476	80,852
Effects of:		
Disallowed expenses	4,173	865
Transfer from current to deferred tax	531	(892)
Group relief claimed for no consideration	(57,180)	-
Current tax for the year (note 9a)	<u>-</u>	<u>80,825</u>

The UK income tax expense is based on a blended rate of the UK statutory rates of corporation tax during the year to 31 January 2016 of 20% (2015: 20.83%) and reflects the reduction in the UK corporation tax rate from 21% to 20% from 1 April 2015.

Encore Digital Media Limited

Notes to the financial statements (continued) for the period ended 31 January 2016

10 Tangible fixed assets

	Fixtures and Fittings £	Computer equipment £	Total £
<i>Cost</i>			
At 1 June 2015	1,899	8,570	10,469
Additions	1,512	5,168	6,680
Amounts written off in the period	(1,084)	(2,799)	(3,883)
At 31 January 2016	2,327	10,939	13,266
<i>Accumulated Depreciation and impairment</i>			
At 1 June 2015	1,084	2,799	3,883
Charge for the period	627	3,596	4,223
Amounts written off in the period	(1,084)	(2,799)	(3,883)
At 31 January 2016	627	3,596	4,223
<i>Net book value</i>			
At 31 January 2016	1,700	7,343	9,043
At 1 June 2015	815	5,771	6,586

11 Debtors

	2016 £	2015 £
Amounts falling due within one year		
Trade debtors	236,533	274,082
Directors' current accounts	-	3,360
Other debtors	-	4,962
Prepayments and accrued income	23,162	47,139
Deferred tax	473	-
	260,168	329,543

Encore Digital Media Limited

Notes to the financial statements (continued) for the period ended 31 January 2016

12 Creditors

	2016 £	2015 £
Amounts falling due within one year		
Trade creditors	54,362	75,276
Amounts owed to group undertakings	30,545	-
Corporation tax	83,546	79,933
Other taxation and social security	51,042	46,811
Other creditors	67,721	2,580
Accruals and deferred income	74,036	35,446
	<u>361,252</u>	<u>240,046</u>

13 Deferred taxation

	2016 £	2015 £
The deferred tax included in the Balance sheet is as follows:		
Included in debtors /(creditors)	473	(1,317)
	<u>473</u>	<u>(1,317)</u>
The movement in the deferred taxation account during the year was:		
Balance at 31 May 2014		(425)
Charge to the profit and loss account for the year (note 9)		(892)
		<u>(1,317)</u>
Balance at 31 May 2015		(1,317)
Credit to the profit and loss account for the year (note 9)		531
Credit from other creditors		1,259
		<u>1,790</u>
Balance at 31 January 2016		473
		<u>473</u>
The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:		
Depreciation in excess of capital allowances	473	(1,317)
	<u>473</u>	<u>(1,317)</u>

Encore Digital Media Limited

Notes to the financial statements (continued) for the period ended 31 January 2016

14 Called up Share capital	2016 Number	2015 Number	2016 £	2015 £
Called up, allotted and fully paid Ordinary shares of £1 each	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>

15 Profit and loss account	Profit and loss account £
Opening balance at 1 June 2014	72,923
Net Profit for the year	307,331
Dividend paid	(60,000)
	<u>320,254</u>
Opening balance at 1 June 2015	
Net Profit for the period	<u>262,913</u>
Closing balance at 31 January 2016	<u>583,167</u>

16 Operating lease arrangements

	2016 £	2015 £
Lease payments under operating leases recognised as an expense in the year	<u>28,330</u>	<u>-</u>

At the Balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	6,500	28,330
In the second to fifth years inclusive	-	-
After five years	-	-
	<u>6,500</u>	<u>28,330</u>

Encore Digital Media Limited

Notes to the financial statements (continued) for the period ended 31 January 2016

16 Operating lease arrangements (continued)

The Company as lessor

As set out in note 3, property rental income earned during the year was £12,332 (2015: Nil). All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

At the balance sheet date, the Company had contracted with tenants for the following future minimum lease payments:

	2016 £	2015 £
Within one year	62,400	-
In the second to fifth years inclusive	-	-
After five years	-	-

17 Controlling party

The ultimate and immediate parent undertaking, controlling party and parent of the smallest and largest group which this company is consolidated is Next Fifteen Communications Group Plc, which is incorporated and registered in England and Wales. The consolidated financial statements of Next Fifteen Communications Group Plc are available to the public and can be obtained from 75 Bermondsey Street, London, SE1 3XF.

18 Contingent liabilities

The Company participates in a multilateral guarantee with HSBC Bank Plc relating to the overdraft facilities of the parent and certain group companies. The maximum amount of the contingent liability which could arise from this guarantee is limited to £20,000,000. The Group amended and extended this facility in March 2016 and as a result the guarantee has increased to £30,000,000 post year-end.

Encore Digital Media Limited

Notes to the financial statements (continued) for the period ended 31 January 2016

19 Transitioning from old UK GAAP to FRS 101

Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council. Accordingly, in the period ended 31 January 2016 the Company has changed its accounting framework from pre-2015 UK GAAP to FRS 101. These financial statements have been prepared in accordance with FRS 101.

The prior year financial statements were restated for material adjustments on adoption of FRS 101 in the current year. For more information see note below.

Explanation of transition to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101. The following disclosures are required in the year of transition. The last financial statements under a previous GAAP (pre-2015 UK GAAP) were for the year ended 31 May 2015 and the date of transition to FRS 101 was therefore 1 June 2014.

Reconciliation of equity

	At 31 June 2015 £	At 1 June 2014 £
Equity reported under previous UK GAAP	321,754	74,423
Adjustments to equity on transition to FRS 101		
N/A	-	-
Equity reported under FRS 101	321,754	74,423