

Encore Digital Media Limited

Annual Report and Financial Statements
Year ended 31 January 2017

Registered Number: SC449653

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Encore Digital Media Limited

Annual report and financial statements for the year ended 31 January 2017

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Encore Digital Media Limited

**Officers and professional advisers
Annual report and financial statements
for the year ended 31 January 2017**

Directors

D Kersh
G A O'Brien
D F Shaw
P J Harris
L D Lowry

Registered office

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

Registered number

SC449653 (Scotland)

Auditor

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

Encore Digital Media Limited

Strategic Report for the year ended 31 January 2017

The Directors present their strategic report together with the audited financial statements of Encore Digital Media Limited (the "Company" or "Encore") for the year ended 31 January 2017.

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 shortened its accounting reference date from 31 May 2015 to 31 January 2016 to align it with the ultimate parent undertaking, Next Fifteen Communications Group plc ('Next 15'). The current period covered by the financial statements is therefore 1 February 2016 to 31 January 2017. The prior period is 1 June 2015 to 31 January 2016 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

The business has had a strong year, with turnover growing 51.0%, on an annualised basis, to £2,623,786 from the prior period. The Company's Balance sheet remains healthy with a net asset position of £1,244,167.

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 year ended 31 January 2017

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 year was as follows:

	Year ended 31 January 2017	8 month period ended 31 January 2016
Turnover less other external charges	£1,784,071	£825,941
Operating profit margin (%)	50.6%	31.8%
Net current assets	£1,235,749	£575,624

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.

Over-reliance on key clients can represent a significant risk to the business.

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.

Following recent changes in the political environment, the Company faces uncertainty in the UK. In uncertain political and economic times, there is an increased risk that customers cut marketing spend leading to reduced revenue and profit for the Company. The Board continues to monitor the latest macroeconomic developments to inform the Company strategy.

Financial risk management objectives and policies

Liquidity risk

Net current assets are healthy at £1,235,749 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 and external balances. The Company is therefore exposed to credit risk on these balances. There is no concentration of credit with any one counterparty.

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 6 July 2017.



L Lowry
Director

Encore Digital Media Limited

Report of the Directors for the year ended 31 January 2017

The Company has chosen, in accordance with section 411C(11) of Companies Act 2006, to include financial risk management objectives and future developments of the Group in the Strategic Report which otherwise would be required to be disclosed in the Directors' Report.

Results and dividends

The profit and loss account is set out on page 9 and shows a profit of £659,500 for the year (2016: £262,913).

The Directors do not recommend the payment of a dividend in the year (2016: £Nil).

Directors

The Directors of the Company during the year and to the date of signing this report were:

D Kersh
G A O'Brien
D F Shaw
P G Bath (resigned 31 January 2017)
P J Harris
S W J Woodford (resigned 7 November 2016)
L Lowry (appointed 1 February 2017)

Going concern

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

Directors' Indemnities

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

Charitable contributions

The Company has made charitable donations of £950 in the year (2016: £8,000).

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 the auditor annually.

On behalf of the Board



L Lowry
Director

6 July 2017

Encore Digital Media Limited

Directors' responsibilities statement for the year ended 31 January 2017

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 financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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.

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.

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 year ended 31 January 2017 which comprise of the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 17. 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 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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

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

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
Statutory Auditor
London
United Kingdom

6 July 2017

Encore Digital Media Limited

Profit and loss account for the year ended 31 January 2017

	Note	Year ended 31 January 2017 £	8 month period ended 31 January 2016 £
Turnover	3	2,623,786	1,158,226
Other external charges		(839,715)	(332,285)
Turnover less other external charges		1,784,071	825,941
Administrative costs		(880,878)	(563,679)
Operating profit	4	903,193	262,262
Interest receivable and similar income		-	120
Profit on ordinary activities before tax		903,193	262,382
Tax (charge)/credit on profit on ordinary activities	9	(243,693)	531
Profit for the financial year/period	15	659,500	262,913

All amounts relate to continuing activities.

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

The accompanying notes on pages 12 to 23 form an integral part of these financial statements.

Encore Digital Media Limited

Balance sheet at 31 January 2017

Registered number SC449653	Note	31 January 2017 £	31 January 2016 £
Fixed assets			
Tangible assets	10	8,418	9,043
		<u>8,418</u>	<u>9,043</u>
Current assets			
Debtors	11	509,357	260,168
Cash at bank and in hand		1,407,395	676,708
		<u>1,916,752</u>	<u>936,876</u>
Creditors: Amounts falling due within one year	12	(681,003)	(361,252)
		<u>1,235,749</u>	<u>575,624</u>
Net current assets			
		<u>1,244,167</u>	<u>584,667</u>
Total assets less current liabilities			
		<u>1,244,167</u>	<u>584,667</u>
Net assets			
		<u>1,244,167</u>	<u>584,667</u>
Capital and reserves			
Called up share capital	14	1,500	1,500
Profit and loss account	15	1,242,667	583,167
		<u>1,244,167</u>	<u>584,667</u>

The financial statements of Encore Digital Media Limited (registered number SC449653) were approved by the board of directors and authorised for issue on 6 July 2017. They were signed on its behalf by:



L Lowry
Director

The accompanying notes on pages 12 to 23 form an integral part of these financial statements.

Encore Digital Media Limited

Statement of changes in equity As at 31 January 2017

	Called up share capital (note 14) £	Profit and loss account (note 15) £	Total £
Balance as at 31 May 2015	1,500	320,254	321,754
Profit for the period	-	262,913	262,913
Total comprehensive income for the period	-	262,913	262,913
Balance at 31 January 2016	1,500	583,167	584,667
Profit for the year	-	659,500	659,500
Total comprehensive income for the year	-	659,500	659,500
Balance at 31 January 2017	1,500	1,242,667	1,244,167

The accompanying notes on pages 12 to 23 form an integral part of these financial statements.

Encore Digital Media Limited

Notes to the financial statements for the year ended 31 January 2017

1 General Information

Encore Digital Media Limited is a company incorporated in Scotland 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. Encore Digital Media Limited is a private company limited by shares.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) and has 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. This has not had a significant impact on the Company.

2 Significant accounting policies

Basis of accounting

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 financial statements are prepared under the historical cost convention.

The following principal accounting policies have been applied:

Adoption of new and revised standards

The Company has adopted the new accounting pronouncements which became effective this year, none of which had a significant impact on the Company's results or financial position.

Change in accounting reference date

The Company shortened its accounting reference date from 31 May 2015 to 31 January 2016 in order to align it with the ultimate parent undertaking, Next 15. The current period covered by the financial statements is therefore 1 February 2016 to 31 January 2017. The prior period is 1 June 2015 to 31 January 2016 and is therefore not entirely comparable.

Encore Digital Media Limited

Notes to the financial statements (continued) for the year ended 31 January 2017

2 Significant accounting policies (continued)

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.

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 year ended 31 January 2017

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 year ended 31 January 2017

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 year ended 31 January 2017

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

	Year Ended 31 January 2017	8 month period Ended 31 January 2016
	£	£

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

Rendering of Services	1,784,071	825,941
Mechanical Income	839,715	332,285
	2,623,786	1,158,226

All turnover relates to continuing operations.

All of the Company's turnover arises from the provision of digital consultancy services within the UK: 53% (2016: 55%), Europe, Middle East and Africa: 12% (2016: 7%), Asia 13% (2016: 12%) and North America: 22% (2016: 26%).

Encore Digital Media Limited

Notes to the financial statements (continued) for the year ended 31 January 2017

4 Profit for the financial year

	Year ended 31 January 2017 £	8 month period ended 31 January 2016 £
Profit for the year has been arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	8,319	4,223
Staff costs (see note 6)	602,353	359,749
Foreign exchange gains	(33,504)	(8,918)
	<u>602,353</u>	<u>359,749</u>

5 Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual financial statements were £10,200 (2016: £10,000).

Fees payable to Deloitte LLP 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

	Year ended 31 January 2017 £	8 month period ended 31 January 2016 £
Staff costs, including Directors, consist of:		
Wages and salaries	544,720	332,634
Social security costs	57,633	27,115
Pension contributions	-	-
	<u>602,353</u>	<u>359,749</u>

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

	Number	Number
Directors	3	3
Other staff	8	6
	<u>11</u>	<u>9</u>

Encore Digital Media Limited

Notes to the financial statements (continued) for the year ended 31 January 2017

7 Directors' remuneration

	Year ended 31 January 2017 £	8 month period ended 31 January 2016 £
Total remuneration of all Directors:		
Aggregate emoluments	223,917	162,000
Pension contributions	-	-
	<u>223,917</u>	<u>162,000</u>

P Harris and L Lowry are Directors of more than one group company. P Harris is a Director 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.

Remuneration of highest paid Director:

	Year ended 31 January 2017 £	8 month period ended 31 January 2016 £
Aggregate emoluments	94,083	66,000
Pension Contributions	-	-
	<u>94,083</u>	<u>66,000</u>

8 Interest receivable and similar income

	Year ended 31 January 2017 £	8 month period ended 31 January 2016 £
Interest receivable	-	120
Total interest receivable	<u>-</u>	<u>120</u>

Encore Digital Media Limited

Notes to the financial statements (continued) for the year ended 31 January 2017

9 Tax on profit from ordinary activities

	Year ended 31 January 2017 £	8 month period ended 31 January 2016 £
a) Analysis of charge/(credit) in the year/period		
Total current tax	244,592	-
Analysis of deferred tax balances		
Origination and reversal of timing differences	(970)	(531)
Adjustments in respect of deferred tax for prior years	71	-
Total deferred tax (note 13)	(899)	(531)
Total tax	243,693	(531)
b) Factors affecting total tax		

The tax assessed for the year/period differs from the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 January 2017 £	8 month period ended 31 January 2016 £
Profit on ordinary activities before tax	903,193	262,382
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20% (2016: 20%)	180,639	52,476
Effects of:		
Disallowed expenses	5,932	4,173
Group relief claimed for no consideration	-	(57,180)
Adjustments in respect of prior periods	57,122	-
Total tax charge/(credit) for the year/period (note 9a)	243,693	(531)

The UK income tax expense is based on the UK statutory rate of corporation tax for the year to 31 January 2017 of 20% (2016: 20.17% reflecting the reduction in the UK corporation tax rate from 21% to 20% on 1 April 2015). Legislation was passed in September 2016 to reduce the main rate of corporation tax to 19% from April 2017 and 18% from April 2020.

Encore Digital Media Limited

Notes to the financial statements (continued) for the year ended 31 January 2017

10 Tangible fixed assets

	Fixtures and Fittings £	Computer equipment £	Total £
<i>Cost</i>			
At 31 January 2016	2,327	10,939	13,266
Additions	1,403	6,291	7,694
Amounts written off in the year	77	323	400
At 31 January 2017	3,807	17,553	21,360
<i>Accumulated Depreciation and impairment</i>			
At 31 January 2016	627	3,596	4,223
Charge for the year	1,342	6,977	8,319
Amounts written off in the year	77	323	400
At 31 January 2017	2,046	10,896	12,942
<i>Net book value</i>			
At 31 January 2017	1,761	6,657	8,418
At 31 January 2016	1,700	7,343	9,043

11 Debtors

	2017 £	2016 £
Amounts falling due within one year		
Trade debtors	434,043	236,533
Prepayments and accrued income	73,942	23,162
Deferred tax	1,372	473
	509,357	260,168

All amounts owed by group undertakings are repayable on demand and do not attract interest.

Encore Digital Media Limited

Notes to the financial statements (continued) for the year ended 31 January 2017

12 Creditors

	2017 £	2016 £
Amounts falling due within one year		
Trade creditors	166,029	54,362
Amounts owed to group undertakings	82,181	30,545
Corporation tax	187,541	83,546
Other taxation and social security	73,453	51,042
Other creditors	108,540	67,721
Accruals and deferred income	63,259	74,036
	<u>681,003</u>	<u>361,252</u>

All amounts owed to group undertakings are repayable on demand and do not attract interest.

13 Deferred taxation

	2017 £	2016 £
The deferred tax included in the Balance sheet is as follows:		
Included in debtors /(creditors)	<u>1,372</u>	<u>473</u>
The movement in the deferred taxation account during the year was:		
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>473</u>
Balance at 31 January 2016		473
Credit to the profit and loss account for the year (note 9)		899
		<u>1,372</u>
Balance at 31 January 2017		<u>1,372</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	<u>1,372</u>	<u>473</u>
	<u>1,372</u>	<u>473</u>

Encore Digital Media Limited

Notes to the financial statements (continued) for the year ended 31 January 2017

14 Called up Share capital

	2017 Number	2016 Number	2017 £	2016 £
Called up, allotted and fully paid				
Ordinary shares of £1 each	1,500	1,500	1,500	1,500

15 Profit and loss account

Profit and loss account £

Opening balance at 1 June 2015	320,254
Net Profit for the period	262,913
Opening balance at 31 January 2016	583,167
Net Profit for the year	659,500
Closing balance at 31 January 2017	1,242,667

16 Operating lease arrangements

	2017 £	2016 £
Lease payments under operating leases recognised as an expense in the year	68,904	28,330

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:

	2017 £	2016 £
Within one year	7,118	6,500
In the second to fifth years inclusive	6,525	-
	13,643	6,500

Encore Digital Media Limited

Notes to the financial statements (continued) for the year ended 31 January 2017

16 Operating lease arrangements (continued)

The Company as lessor

Property rental income earned during the year was £nil (2016: £12,332). 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.

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 their registered office at 75 Bermondsey Street, London, SE1 3XF.