Encore Digital Media Limited

Annual Report and Financial Statements
Year ended 31 January 2018

Registered Number: SC449653

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Encore Digital Media Limited

Annual report and financial statements
for the year ended 31 January 2018

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Encore Digital Media Limited

Officers and professional advisers
Annual report and financial statements
for the year ended 31 January 2018

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 2018

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 2018.

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).

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 traded strongly this year and has been one of significant growth and development for the Company. Turnover has increased by 74% to £4,573,030 from the prior year. The Company has reported a loss of £509,845 and the balance sheet is in a net liability position. However, this is mainly due to a non-trading growth share charge and associated liability of £1.6m.

Future developments

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

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 2018	Year ended 31 January 2017
Turnover less other external charges	£2,808,016	£1,784,071
Operating profit margin (%)	(8.7)%	50.6%
Net current (liabilities)/assets	£(775,052)	£1,235,749

Our turnover less other external charges figure has grown by 57.4% when compared with last year. While we are showing a negative operating profit margin, this is largely attributable to a non-trading growth share charge of £1.6m. This also resulted in a net current liabilities position of £775,052. Excluding the growth share charge, our operating profit margin is 48.2% and a net asset position of £823,353.

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. Within the monthly board meetings, any client over reliance is assessed and action is taken where necessary.

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 liability position stands at £775,052 principally due to accrued expenses relating to the IFRS 2 charge in the year of £1,598,405. There is no reliance on external debt. 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 20 July 2018.

L Lowry
Director

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 loss of £509,845 for the year (2017: profit of £659,500).

The Directors paid a dividend of £1,500,000 during the period (2017: £Nil). The dividend was paid before the growth shares were issued, which created a £1.6m charge in the Company and the loss for the year.

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 J Harris
L Lowry (appointed 1 February 2017)

Going concern

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

Events after the balance sheet date

There are no significant or material post balance sheet events.

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 £1,281 in the year (2017: £950).

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

On behalf of the Board

L Lowry
Director

20 July 2018

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; 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.

Independent auditor's report to the members of Encore Digital Media Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Encore Digital Media Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the relates notes 1 to 15

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has/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 or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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

20 July 2018

Encore Digital Media Limited

Profit and loss account
for the year ended 31 January 2018

	Note	Year ended 31 January 2018 £	Year ended 31 January 2017 £
Turnover	3	**4,573,030**	2,623,786
Other external charges		**(1,765,014)**	(839,715)
Turnover less other external charges		**2,808,016**	1,784,071
Administrative expenses		**(3,051,823)**	(880,878)
Operating (loss)/profit	4	**(243,807)**	903,193
(Loss)/profit before tax		**(243,807)**	903,193
Tax credit	8	**(266,038)**	(243,693)
(Loss)/profit for the financial year		**(509,845)**	659,500

All amounts relate to continuing activities.
There were no items of comprehensive income in the current or prior year other than the loss for the year and, accordingly, no statement of comprehensive income is presented.

The accompanying notes on pages 13 to 23 form an integral part of these financial statements.

Encore Digital Media Limited

Balance sheet
at 31 January 2018

Registered number SC449653	Note	31 January 2018 £	31 January 2017 £
Fixed assets			
Tangible assets	9	**9,873**	8,418
		9,873	8,418
Current assets			
Debtors	10	**1,239,200**	509,357
Cash at bank and in hand		**1,476,181**	1,407,395
		2,715,381	1,916,752
Creditors: Amounts falling due within one year	11	**(3,490,433)**	(681,003)
Net current (liabilities) / assets		**(775,052)**	1,235,749
Total assets less current liabilities		**(765,179)**	1,244,167
Net (liabilities) / assets		**(765,179)**	1,244,167
Capital and reserves			
Called up share capital	13	**1,999**	1,500
Profit and loss account		**(767,178)**	1,242,667
		(765,179)	1,244,167

The financial statements of Encore Digital Media Limited (registered number SC449653) were approved by the board of directors and authorised for issue on 20 July 2018. They were signed on its behalf by:

L Lowry
Director

The accompanying notes on pages 13 to 23 form an integral part of these financial statements.

Encore Digital Media Limited

Statement of changes in equity
As at 31 January 2018

	Called up share capital (note 13)	Profit and loss account	Total
	£	£	£
Balance as at 1 February 2016	1,500	583,167	584,667
Profit for the period	-	**659,500**	**659,500**
Total comprehensive income for the period	-	**659,500**	**659,500**
Balance at 31 January 2017	**1,500**	**1,242,667**	**1,244,167**
Loss for the year	-	**(509,845)**	**(509,845)**
Total comprehensive loss for the year	-	**(509,845)**	**(509,845)**
Dividends	-	**(1,500,000)**	**(1,500,000)**
Issued share capital	499	-	**499**
Balance at 31 January 2018	**1,999**	**(767,178)**	**(765,179)**

The accompanying notes on pages 13 to 23 form an integral part of these financial statements.

1 General Information

Encore Digital Media Limited is a private company limited by shares, incorporated in the United Kingdom and registered 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.

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

The company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standards 101 'Reduced Disclosure Framework'.

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.

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.

The following principal accounting policies have been applied:

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

2 **Significant accounting policies** (continued)

Revenue recognition

Turnover 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. Turnover less other external charges 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.

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; and
- Expenses (other external charges) are recharged to clients at cost plus an agreed mark-up when the services are performed.

Other external charges represent the costs on which the Company is considered to be acting as agent on behalf of the client.

Growth Share Accounting

The company grants brand equity appreciation rights to key individuals in the form of restricted ordinary shares. The restricted ordinary shares give the individuals a right to a percentage of the future appreciation in the company's equity. Appreciation is measured based on a multiple of the company's operating earnings in subsequent year(s), over the base line value determined at the date of grant. Since any company appreciation payments are to be settled in equity in the ultimate parent, to be paid for by the company, they are accounted for as cash-settled share-based payments in the company in line with IFRS 2.

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

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.

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.

Financial instruments

Financial assets and liabilities are recognised on the Balance Sheet when the Company becomes party to the contractual provisions of the asset or liability. The Company's accounting policies for different types of financial asset and liability are described below.

Trade debtors are initially recognised at fair value and will subsequently be measured at amortised cost less allowances for impairment. An allowance for impairment of trade debtors is established when there is objective evidence (such as significant financial difficulties on the part of the counterparty, or default or significant delay in payment) that the Company will not be able to collect all amounts due according to the original terms of the debtors. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows associated with the impaired receivable.

Such provisions are recorded in a separate allowance account, with the loss being recognised as an expense in the administrative expenses line in the profit and loss account. On confirmation that the trade debtors will not be collectable, the gross carrying value is written off against the associated allowance.

Trade payables are initially recognised at fair value and thereafter at amortised cost.

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.

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 2018 £	Year Ended 31 January 2017 £
An analysis of the Company's turnover is as follows:		
Rendering of Services	**2,808,016**	1,784,071
Mechanical Income	**1,765,014**	839,715
	4,573,030	2,623,786

All turnover relates to continuing operations.

All of the Company's turnover arises from the provision of digital consultancy services within the UK: 50% (2017: 53%), Europe, Middle East and Africa: 27% (2017: 12%), Asia 6% (2017: 13%) and North America: 17% (2017: 22%).

4 (Loss)/profit for the financial year

	Year ended 31 January 2018 £	Year ended 31 January 2017 £
(Loss)/profit for the year has been arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	**8,261**	8,319
Staff costs (see note 6)	**978,049**	602,353
Foreign exchange loss/(gains)	**39,483**	(33,504)
Exceptional Items:		
Growth share charge	**1,598,405**	-

5 Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual financial statements were £9,900 (2017: £10,200).

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 2018 £	Year ended 31 January 2017 £
Staff costs, including Directors, consist of:		
Wages and salaries	**889,217**	544,720
Social security costs	**85,704**	57,633
Pension contributions	**3,128**	-
	978,049	602,353

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

	Number	Number
Directors	**3**	3
Other staff	**11**	8
	14	11

7 Directors' remuneration

	Year ended 31 January 2018 £	Year ended 31 January 2017 £
Total remuneration of all Directors:		
Aggregate emoluments	**221,333**	223,917
Pension contributions	**-**	-
	221,333	223,917

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 2018 £	Year ended 31 January 2017 £
Aggregate emoluments	**110,667**	94,083
Pension Contributions	**-**	-
	110,667	94,083

8 Tax on (loss)/profit from ordinary activities

		Year ended 31 January 2018 £	Year ended 31 January 2017 £
a)	Analysis of charge in the year		
	Current taxation	**267,795**	**-**
	Adjustments to current tax in respect of prior period	**(1,256)**	**-**
	Total current tax	**266,539**	244,592
	Analysis of deferred tax balances		
	Origination and reversal of timing differences	**(1,815)**	(970)
	Adjustments in respect of deferred tax for prior years	**1,314**	71
	Total deferred tax (note 12)	**(501)**	(899)
	Total tax	**266,038**	243,693

b) Factors affecting total tax

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

	Year ended 31 January 2018 £	Year ended 31 January 2017 £
(Loss)/profit on ordinary activities before tax	**(243,807)**	903,193
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 19.17% (2017: 20%)	**(46,738)**	180,639
Effects of:		
Disallowed expenses	**312,718**	5,932
Group relief claimed for no consideration	**-**	**-**
Adjustments in respect of prior periods	**58**	57,122
Total tax charge for the year (note 8a)	**266,038**	243,693

The UK income tax expense is based on the UK statutory rate of corporation tax for the year to 31 January 2018 of 19.17% (2017: 20%). Legislation was passed in September 2016 to reduce the main rate of corporation tax to 19% from April 2018 and 17% from April 2020.

9 Tangible fixed assets

	Fixtures and Fittings £	Computer equipment £	Total £
Cost			
At 31 January 2017	3,807	17,553	21,360
Additions	1,162	12,003	13,165
At 31 January 2018	**4,969**	**29,556**	**34,525**
Accumulated Depreciation and impairment			
At 31 January 2017	2,046	10,896	12,942
Charge for the year	1,466	6,795	8,261
Additions	1,008	2,441	3,449
At 31 January 2018	**4,520**	**20,132**	**24,652**
Net book value			
At 31 January 2018	**449**	**9,424**	**9,873**
At 31 January 2017	1,761	6,657	8,418

10 Debtors

Amounts falling due within one year	2018 £	2017 £
Trade debtors	**1,170,531**	434,043
Other current assets	**2,321**	-
Prepayments and accrued income	**62,835**	73,942
Amounts owed by group undertakings	**1,640**	-
Deferred tax	**1,873**	1,372
	1,239,200	509,357

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

11 Creditors

Amounts falling due within one year	2018 £	2017 £
Trade creditors	445,096	166,029
Amounts owed to group undertakings	314,895	82,181
Corporation tax	267,795	187,541
Other taxation and social security	300,457	73,453
Other creditors	256,301	108,540
Deferred Income	204,044	39,034
Accruals	1,701,845	63,259
	3,490,433	681,003

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

12 Deferred taxation

	2018 £	2017 £
The deferred tax included in the Balance sheet is as follows:		
Included in debtors	1,873	1,372
The movement in the deferred taxation account during the year was:		
Balance at 31 January 2016		473
Credit to the profit and loss account for the year (note 9)		899
Balance at 31 January 2017		1,372
Credit to the profit and loss account for the year (note 9)		501
Balance at 31 January 2018		1,873
The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:		
Depreciation in excess of capital allowances	1,038	1,372
Other	835	-
	1,873	1,372

13 Called up Share capital

	2018 Number	2017 Number	2018 £	2017 £
Called up, allotted and fully paid				
Ordinary shares of £1 each	**1,500**	1,500	**1,500**	1,500
Ordinary 'A' shares of £0.01 each	**39,600**	-	**396**	-
Ordinary 'B' shares of £0.01 each	**10,000**	-	**100**	-
Ordinary 'C' shares of £0.01 each	**270**	-	**3**	-

14 Operating lease arrangements

	2018 £	2017 £
Lease payments under operating leases recognised as an expense in the year	92,604	68,904

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:

	2018 £	2017 £
Within one year	**2,295**	7,118
In the second to fifth years inclusive	**-**	6,525
	2,295	13,643

15 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.