

**Acxiom Limited**

**Annual report and financial statements**

**Registered number 01182318**

**31 March 2016**



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## Strategic report

The director presents his strategic report for the year ended 31 March 2016.

### Principal activities

Acxiom Limited is a technology and services company with a vision to power a world where all marketing is relevant. Acxiom provides the data foundation for the world's best marketers. By making it safe and easy to activate, validate, enhance, and unify data, we provide marketers with the ability to deliver relevant messages at scale and tie those messages back to actual results. The company's products and services enable people-based marketing, allowing our clients to generate higher return on investment and drive better omni-channel customer experiences.

### Business review

Acxiom generates its revenue from the following business segments, which are aligned consistently with the Company's long-term strategy:

- **Connectivity.** Our Connectivity segment activates data and makes it portable across the open marketing ecosystem.
- **Audience Solutions.** Our Audience Solutions segment helps clients validate the accuracy of their people-based data, enhance it with additional insights, and keep it up to date, enabling them to reach audiences with highly relevant messages.
- **Marketing Services.** Our Marketing Services segment helps clients unify data at the individual level in a privacy-safe environment and use it to achieve data-driven results.

### Performance for fiscal year 2016

In FY16 Acxiom Ltd divested its ITO business with effect 31<sup>st</sup> July 2015.

Revenues amounted to £21.9m for fiscal year 2016 (2015: £30.5m). Marketing Services and Audience Solutions generated all of FY16 turnover of £21.9m (2015: £25.4m).

Cost of sales for the Services business includes direct data acquisition costs, industry and client teams, building and delivery of solutions, and equipment relating to direct clients costs such as database hosting equipment. Cost of sales for Data includes acquired data, data royalties, compilation costs and the costs of building the company's various data products.

Administrative expenses decreased to £16.2m from £21.8m in prior year in line with the decline in turnover. Exceptional costs of £3.0m in the year with £0.3 m related to restructuring costs as the business continues to manage its cost base and £2.7m loss on sale of the ITO business.

Operating loss for the year amounted to £1.0m (2015: operating loss £2.2m) from exceptional costs and revenue decline in the Marketing Services segment.

### Future

Innovation has fuelled the growth of a highly fragmented technology landscape, forcing brands to contend with thousands of marketing technologies and data silos. To make every customer experience relevant across channels and devices, organizations need a data foundation and common network that can break down those silos, make data portable, and accurately recognize people throughout the customer journey.

Our products and services provide the data foundation brands need to power people-based marketing. As noted above, Acxiom has three business segments, each helping our clients address the inherent challenges associated with people-based marketing in a digital era. Key elements of our growth strategy include:

- **Continue to Innovate and Extend Leadership Position in Data Connectivity.** We intend to continue to make substantial investments in our Connectivity solutions launched in FY17. Our investments will focus on higher match rates, expanded partner integrations, and new product launch.

## Strategic report (continued)

### Future (continued)

- **Establish the Standard for Recognition and User Identification in the Marketing Ecosystem.** We intend to establish AbiliTec as the standard for consumer-level recognition across the marketing ecosystem, providing a single-source of truth for user identification and audience targeting.
- **Continue to Grow Our Client Base and Expand Existing Client Relationships.** We plan to acquire an increasing number of new customers through the expansion of our direct sales teams and our partnerships.

### Measurement

The company uses a number of financial and non-financial KPIs to measure performance. These KPIs include traditional revenue growth, cost and operating income statement by key lines of business, which are communicated monthly. In addition, client profitability, retention, sales productivity, return on investment, cash flows and both customer and associate satisfaction surveys give an insight into the performance of the business.

### Principal risks and uncertainties

The risks described below could materially and adversely affect our business, financial condition and results of future operations. These risks are not the only ones we face as our business operations could also be impaired by additional risks and uncertainties that are not presently known to us, or that we currently consider immaterial.

- the possibility that competent, competitive products, technologies or services will be introduced into the marketplace by other companies;
- the possibility that there will be changes in consumer or business information industries and markets that negatively impact the Company;
- the possibility that we will not be able to protect proprietary information and technology or to obtain necessary licenses on commercially reasonable terms;
- the possibility that there will be changes in the legislative, accounting, regulatory and consumer environments affecting our business, including but not limited to litigation, legislation, regulations and customs impairing our ability to collect, manage, aggregate and use data;
- the possibility that data suppliers might withdraw data from us, leading to our inability to provide certain products and services;
- the possibility that we may enter into short-term contracts which would affect the predictability of our revenues;
- the possibility that the amount of ad hoc, volume-based and project work will not be as expected;
- the possibility that we may experience a loss of data center capacity or interruption of telecommunication links or power sources;
- the possibility that we may experience failures or breaches of our network and data security systems, leading to potential adverse publicity, negative customer reaction, or liability to third parties;
- the possibility that our clients may cancel or modify their agreements with us;
- the possibility that we will not successfully complete customer contract requirements on time or meet the service levels specified in the contracts, which may result in contract penalties or lost revenue;
- general and global negative economic conditions.

This report was approved by the board on 14 December 2016 and signed on its behalf by:

RM Butt  
Director



17 Hatfields  
London  
SE1 8DJ

14 December 2016

## Director's report

The director presents his director's report and financial statements for the year ended 31 March 2016.

### Proposed dividend

The director does not recommend the payment of a dividend.

### Directors

The directors who held office during the year and up to the date of this report were as follows:

|         |                             |
|---------|-----------------------------|
| I James | (resigned 31 January 2016)  |
| RM Butt | (appointed 30 January 2016) |

### Employees

The training and retraining of staff is a high priority. Much of the training is on-the-job, supported by internal and external courses. The company's aim for all applicants and members of staff is to fit the qualifications, aptitude and ability of each individual to the appropriate job.

The company does all that is practicable to meet its responsibility towards the employment of disabled people. Where an employee becomes disabled, every effort is made to provide continuity of employment in the same job or a suitable alternative.

### Political contributions

The company made no political contributions or incurred any political expenditure during the year.

### Disclosure of information to auditor

The director who held office at the date of approval of this director's report confirm that, so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



**RM Butt**  
*Director*

17 Hatfields  
London  
SE1 8DJ

14 December 2016

## **Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements**

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in UK and Republic of Ireland*.

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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG LLP

Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX  
United Kingdom

### **Independent auditor's report to the members of Acxiom Limited**

We have audited the financial statements of Acxiom Limited for the year ended 31 March 2016 set out on pages 7 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in UK and Republic of Ireland*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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 set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **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 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK 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**

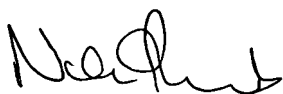
In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of Acxiom Limited** *(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.



**Nick Plumb (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX

22 December 2016



**Profit and loss account and other comprehensive income**  
*for the year ended 31 March 2016*

|   | Note | 2016<br>Con-<br>tinuing<br>£000 | Dis-<br>continued<br>£000 | Total<br>£000  | 2015<br>Con-<br>tinuing<br>£000 | Dis-<br>continued<br>£000 | Total<br>£000  |
|---|------|---------------------------------|---------------------------|----------------|---------------------------------|---------------------------|----------------|
| Turnover  | 2    | 21,922                          | -                         | 21,922         | 25,354                          | 5,098                     | 30,452         |
| Cost of sales   |      | (7,099)                         | -                         | (7,099)        | (6,282)                         | (4,419)                   | (10,701)       |
| <b>Gross profit</b>   |      | <b>14,823</b>                   | <b>-</b>                  | <b>14,823</b>  | <b>19,072</b>                   | <b>679</b>                | <b>19,751</b>  |
| Administrative expenses                                     |      | (16,199)                        | (345)                     | (16,544)       | (21,667)                        | (1,267)                   | (22,934)       |
| Other operating income                                      | 6    | 747                             | -                         | 747            | 1,022                           | -                         | 1,022          |
| <b>Operating loss</b>                                       |      | <b>(629)</b>                    | <b>(345)</b>              | <b>(974)</b>   | <b>(1,573)</b>                  | <b>(588)</b>              | <b>(2,161)</b> |
| Loss on disposal of operations                              | 7    | -                               | (2,682)                   | (2,682)        | -                               | (1,611)                   | (1,611)        |
| Other interest receivable and similar income                | 8    | 2,575                           | -                         | 2,575          | 2                               | -                         | 2              |
| Interest payable and similar charges                        | 9    | (200)                           | -                         | (200)          | (5,371)                         | -                         | (5,371)        |
| <b>Profit/(loss) on ordinary activities before taxation</b> |      | <b>1,746</b>                    | <b>(3,027)</b>            | <b>(1,281)</b> | <b>(6,942)</b>                  | <b>(2,199)</b>            | <b>(9,141)</b> |
| Tax on profit/(loss) on ordinary activities                 | 10   | 6                               | -                         | 6              | 143                             | -                         | 143            |
| <b>Profit/(loss) for the financial year</b>                 |      | <b>1,752</b>                    | <b>(3,027)</b>            | <b>(1,275)</b> | <b>(6,799)</b>                  | <b>(2,199)</b>            | <b>(8,998)</b> |
| <b>Other comprehensive income</b>                           |      |                                 |                           |                |                                 |                           |                |
| Other comprehensive income for the year, net of income tax  |      |                                 |                           | -              |                                 |                           | -              |
| <b>Total comprehensive income for the year</b>              |      |                                 |                           | <b>(1,275)</b> |                                 |                           | <b>(8,998)</b> |

**Balance sheet**  
*at 31 March 2016*

|   | <i>Note</i> | <b>2016</b><br><b>£000</b> | <b>2015</b><br><b>£000</b> |
|---|-------------|----------------------------|----------------------------|
| <b>Fixed assets</b>                                   |             |                            |                            |
| Tangible assets                                       | 12          | 3,722                      | 5,423                      |
| Intangible assets                                     | 13          | 161                        | 324                        |
| Investments   | 14          | 1,261                      | 1,261                      |
|   |             | <b>5,144</b>               | <b>7,008</b>               |
| <b>Current assets</b>                                 |             |                            |                            |
| Debtors   | 15          | 19,912                     | 12,048                     |
| Cash at bank and in hand                              |             | 85                         | 6                          |
|   |             | <b>19,997</b>              | <b>12,054</b>              |
| <b>Creditors: amounts falling due within one year</b> | 16          | <b>(29,921)</b>            | <b>(22,567)</b>            |
| <b>Net current liabilities</b>                        |             | <b>(9,924)</b>             | <b>(10,513)</b>            |
| <b>Net liabilities</b>                                |             | <b>(4,780)</b>             | <b>(3,505)</b>             |
| <b>Capital and reserves</b>                           |             |                            |                            |
| Called up share capital                               | 18          | 4,600                      | 4,600                      |
| Share premium account                                 |             | 831                        | 831                        |
| Capital contribution reserve                          | 19          | -                          | -                          |
| Profit and loss account                               |             | (10,211)                   | (8,936)                    |
| <b>Shareholders' deficit</b>                          |             | <b>(4,780)</b>             | <b>(3,505)</b>             |

These financial statements were approved by the board of directors on 11 December 2016 and were signed on its behalf by:



**RM Butt**  
*Director*

Company registered number: 01182318

**Statement of changes in equity**  
*for the year ended 31 March 2016*

|   | <b>Called up<br/>share capital<br/>£000</b> | <b>Share<br/>premium<br/>£000</b> | <b>Capital<br/>contribution<br/>reserve<br/>£000</b> | <b>Profit and<br/>loss account<br/>£000</b> | <b>Total<br/>equity<br/>£000</b> |
|---|---|-----------------------------------|--|---|----------------------------------|
| Balance as at 1 April 2014                                | 4,600                                       | 831                               | -  | 62  | 5,493                            |
| <b>Total comprehensive income for the period</b>          |   |                                   |  |   |                                  |
| Profit or loss  | -   | -                                 | -  | (8,998)                                     | (8,998)                          |
| Other comprehensive income for the period                 | -   | -                                 | -  | -   | -                                |
| <b>Total comprehensive income for the period</b>          | -   | -                                 | -  | (8,998)                                     | (8,998)                          |
| Transactions with owners, recorded directly in equity     |   |                                   |  |   |                                  |
| Equity settled share based payment transactions           | -   | -                                 | 43   | -   | 43                               |
| Recharge from ultimate parent undertaking                 | -   | -                                 | (43)   | -   | (43)                             |
| <b>Total contributions by and distributions to owners</b> | -   | -                                 | -  | -   | -                                |
| Balance at 31 March 2015                                  | 4,600                                       | 831                               | -  | (8,936)                                     | (3,505)                          |
| Balance as at 1 April 2015                                | 4,600                                       | 831                               | -  | (8,936)                                     | (3,505)                          |
| <b>Total comprehensive income for the period</b>          |   |                                   |  |   |                                  |
| Profit or loss  | -   | -                                 | -  | (1,275)                                     | (1,275)                          |
| Other comprehensive income for the period                 | -   | -                                 | -  | -   | -                                |
| <b>Total comprehensive income for the period</b>          | -   | -                                 | -  | (1,275)                                     | (1,275)                          |
| Transactions with owners, recorded directly in equity     |   |                                   |  |   |                                  |
| Equity settled share based payment transactions           | -   | -                                 | 64   | -   | 64                               |
| Recharge from ultimate parent undertaking                 | -   | -                                 | (64)   | -   | (64)                             |
| <b>Total contributions by and distributions to owners</b> | -   | -                                 | -  | -   | -                                |
| <b>Balance at 31 March 2016</b>                           | <b>4,600</b>                                | <b>831</b>                        | <b>-</b>   | <b>(10,211)</b>                             | <b>(4,780)</b>                   |

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Acxiom Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Lease incentives – for leases commenced before 1 April 2014 the Company continued to account for lease incentives under previous UK GAAP.

The Company’s ultimate parent undertaking, Acxiom Corporation includes the Company in its consolidated financial statements. The consolidated financial statements of Acxiom Corporation are available to the public and may be obtained from Acxiom Corp address is 601 East 3rd Street, PO Box 8190, AR 72201-1709, USA. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Acxiom Corporation include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and,
- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Company has not retrospectively changed its accounting under old UK GAAP for discontinued operations.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 23.

#### **Measurement convention**

The financial statements are prepared on the historical cost basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Going concern*

The company's business activities, together with the factors likely to affect its future development and position, are set out in the business review section of the strategic report on pages 1 to 2.

The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The ultimate parent company, Acxiom Corporation, has agreed to provide the company with the necessary financial support and working capital for at least one year from the date of approval of these financial statements to allow the company to meet its liabilities as they fall due.

The directors, having assessed the responses of the directors of the company's ultimate parent, Acxiom Corporation, to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Acxiom Corporation group to continue as a going concern or its ability to continue with the current banking arrangements.

Notwithstanding net current liabilities of £9,924,000 at the balance sheet date (of which £6,830,000 relates to net amounts owed to group undertakings), after making enquiries the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

#### *Foreign currency*

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### *Classification of financial instruments issued by the Company*

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Basic financial instruments*

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### *Investments in subsidiaries*

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Leasehold buildings - 10-25 years
- Computers and plant - 1-5 years
- Fixtures and fittings - 4-10 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Intangible assets, goodwill and negative goodwill*

##### *Research and development*

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

##### *Other intangible assets*

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

##### *Amortisation*

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- software licences 3-18 years

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

##### *Discontinued operations*

Discontinued operations are components of the company that have been disposed of at the reporting date and previously represented a separate major line of business or geographical area of operation.

They are included in the profit and loss account in a separate column for the current and comparative periods, including the gain or loss on sale or impairment loss on abandonment.

##### *Impairment excluding stocks and deferred tax assets*

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

## Notes (continued)

### 1 Accounting policies (continued)

#### *Impairment excluding stocks and deferred tax assets (continued)*

##### *Non-financial assets (continued)*

The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### *Employee benefits*

##### *Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### *Share-based payment transactions*

The company participates in equity settled share based payment plans established by its ultimate parent undertaking, Acxiom Corporation. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using the Black-Scholes valuation model, taking into account the terms and conditions upon which the awards were granted. A small number of the company's directors and senior managers are eligible for share options and stock awards under the plans. The full disclosures required in respect of the share based payment plans for all Acxiom companies have been made in the financial statements of Acxiom Corporation.

#### *Turnover*

Revenues from services under contract are recognised over the term of the contract. Any up-front development fees earned, along with associated costs, are deferred and amortised on a straight-line basis over the service term of the contract.

In cases where services are performed that are considered "project" or ad hoc, revenue from such services is recognised as the services are performed.

Revenues from the licensing of data are recognised upon delivery of the data to the customer. In the instances where the license fee includes provision of future updates on a monthly, quarterly or annual basis, the revenue is recognised on a straight-line basis over the license term.



## Notes (continued)

### 1 Accounting policies (continued)

#### Expenses

##### Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

##### Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

#### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

## Notes (continued)

### 2 Analysis of turnover

The company's turnover and profit before tax arises from its principal business activities within the United Kingdom, Western Europe and the USA. An analysis of turnover by activity is given below:

|                                   | 2016<br>£000  | 2015<br>£000  |
|-----------------------------------|---------------|---------------|
| <i>By activity</i>                |               |               |
| Marketing Services and Technology | 21,922        | 25,354        |
| Call centre operations            | -             | 5,098         |
|                                   | <u>21,922</u> | <u>30,452</u> |
|                                   | 2016<br>£000  | 2015<br>£000  |
| <i>By geographical market</i>     |               |               |
| United Kingdom                    | 13,740        | 21,709        |
| Europe                            | 4,119         | 6,251         |
| Rest of world                     | 4,063         | 2,492         |
|                                   | <u>21,922</u> | <u>30,452</u> |

### 3 Expenses and auditor's remuneration

|   | 2016<br>£000         | 2015<br>£000         |
|---|----------------------|----------------------|
| <i>Included in profit/loss are the following:</i> |                      |                      |
| Depreciation of tangible fixed assets:            |                      |                      |
| - owned assets                                    | 760                  | 1,402                |
| - leasehold land and buildings                    | 476                  | 536                  |
| Hire of other assets – operating leases           | 1,437                | 1,329                |
| Restructuring costs expensed as incurred          | 345                  | 1,088                |
|   | <u>2016<br/>£000</u> | <u>2015<br/>£000</u> |
| <i>Auditor's remuneration</i>                     |                      |                      |
| Audit of these financial statements               | 79                   | 73                   |
| Other services relating to taxation               | 24                   | 37                   |
| Other services                                    | 27                   | 23                   |

## Notes (continued)

### 4 Remuneration of directors

|   | 2016<br>£000 | 2015<br>£000 |
|---|--------------|--------------|
| Directors' remuneration                                 | 522          | 511          |
| Company contributions to money purchase pension schemes | 32           | 46           |
|   | <u>554</u>   | <u>557</u>   |

The remuneration of the highest paid director was £458,000 (2015: £281,000) and company pension contributions of £28,000 (2015: £22,000) were made to a money purchase scheme on their behalf.

|  | Number of directors<br>2016 | 2015     |
|--|-----------------------------|----------|
| Retirement benefits are accruing to the following number of directors under: |                             |          |
| Money purchase scheme  | 1                           | 1        |
| The number of directors who exercised share options was                      | <u>2</u>                    | <u>1</u> |

### 5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

|                 | Number of employees<br>2016 | 2015       |
|-----------------|-----------------------------|------------|
| Operations      | 94                          | 271        |
| Sales           | 19                          | 9          |
| IT              | 27                          | 46         |
| Finance         | 7                           | 8          |
| Human resources | 2                           | 4          |
| Legal           | 1                           | 1          |
|                 | <u>150</u>                  | <u>339</u> |

The aggregate payroll costs of these persons were as follows:

|   | 2016<br>£000  | 2015<br>£000  |
|---|---------------|---------------|
| Wages and salaries                                    | 10,608        | 15,204        |
| Social security costs                                 | 1,148         | 1,567         |
| Contributions to defined contribution plans (note 20) | 688           | 851           |
| Share based payments                                  | 110           | 43            |
|   | <u>12,554</u> | <u>17,665</u> |

**Notes (continued)**

**6 Other operating income**

|                 | 2016<br>£000 | 2015<br>£000 |
|-----------------|--------------|--------------|
| Management fees | 747          | 1,022        |
|                 | <u>747</u>   | <u>1,022</u> |

**7 Exceptional items**

|                                | 2016<br>£000 | 2015<br>£000 |
|--------------------------------|--------------|--------------|
| Redundancies and restructuring | 345          | 1,088        |
| Disposals of operations        | 2,682        | 1,611        |
|                                | <u>3,027</u> | <u>2,699</u> |

**8 Other interest receivable and similar income**

|  | 2016<br>£000 | 2015<br>£000 |
|--|--------------|--------------|
| Bank interest receivable                     | -            | 2            |
| Net foreign exchange gain                    | 2,575        | -            |
|  | <u>2,575</u> | <u>2</u>     |
| Total interest receivable and similar income | <u>2,575</u> | <u>2</u>     |

**9 Interest payable and similar charges**

|                               | 2016<br>£000 | 2015<br>£000 |
|-------------------------------|--------------|--------------|
| Payable to group undertakings | 200          | 142          |
| Net foreign exchange losses   | -            | 5,229        |
|                               | <u>200</u>   | <u>5,371</u> |

## Notes (continued)

### 10 Taxation

#### *Total tax expense recognised in the profit and loss account*

|  | 2016<br>£000 | 2015<br>£000 |
|--|--------------|--------------|
| <i>Current tax</i>                         |              |              |
| Current tax on income for the period       |              | -            |
| Adjustments in respect of prior periods    | (6)          | (143)        |
|  | <hr/>        | <hr/>        |
| Total current tax                          | (6)          | (143)        |
|  | <hr/>        | <hr/>        |
| <i>Deferred tax</i>                        |              |              |
| Origination/reversal of timing differences | -            | 90           |
| Effect of changes in tax rate              | -            | (90)         |
|  | <hr/>        | <hr/>        |
| Total deferred tax                         | -            | -            |
|  | <hr/>        | <hr/>        |
| Tax  | (6)          | (143)        |
|  | <hr/>        | <hr/>        |

|   | 2016<br>£000 | 2015<br>£000 |
|---|--------------|--------------|
| <b>Reconciliation of effective tax rate</b>                         |              |              |
| Loss for the year   | (1,275)      | (8,998)      |
| Total tax expense   | 6            | 143          |
|   | <hr/>        | <hr/>        |
| (Loss)/profit on ordinary activities before tax                     | (1,281)      | (9,141)      |
|   | <hr/>        | <hr/>        |
| Tax using the UK corporation tax rate of 20% (2015: 21%)            | (256)        | (1,920)      |
|   | <hr/>        | <hr/>        |
| <i>Effects of:</i>  |              |              |
| Expenses not deductible for tax purposes                            | 94           | 55           |
| Capital allowances for period (in excess of)/less than depreciation | -            | (210)        |
| Other short term timing differences                                 | -            | -            |
| Utilisation of tax losses   | 162          | 2,075        |
| Adjustments to tax charge in respect of prior periods               | (6)          | (143)        |
|   | <hr/>        | <hr/>        |
| Total tax expense included in profit or loss                        | (6)          | (143)        |
|   | <hr/>        | <hr/>        |

#### *Factors that may affect future current and total tax charges*

Changes to the UK corporation tax rates were announced in the Chancellors Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

## Notes (continued)

### 11 Tangible fixed assets

|                       | Leasehold<br>land and<br>buildings<br>£000 | Computers<br>and plant<br>£000 | Furniture,<br>fixtures and<br>motor vehicles<br>£000 | Total<br>£000 |
|-----------------------|--|--------------------------------|--|---------------|
| <b>Cost</b>           |  |                                |  |               |
| At beginning of year  | 4,991                                      | 9,028                          | 519  | 14,538        |
| Additions             | 13   | 921                            | 1  | 935           |
| Disposals             | -  | (4,985)                        | -  | (4,985)       |
| At end of year        | 5,004                                      | 4,964                          | 520  | 10,488        |
| <b>Depreciation</b>   |  |                                |  |               |
| At beginning of year  | 2,373                                      | 6,416                          | 326  | 9,115         |
| Charge for year       | 476  | 705                            | 55   | 1,236         |
| On disposals          | -  | (3,585)                        | -  | (3,585)       |
| At end of year        | 2,849                                      | 3,536                          | 381  | 6,766         |
| <b>Net book value</b> |  |                                |  |               |
| At 31 March 2016      | 2,155                                      | 1,428                          | 139  | 3,722         |
| At 1 April 2015       | 2,618                                      | 2,612                          | 193  | 5,423         |

### 12 Intangible assets

|   | Software<br>licences<br>£000 | Total<br>£000 |
|---|------------------------------|---------------|
| <b>Cost</b>                               |                              |               |
| Balance at 1 April 2015 and 31 March 2016 | 654                          | 654           |
| <b>Amortisation and impairment</b>        |                              |               |
| Balance at 1 April 2015                   | 330                          | 330           |
| Amortisation for the year                 | 163                          | 163           |
| Balance at 31 March 2016                  | 493                          | 493           |
| <b>Net book value</b>                     |                              |               |
| At 31 March 2015                          | 324                          | 324           |
| At 31 March 2016                          | 161                          | 161           |

## Notes (continued)

### 13 Fixed asset investments

|                              | Loans to group<br>undertakings<br>£000 |
|------------------------------|--|
| <i>Cost</i>                  |  |
| At beginning and end of year | 1,261                                  |

### 14 Debtors

|                                    | 2016<br>£000  | 2015<br>£000  |
|------------------------------------|---------------|---------------|
| Trade debtors                      | 4,342         | 5,533         |
| Amounts owed by group undertakings | 13,952        | 5,376         |
| Other debtors                      | 39            | 61            |
| Prepayments and accrued income     | 1,483         | 1,078         |
| Corporation tax                    | 96            | -             |
|                                    | <u>19,912</u> | <u>12,048</u> |

### 15 Creditors: amounts falling due within one year

|                                    | 2016<br>£000  | 2015<br>£000  |
|------------------------------------|---------------|---------------|
| Trade creditors                    | 1,580         | 547           |
| Amounts owed to group undertakings | 20,782        | 14,629        |
| Taxation and social security       | 12            | 182           |
| Accruals and deferred income       | 7,547         | 7,209         |
|                                    | <u>29,921</u> | <u>22,567</u> |

## Notes (continued)

### 16 Deferred tax assets

Deferred tax assets are attributable to the following:

|                              | Assets<br>£000 |
|------------------------------|----------------|
| At beginning and end of year | -              |
| <b>Net tax assets</b>        | <b>-</b>       |

The elements of unrecognised deferred taxation are as follows:

|   | Unrecognised<br>2016<br>£000 | 2015<br>£000 |
|---|------------------------------|--------------|
| Differences between accumulated depreciation and capital allowances | 1,337                        | 1,181        |
| Other timing differences  | 157                          | 119          |
| Losses  | 1,596                        | 1,898        |
| <b>Deferred tax asset</b>   | <b>3,090</b>                 | <b>3,198</b> |

The company has an unrecognised deferred tax asset of £3,090,000 (2015: £3,198,000) arising from fixed asset and other timing differences and losses. This asset has not been recognised due to uncertainty over the timing of its future recovery.

### 17 Called up share capital

|   | 2016<br>£000 | 2015<br>£000 |
|---|--------------|--------------|
| <i>Allotted, called up and fully paid</i> |              |              |
| 4,600,000 ordinary shares of £1 each      | 4,600        | 4,600        |

### 18 Capital and reserves

#### Capital contribution reserve

Certain employees of the company are eligible for share options and stock awards in the ultimate parent undertaking, Acxiom Corporation. These share options are awarded directly by the ultimate parent undertaking, which requires the company to make a payment to reimburse it for the granting of these rights. Further details in respect of the share based payment plans for all Acxiom companies are provided in the financial statements of Acxiom Corporation.



## Notes (continued)

### 19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

|                            | Land and buildings |        |
|----------------------------|--------------------|--------|
|                            | 2016               | 2015   |
|                            | £000               | £000   |
| Less than one year         | 1,828              | 1,796  |
| Between one and five years | 7,280              | 7,316  |
| More than five years       | 3,511              | 5,302  |
|                            | <hr/>              | <hr/>  |
|                            | 12,619             | 14,414 |
|                            | <hr/>              | <hr/>  |

### 20 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £688,000 (2015: £851,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

### 21 Related parties

*Identity of related parties with which the Company has transacted*

All transactions with related parties have been with wholly owned subsidiaries of the Acxiom Corporation group.

### 22 Ultimate parent company and parent undertaking of large group

The company is a wholly-owned subsidiary of Acxiom European Holdings Limited, incorporated in England and Wales.

The ultimate parent company is Acxiom Corporation, incorporated in the United States of America.

The largest group in which the results of the company are consolidated is that headed by Acxiom Corporation. The consolidated financial statements of this group are available to the public and may be obtained from the registered office of Acxiom Limited.

## Notes (continued)

### 23 Accounting estimates and judgements

#### *Key sources of estimation uncertainty*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. However, the nature of estimations means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### *Debtors*

The Company establishes an estimate for a bad debt provision through an impairment test of trade debtors, resulting in an impairment loss.

There is objective evidence to suggest that such a review is required, based upon historic sampling of collections, breaches of contract, changes in the legal environment, and commercial / contractual waivers.

The impairment is based upon all debts in excess of 90 days, and is then assessed for appropriateness against any known current issues; including any impact on debt less than 90 days.

Bad debt expenses are recognised as a charge in the Profit and Loss account of £12k (2015: £153k) and the current reserve in the balance sheet is £244k (2015: £262k)

#### *Currency fluctuations*

The company holds balances for transactions in foreign currencies translated to the company functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are revalued to functional currency at the exchange rate ruling at the Balance Sheet date. Non-monetary assets and liabilities denominated in foreign currencies that are stated as fair market value are revalued to functional currency at the exchange rate ruling at the Balance Sheet date.

Foreign exchange differences arising on translation recognised as a gain in the Profit and Loss account are £2,494k (2015: loss £5,229k).