Reach Contact Limited

Annual report and financial statements

Registered number 01226337

For the year ended 31 December 2017

Contents

Strategic Report

Registered Number 01226337

The directors present their Strategic Report of the Company for the year ended 31 December 2017.

Principal activities

The Company's principal activities are the provision of sales and marketing services. The directors expect the general level of activity of the Company to continue.

Results and business review

Business review

Overview

Over the past year Reach has continued to evolve a portfolio of software enabled services designed by Inform, the Company's in-house insight strategic business unit, utilising the Company's proprietary cloud based retail performance management tool, Global Connect. The year has seen a number of successes in both winning new, and retaining existing clients at competitive pitch.

Objectives and strategy

In addition to continuing to grow our existing revenues in the UK the Company continues to investigate the introduction of new marketing services to complement our sales focused activities. During 2017 the Company has continued to invest in the development of data driven tools designed to enhance the efficiency and effectiveness of our clients' investment.

As part of achieving this vision the Company has defined objectives for growth in both sales and profitability. There are also supporting non-financial objectives included for the development of new or enhanced services, and for continued improvements in added value.

Principal risks and uncertainties

The principal risk remains the economic uncertainties facing all of the company's clients and the knock-on impact that has on our clients' ability to invest in the Company's services. The Company mitigates this risk by seeking to expand the range of services available, improving the demonstrable return on investment for our clients and by working with an increasing number of clients in a range of industry sectors and categories.

Markets

The Company operates across the FMCG trade sector. It also works within many channels or routes to market on behalf of our clients. These include free to buy, independents, convenience (both affiliated and non-affiliated), grocery multiples, foodservice and high street. Services provided include software enabled services, analytics, insight, POS creative, contract sales, field marketing, tele-marketing, channel and consumer activation. The business is continuously looking to strengthen all its service offerings and is keen to provide improved return on investment through the appropriate integration of some or all of these services informed by data driven insight.

Strategic Report *(continued)*

Performance and financial position

The business continued to perform well in 2017 delivering revenues of £31 million and operating profits of £1.5 million. The Directors have determined the key performance indicators for the Company are revenue and operating profit. The following table compares these KPIs for the current and preceding financial year.

	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
Revenue	**30,707**	30,050
Operating Profit	**1,509**	2,763

Continued investment in data and product development together with rising costs, let to the decrease in operating profits and operating margins 4.9% *(2016: 9.2%)*. The Directors remain satisfied with the Company's performance and consider that the future outlook of the company's performance is secure.

By order of the board

C E Friend
Director

Dukes Court
Duke Street
Woking
Surrey
GU21 5BH

29 OCTOBER 2018

Directors' Report

Registered Number 01226337

The directors present their Directors' Report and financial statements for the year ended 31 December 2017. A description of the principal activities, risks and uncertainties together with an overview of the business and its results are included within the Strategic Report on page 1.

Dividend

An interim dividend of £nil *(2016: £2,000,000)* was declared and accrued during the year. The directors do not propose declaring a final dividend *(2016: £nil)*.

Directors

The directors who held office during the year were as follows:

M P Smith (appointed 3 February 2017)

C E Friend (appointed 28 June 2017)

T C Johnson (appointed 3 February 2017)

C F Martin (resigned 3 February 2017)

G P Mac Manus (resigned 3 February 2017)

P E Handscomb (resigned 3 February 2017)

S A Newton (resigned 3 February 2017)

J A Bowring (resigned 3 February 2017)

S D Matthesen (appointed 3 February 2017, resigned 5 January 2018)

T S Bensley (appointed 3 February 2017, resigned 27 October 2017)

J Maxwell (appointed 30 April 2018)

Employees

Our policy is to support our people by training, career development and opportunities for promotion. We believe in an open management approach and close consultation on matters of concern to our staff. Information is shared on the Company's performance which, together with performance related bonuses, encourages staff involvement. The Company's policy provides that disabled persons, whether registered or not, shall be considered for employment, training and career development having regard to their aptitude and abilities.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself 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

C E Friend
Director

Dukes Court
Duke Street
Woking
Surrey
GU21 5BH

29 OCTOBER 2018

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), FRS 102 *The Financial Reporting Standard applicable in the 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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
Arlington Business Park
Theale
Reading
RG7 4SD
United Kingdom

Independent auditor's report to the members of Reach Contact Limited

Opinion

We have audited the financial statements of Reach Contact Limited ("the company") for the year ended 31 December 2017 which comprise the profit and loss and other comprehensive income, balance sheet, statement of changes of equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Reach Contact Limited
(continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

JRussell

Jonathan Russell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD

30th October 2018

Profit and loss account and other comprehensive income
for the year ended 31 December 2017

	Note	**Year ended 31 December 2017 £000**	Year ended 31 December 2016 £000
Turnover	*2*	**30,707**	30,050
Cost of sales		**(22,391)**	(21,638)
Gross profit		**8,316**	8,412
Administrative expenses		**(6,807)**	(5,649)
Operating profit		**1,509**	2,763
Other interest receivable and similar income	*6*	**-**	-
Interest payable and similar charges	*7*	**(1)**	(19)
Profit on ordinary activities before taxation	*3*	**1,508**	2,744
Tax on profit on ordinary activities	*8*	**(85)**	(583)
Profit for the financial year		**1,423**	2,161
Other comprehensive income			
Other comprehensive income		**-**	-
Income tax on other comprehensive income		**-**	-
Other comprehensive income for the year, net of income tax		**-**	-
Total comprehensive income for the year		**1,423**	2,161

There is no material difference between the Company's results as reported and on an unmodified historical cost basis. Accordingly, no note of historical profits and losses has been included. All amounts arise from continuing activities.

The notes on pages 11 to 21 form an integral part of this profit and loss account.

Balance sheet
as at 31 December 2017

	Note	**2017 £000**	**2017 £000**	2016 £000	2016 £000
Fixed assets					
Tangible assets	*10*		**482**		266
Current assets					
Debtors	*12*	**21,069**		19,339	
Cash at bank and in hand		**1,043**		404	
		22,112		19,743	
Creditors: amounts falling due within one year	*13*	**(17,471)**		(16,401)	
Net current assets			**4,641**		3,342
Total assets less current liabilities, being net assets			**5,123**		3,608
Capital and reserves					
Called up share capital	*17*		**2**		2
Share premium account			**1**		1
Additional paid in capital			**92**		-
Profit and loss account			**5,028**		3,605
Shareholder's funds			**5,123**		3,608

The notes on pages 11 to 21 form an integral part of this balance sheet.

These financial statements were approved by the board of directors on 29 OCTOBER 2018 and were signed on its behalf by:

C E Friend
Director

Registered number 01226337

Statement of changes in equity
for the year ended 31 December 2017

	Called up share capital 2017 £000	Share premium account 2017 £000	Additional paid in capital 2017 £000	Profit & loss account 2017 £000	Total equity 2017 £000
Balance at 1 January 2017	2	1	-	3,605	3,608
Total comprehensive income for the year					
Profit for the year	-	-	-	1,423	1,423
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,423	1,423
Transactions with owners, recorded directly in equity					
Stock options issued	-	-	92	-	92
Dividends	-	-	-	-	-
Transactions with owners, recorded directly in equity	-	-	92	-	92
Balance at 31 December 2017	**2**	**1**	**92**	**5,028**	**5,123**

The notes on pages 11 to 21 form an integral part of the financial statements.

Statement of changes in equity
for the year ended 31 December 2016

	Called up share capital 2016 £000	Share premium account 2016 £000	Profit & loss account 2016 £000	Total equity 2016 £000
Balance at 1 January 2016	2	1	3,444	3,447
Total comprehensive income for the year				
Profit for the year	-	-	2,161	2,161
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	2,161	2,161
Transactions with owners, recorded directly in equity				
Dividends	-	-	(2,000)	(2,000)
Transactions with owners, recorded directly in equity	-	-	(2,000)	(2,000)
Balance at 31 December 2016	**2**	**1**	**3,605**	**3,608**

The notes on pages 11 to 21 form an integral part of the financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Reach Contact Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These company 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 2015.

The presentational currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Any 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 outlined below.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and on the historical cost basis. The financial statements are prepared on a going concern basis which is supported by cash flow forecasts for the forthcoming year.

The Company is included in the consolidated financial statements of Acosta RH Limited, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included; and
- No company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues.

Turnover

Turnover comprises the fair value of the consideration received or receivable, net of VAT and trade discounts, of the sale of goods and services (as described in the Strategic Report), provided to our clients. Revenue is recognised in the month the goods or services are delivered to the client.

Notes *(continued)*

1 Accounting policies *(continued)*

Operating leases

Costs in respect of operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease. Lease incentives are recognised in profit and loss over the term of the lease as part of the total lease expense.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.
Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the entity 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.
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 to write off the cost of fixed assets to their estimated residual value on a straight line basis in equal annual instalments over their estimated useful lives as follows

Leasehold improvements	-	3-5 years
Plant, Fixtures and IT equipment	-	2-10 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.

Pension costs

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. 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. The amount charged to the profit and loss account represents contributions payable to the scheme in respect of the accounting period.

Share based payments

Under the scheme, options for shares of common stock have, and may be granted to directors, officers, and key employees. Stock-based compensation awards are accounted for under the fair value method, which requires classification of awards as either equity or liability. Based on the design of the stock option plan, all awards are equity classified. Under this method, compensation cost is recognized over the requisite service period of the awards as the Company achieves certain financial targets as defined in the stock option agreement and re-measured to fair value each reporting period with the increase or decrease in fair value recorded as stock-based compensation expense. A corresponding amount is recorded as a component of equity as additional paid in capital. Awards vest over a four year period and expire 10 years from the date of grant.

Notes *(continued)*

1 Accounting policies *(continued)*

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. Tax differences are not provided for in relation 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 is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

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.

Basic financial instruments

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.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts are repayable on demand and form an integral part of the Company's cash management.

2 Turnover

The Company's sole business activity is the provision of marketing services, with all revenues generated within the UK.

Notes *(continued)*

3 Auditor's remuneration

	Year ended 31 December 2017 £000	Year ended 31 December 2016 £000
Included in profit is the following:		
Audit of these financial statements	**30**	30

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Acosta RH Limited.

4 Remuneration of directors

	2017 £000	2016 £000
Directors' emoluments	**633**	881
Company contributions to money purchase pension schemes	**21**	44

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £479,574 *(2016: £327,215)*, including Company pension contributions of £11,458 *(2016: £4,323)* which were made to a money purchase scheme on their behalf.

Retirement benefits are accruing to seven directors (*2016: six*) under money purchase schemes.

During the year, one director (*2016: nil*) was issued 30,000 options in a parent company (*2016: nil*).

The directors of Acosta RH Limited are considered to be the key management of the Company. The emoluments of the directors are disclosed in the Group's consolidated financial statements. As such, no additional key management remuneration disclosures are required. No other transactions with key management personnel occurred during the year.

5 Staff numbers and costs

The average number of persons, including executive directors, employed by the Company during the year was as follows:

	Number of employees 2017	2016
Management and administration	**62**	59
Production and sales	**619**	614
	681	673

Notes *(continued)*

5 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows:

	2017 £000	2016 £000
Wages and salaries	**16,384**	15,286
Social security costs	**1,694**	1,492
Pensions costs	**497**	471
	18,575	17,249

6 Other interest receivable and similar income

	2017 £000	2016 £000
Bank interest receivable	-	-

7 Interest payable and similar charges

	2017 £000	2016 £000
On bank loans and overdrafts	**1**	19
	1	19

8 Taxation

No tax has been recognised in respect of other comprehensive income or other items recognised directly in equity.

Analysis of charge in period

	2017 £000	2017 £000	2016 £000	2016 £000
UK corporation tax				
Current tax on income for the period	**116**		593	
Total current tax		**116**		593
Deferred tax (see note 12)				
Origination/reversal of timing differences	**(31)**		(10)	
Total deferred tax		**(31)**		(10)
Total Tax		**85**		583

Notes *(continued)*

8 Taxation *(continued)*

Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period when the asset is reduced or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (*2016: higher*) than the standard rate of corporation tax in the UK 19.0%, *(2016: 20.0%)*. The differences are explained below.

Reconciliation of effective tax rate

	2017	2016
	£000	£000
Current tax reconciliation		
Profit on ordinary activities before tax	**1,508**	2,744
Current tax at 19.25% (*2016: 20.0%*)	**290**	549
Effects of:		
Expenses not deductible for tax purposes	**17**	31
Adjustments to tax charge in respect of previous periods	-	1
Adjustments to tax charge in respect of previous periods deferred tax	-	1
Part 12 share scheme deduction on exercise	**(227)**	
Differences between capital allowances and depreciation	**5**	1
Total tax expense included in profit or loss	**85**	583

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2021) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2017 has been calculated based on these rates.

9 Dividends

	2017	2016
	£000	£000
The aggregate amount of dividends comprises:		
Interim dividend paid	-	2,000
Final dividend proposed	-	-
	-	2,000

Notes *(continued)*

10 Tangible fixed assets

	Leasehold improvements £000	Plant, fixtures & IT equipment £000	Total £000
Cost			
At beginning of year	211	4,087	4,298
Additions	-	386	386
Disposals	(211)	(458)	(669)
At end of year	-	**4,015**	**4,015**
Depreciation			
At beginning of year	211	3,821	4,032
Charge for the year	-	170	170
Disposals	(211)	(458)	(669)
At end of year	-	**3,533**	**3,533**
Net book value			
At 31 December 2017	-	**482**	**482**
At 31 December 2016	-	266	266

11 Fixed asset investments

	Shares in group undertaking £
Cost and Net book value	
At beginning of year	1
Investment in subsidiaries	-
At end of year	1

The undertakings in which the company has an interest at the year-end are as follows:

Subsidiary undertakings	Country of incorporation	Registration number	Registered Office	Principal activity	Class and percentage of shares held
Aspen Marketing Communications Limited	England and Wales	04230695	Dukes Court, Duke Street, Woking, GU21 5BH, UK	Dormant	Ordinary shares 100%

Notes *(continued)*

12 Debtors

	2017 £000	2016 £000
Trade debtors	**6,567**	6,292
Amounts owed by group undertakings	**13,562**	12,387
Other debtors	**148**	142
Prepayments and accrued income	**445**	500
UK corporation tax	**298**	-
Deferred taxation	**49**	18
	21,069	19,339

The elements of deferred taxation are as follows:

	2017 £000	2016 £000
Difference between accumulated depreciation and amortisation and capital allowances	**18**	(6)
Other timing differences	**31**	24
Deferred tax asset	**49**	18

The amounts owed by group undertakings are non interest bearing, intra-group loans, which are receivable on demand.

The movement in the deferred tax balance during the year is as follows:

	2017 £000
Opening balance	18
P&L credit relating to fixed asset timing differences	31
Closing balance	**49**

13 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	**1,635**	1,560
Amounts owed to group undertakings	**7,149**	5,360
UK corporation tax	**-**	138
Taxation and social security	**1,220**	1,386
Accruals and deferred income	**7,467**	7,957
	17,471	16,401

Notes *(continued)*

14 Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and financial liabilities include:

	2017 £000	2016 £000
Assets measured at cost less impairment	**20,277**	18,821
Liabilities measured at amortised cost	**8,784**	6,920

The asset financial assets are the Company's trade debtors and other debtors. The financial liabilities are the Company's trade creditors.

15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017 £000	2016 £000
Less than one year	**1,773**	1,942
Between one and five years	**1,481**	1,778
More than five years	**-**	3
	3,254	3,723

During the year £2,128,000 was recognised as an expense in the profit and loss account in respect of operating leases (*2016: £1,784,000*).

16 Pension scheme

The Company operates a defined contribution pension scheme. The pension charge for the year represents contributions payable by the Company to the scheme and amounted to £497,000 (*2016: £471,000*).

There were £72,186 of outstanding contributions at the beginning of the financial year and £72,083 of outstanding contributions at end of the financial year (which were paid in January 2018).

17 Called up share capital

	2017 £000	2016 £000
Allotted, called up and fully paid		
1,848 ordinary shares of £1 each	**2**	2

Notes *(continued)*

18. Share-based payments

From 3rd February 2017 (acquisition) eligible employees of Reach Contact Limited are entitled to participate in a share based payment arrangement offered by the company's parent undertaking, Anna Holdings, Inc.

The details of the arrangement are as follows:

Stock Option Scheme
Under the scheme, options for shares of common stock have, and may be granted to directors, officers, and key employees. Stock-based compensation awards are accounted for under the fair value method, which requires classification of awards as either equity or liability. Based on the design of the stock option plan, all awards are equity classified. Under this method, compensation cost is recognized over the requisite service period of the awards as the Company achieves certain financial targets as defined in the stock option agreement and re-measured to fair value each reporting period with the increase or decrease in fair value recorded as stock-based compensation expense. A corresponding amount is recorded as a component of equity as additional paid in capital. Awards vest over a four year period and expire 10 years from the date of grant.

The expense recognised for the stock option scheme in respect of employees' services received by the company during the year to 31 Dec 2017 was £91,974 (2016: £nil).

The fair value of share-based awards is estimated on the date of grant and at year-end using the Black-Scholes option-pricing model that uses the weighted average assumptions in the following table. Anna Holdings, Inc. has not historically paid dividends on its common stock and does not anticipate dividend payments on its common stock in the future. Anna Holdings, Inc. uses its own historical volatility. The risk-free rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of the valuation. Anna Holdings, Inc. estimates the expected term of the options which takes the average of the contractual life and the vesting period.

	2017
Risk-free interest rate	2.2% to 2.3%
Expected dividend yield	0%
Expected volatility	40% to 45%
Expected life of stock options - years	5.1 to 6.6

The weighted average exercise price (WAEP) of, and movements in, share options during the year was as follows:

	Number of options	*Weighted-average exercise price per share ($)*
Outstanding at 1 January 2017	-	-
Granted	45,000	97
Transferred	-	-
Exercised	-	-
Cancelled	-	-
Outstanding at 31 December 2017	45,000	97
Exercisable at 31 December 2017	-	-

Notes *(continued)*

19 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company is a subsidiary undertaking of Awesomecorp Limited, a Company incorporated in England and Wales.

The largest group in which the results of the Company are consolidated is that headed by Acosta RH Limited, a company incorporated in England and Wales. The consolidated financial statements of the Group may be obtained from the Company Secretary at Dukes Court, Duke Street, Woking, Surrey GU21 5BH.