

**Company Registration No. 02801121**

**International Trade and Exhibitions  
(JV) Limited  
Annual Report and Financial Statements**

**Year ended 30 September 2016**



# **International Trade and Exhibitions (JV) Limited**

## **Annual report and financial statements 2016**

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# International Trade and Exhibitions (JV) Limited

## Strategic report

### Review of the business

The principal activity of International Trade and Exhibitions (JV) Limited ('the Company') in the year was the organising of international trade exhibitions and conferences, principally in Russia and the Commonwealth of Independent States (CIS).

The Company is a wholly-owned subsidiary of ITE Enterprises Limited and operates as part of ITE Group plc's ('the Group') UK division.

As shown in the Company's profit and loss account on page 8 the Company's loss after tax is £9.8 million (2015: £2.7 million). Movement in the period is primarily due to the recognition of a loss on fair value movements in derivative contracts of £7.0 million in 2016 (2015: gain of £79,000). Furthermore, turnover has increased in the year following increased sales on the Breakbulk portfolio of events. This has been offset by operating cost increases.

The balance sheet on page 9 shows that the Company has net liabilities of £14.5 million (2015: £4.8 million). Details of amounts owed to and from its parent company and subsidiary undertakings are shown in notes 13 and 14. The increase in the Company's net liabilities position is primarily due to movement in the derivative contracts held by the Company from a net asset in 2015 to a liability in the current year. Additionally, an increase in amounts owed to group undertakings has contributed to the balance sheet movement in the period.

### Key performance indicators

The Company's key financial performance indicators during the year were as follows:

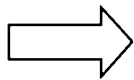
	2016	2015
	£'000	£'000
Turnover	7,060	6,133
Loss after tax	(9,828)	(2,667)
Net liabilities	(14,450)	(4,770)

The Company's ongoing success is dependent on achieving revenue growth and the generation of profitable returns to support continued operational activity in Russia and the CIS. No other key performance indicators are considered relevant.

### Principal risks and uncertainties

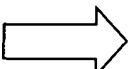
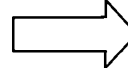


The principal risks facing the Company are reviewed regularly by both the Risk Committee and the Board of Directors of ITE Group plc.

The principal risks and uncertainties facing the Company are broadly grouped as:

Risk	Potential impact	Mitigation	Change in probability and/or impact of risk vs prior year
<b>Political uncertainty and regulatory risk</b>	Changes in law or the regulatory environment could have an effect on some or all of the exhibitions of the Company.  As an international organisation, political and regulatory changes in the regions in which the Company organises exhibitions could impact on its ability to operate in these territories.	The Company is an established local company that fully contributes to the local economy in the countries where it operates.	The Company remains exposed to geo-political risks which can have a significant effect on the Company's results. 

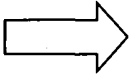
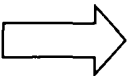
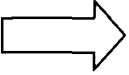
# International Trade and Exhibitions (JV) Limited

## Strategic report (continued)

Risk	Potential impact	Mitigation	Change in probability and/or impact of risk vs prior year
<b>Economic instability reduces demand for exhibition space</b>	An economic downturn or period of uncertainty could reduce demand for exhibition space, which would in turn reduce the profitability of the exhibitions.	<p>The Company operates across a wide range of sectors and countries to minimise our exposure to any single market.</p> <p>The nature of our business cycle is such that, with revenues largely generated in advance of the costs we incur, we can react to periods of economic instability to protect the profitability of our exhibitions. Through strong relationships with venues and staff, we have a relatively flexible cost structure, allowing us to manage our event margins in the short and medium term.</p>	<p>The economic weakness in key territories has continued during 2016, reducing demand for exhibition space year-on-year, but the Company continues to diversify and manage costs in the short and medium term.</p> 
<b>Financial risk - foreign currency risk</b>	The Company is exposed to movements in foreign exchange rates against sterling for trading transactions. The principal exposure is to the euro and ruble which form the basis of our invoicing.	<p>The Company seeks to minimise exposure by:</p> <ul style="list-style-type: none"> <li>• Seeking to maximise the matching of costs and revenues in the same currency; and</li> <li>• Employing a hybrid pricing strategy which ensures local customers are exposed to currency risk.</li> </ul>	<p>Exchange rate volatility remains an ongoing risk. The weakening of sterling following the UK's Brexit vote will, if continued, benefit the Company.</p> 
<b>Financial risk – Liquidity risk</b>	The Company operates in a number of countries with complex local requirements surrounding overseas payments. There is a risk that excess cash is 'trapped' in other Group companies resulting in liquidity shortages within the Company.	<p>The Company has well-established payment mechanisms to repatriate cash from other Group companies.</p> <p>Overseas cash balances are monitored on a weekly basis by management.</p>	<p>Continued losses and higher year-on-year debt levels means that cash flow management and forecasting is a priority for the Company.</p> 
<b>Financial risk – Covenant risk</b>	The Company has a debt facility with a number of covenants. There is a risk that the impact of the other risks noted could challenge key covenant metrics.	The Company reports covenant compliance to its banks on a quarterly basis and all covenants have been complied with and are expected to be complied with based on current forecasts.	<p>Continued losses and higher year-on-year debt levels means that cash flow management and forecasting is a priority for the Company.</p> 

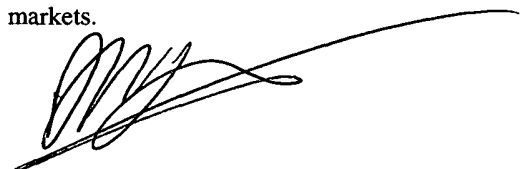
# International Trade and Exhibitions (JV) Limited

## Strategic report (continued)

Risk	Potential impact	Mitigation	Change in probability and/or impact of risk vs prior year
<b>Commercial relationships</b>	The Company has key commercial relationships with venues which secure the Company's rights to run its exhibitions in the future.	The key commercial relationships are regularly reviewed. We seek to maintain our exhibition rights for up to at least three-years forward for significant exhibitions.	No change 
	The breakdown of a relationship with a key venue provider could reduce the profitability of any exhibitions that have to be relocated to an alternative venue and could increase competitor risk if a rival exhibition is launched at the previous venue.	In the longer-term the Company seeks to maintain good relationships with its principal venues to ensure the continuance of availability.	
<b>Venue availability</b>	Damage to, or unavailability of, a particular venue could impact the Company's short-term trading position.	We carry business interruption insurance policies which protect profits on our largest events against such an event in the short term.	No change 
<b>Competitor risk</b>	Competition has existed in the Company's markets for some years and we face competitive pressures on a market-by-market basis.	In all of our overseas markets we have a strong position as an international organiser, achieved through effective use of our international sales network and our established brands of major events.	No change 
	A single market exhibition or sector in a market could have its prospects curtailed by a strong competitor launch.	The breadth of our portfolio of events, with its geographic and sector diversity, reduce the risk of a competitive threat to the Company's overall business.	

### Future developments

The directors intend to continue to develop the Company's business and to seek opportunities to expand into new markets.



Des McEwan  
Director

29 SEPTEMBER 2017

105 Salusbury Road,  
London, NW6 6RG

# **International Trade and Exhibitions (JV) Limited**

## **Directors' report**

The directors present their annual report on the affairs of International Trade and Exhibitions (JV) Limited ('the Company'), together with the financial statements, for the year ended 30 September 2016.

### **Future developments**

Details of future developments can be found in the Strategic Report on page 3.

### **Events after the balance sheet date**

No significant events since the balance sheet date have occurred.

### **Research and development**

The Company did not undertake any research and development activities during the year ended 30 September 2016.

### **Existence of branches outside the UK**

The Company has no branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK.

### **Financial risk management objectives and policies**

The Company's activities expose it to a number of financial risks including foreign currency risk. Details can be found in the Strategic Report on page 1.

### **Dividends**

Dividends paid in the year were £nil (2015: £nil).

### **Directors**

The directors, who served throughout the year and up to the date of signing these financial statements, were as follows:

Des McEwan (appointed 7 January 2016)  
William Hudson (appointed 6 June 2016)  
Anneka Kingan (appointed 6 June 2016)  
Andrew Beach (appointed 16 January 2017)  
Mark Shashoua (appointed 16 January 2017)  
Neil Jones (resigned 7 January 2016)  
Russell Taylor (resigned 1 September 2016).

### **Secretary**

Anneka Kingan

### **Going concern**

The accompanying financial statements have been prepared on a going concern basis. The basis upon which the directors have concluded that the going concern basis is appropriate is set out in note 1 of the financial statements.

### **Registered Office**

105 Salusbury Road,  
London,  
NW6 6RG

### **Director's indemnities**

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

# International Trade and Exhibitions (JV) Limited

## Directors' report (continued)

### Political contributions

Political donations of £nil were made by the Company during the year.

### Auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### Approval of reduced disclosures

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intends to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the Company by ITE Enterprises Limited, as the immediate parent of the entity.

Approved by the Board and signed on its behalf by:



Des McEwan  
Director

29 SEPTEMBER 2017

105 Salusbury Road,  
London, NW6 6RG

# **International Trade and Exhibitions (JV) Limited**

## **Directors' responsibilities statement**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



## **Independent auditor's report to the members of International Trade and Exhibitions (JV) Limited**

We have audited the financial statements of International Trade and Exhibitions (JV) Limited for the year ended 30 September 2016 which comprise the profit and loss account, the balance sheet, the statement of changes in equity, and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the 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, 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**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters 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.

### **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.

*M. R. Lee-Amies*

Mark Lee-Amies FCA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

29 September 2017

## International Trade and Exhibitions (JV) Limited

### Profit and loss account

For the year ended 30 September 2016

	Notes	2016 £'000	(Restated) 2015 £'000
Turnover	3	7,060	6,133
Cost of sales		(3,547)	(3,015)
<b>Gross profit</b>		<b>3,513</b>	<b>3,118</b>
Administrative expenses		(15,259)	(7,054)
Other operating income		313	229
<b>Operating loss</b>		<b>(11,433)</b>	<b>(3,707)</b>
Income from shares in Group undertakings		2,254	3,730
Interest receivable and similar income	6	392	79
Interest payable and similar charges	7	(2,944)	(3,080)
<b>Loss on ordinary activities before taxation</b>	<b>4</b>	<b>(11,731)</b>	<b>(2,978)</b>
Tax credit on loss on ordinary activities	9	1,903	311
<b>Loss on ordinary activities after taxation</b>		<b>(9,828)</b>	<b>(2,667)</b>

The results above are derived solely from continuing operations.

There were no recognised gains or losses in the current or preceding year other than those recorded in the profit and loss account, therefore no statement of comprehensive income has been presented.

# International Trade and Exhibitions (JV) Limited

## Balance sheet As at 30 September 2016

		2016	(Restated) 2015
	Notes	£'000	£'000
<b>Non-current assets</b>			
Intangible assets	10	2,464	2,204
Tangible assets	11	837	909
Investments	12	17,294	17,294
Derivative asset	17	-	1,528
		<u>20,595</u>	<u>21,935</u>
<b>Current assets</b>			
Cash		441	248
Debtors	13	69,869	70,226
Derivative asset	17	-	1,951
		<u>70,310</u>	<u>72,425</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	14	(26,780)	(28,505)
Provisions for liabilities and charges due within one year	15	(11)	(84)
Derivative liabilities	17	(1,284)	-
		<u>42,235</u>	<u>43,836</u>
<b>Net current (liabilities)/assets</b>			
Creditors: amounts falling due after one year	14	(74,884)	(70,419)
Provisions for liabilities and charges due after one year	15	(18)	(23)
Derivative liabilities	17	(2,378)	(99)
		<u>(14,450)</u>	<u>(4,770)</u>
<b>Capital and reserves</b>			
Called-up share capital	16	1	1
Merger reserve		(580)	(580)
Profit and loss account		(13,589)	(2,694)
Put option reserve	19	(282)	(1,497)
		<u>(14,450)</u>	<u>(4,770)</u>
<b>Shareholder funds</b>			
		<u>(14,450)</u>	<u>(4,770)</u>

The financial statements of International Trade and Exhibitions (JV) Limited (registered number 02801121) were approved by the board of directors and authorised for issue on 29 SEPTEMBER 2017. They were signed on its behalf by:



Des McEwan  
Director

## International Trade and Exhibitions (JV) Limited

### Statement of changes in equity As at 30 September 2016

	<b>Called-up share capital £'000</b>	<b>Merger reserve £'000</b>	<b>Profit and loss account £'000</b>	<b>Put option reserve £'000</b>	<b>Total £'000</b>
<b>As at 30 September 2014 as previously stated</b>	1	(580)	(2,726)	(1,497)	(4,802)
Changes on transition to FRS 102 (note 22)	-	-	2,634	-	2,634
<b>At 1 October 2014</b>	1	(580)	(92)	(1,497)	(2,168)
Capital contribution	-	-	65	-	65
Loss for the financial year	-	-	(2,667)	-	(2,667)
<b>At 30 September 2015</b>	1	(580)	(2,694)	(1,497)	(4,770)
Capital contribution	-	-	148	-	148
Exercise of put options	-	-	(1,215)	1,215	-
Loss for the financial year	-	-	(9,828)	-	(9,828)
<b>At 30 September 2016</b>	1	(580)	(13,589)	(282)	(14,450)

# International Trade and Exhibitions (JV) Limited

## Notes to the financial statements Year ended 30 September 2016

### 1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

#### *a. General information and basis of accounting*

International Trade and Exhibitions (JV) Limited ('the Company') is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 4. The nature of the Company's operations and its principal activities are set out in the strategic report on page 1.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 22.

The functional currency of the Company is considered to be pounds sterling as, whilst principally trade exhibitions and conferences occur in Russia and the CIS, the primary function of the Company is to provide international sales on those events in the United Kingdom.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, ITE Group plc, which may be obtained at [www.ite-exhibitions.com](http://www.ite-exhibitions.com).

Exemptions have been taken in these separate Company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

#### *b. Going concern*

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

In accordance with their responsibilities, the directors have considered the appropriateness of the going concern basis, which has been used in the preparation of these financial statements.

The principal activity of the Company in the year was the organising of international trade exhibitions and conferences, principally in Russia and the Commonwealth of Independent States.

The Company is part of ITE Group plc and in a net current liability position. It is dependent on the support of the ultimate parent company. ITE Group plc and its subsidiaries have committed to provide the necessary level of financial support to International Trade and Exhibitions (JV) Limited to enable it to pay its debts as they become due. The directors believe that ITE Group plc and its subsidiaries have the necessary financial resources to fulfil that commitment.

The directors, having assessed the responses of the directors of the Company's ultimate parent, ITE Group plc to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of International Trade and Exhibitions (JV) Limited to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position, and in particular the Company's net liability position, and of the enquiries made of the directors of ITE Group plc, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

# **International Trade and Exhibitions (JV) Limited**

## **Notes to the financial statements (continued)** **Year ended 30 September 2016**

### **c. Revenue**

Revenue represents amounts receivable for goods and services provided in the normal course of business net of discounts, VAT and other sales-related taxes.

Revenue is recognised on completion of the event. Contractually committed revenues, billings and cash received in advance, and directly attributable costs relating to future events are deferred. The amounts deferred are included in the balance sheet as deferred income and prepayments respectively until the event has been completed. If an event is anticipated to make a loss then the prepaid event costs in excess of the deferred income held on the balance sheet at the end of a financial year are written off in full.

### **d. Interest income and finance charges**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Finance charges are accounted for on an accruals basis in the profit and loss statement and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

### **e. Income from investments**

Dividends received from investments is recognised when the shareholders' rights to receive payment have been established.

### **f. Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the effective rate of exchange ruling at 30 September, and gains or losses on translation are included in the profit and loss account.

### **g. Taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

### **h. Investments**

Fixed asset investments are shown at cost less provision for any impairment.

### **i. Goodwill**

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is up to a maximum of 20 years. Provision is made for any impairment.

Goodwill arising on acquisition in the year ended 30 September 1998 and earlier was written off to reserves in accordance with the accounting standard then in force. As permitted by the current accounting standard the goodwill previously written off to reserves has not been reinstated in the balance sheet. On disposal or closure of a previously acquired business, the attributable amount of goodwill written off to reserves is included in determining the profit or loss on disposal.

# International Trade and Exhibitions (JV) Limited

## Notes to the financial statements (continued) Year ended 30 September 2016

### *j. Intangible assets*

Trademarks are included at cost and depreciated on a straight-line basis over a period of 20 years. Provision is made for any impairment.

Computer software is initially measured at purchase cost. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful life. Computer software is amortised over five years.

### *k. Tangible fixed assets*

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, other than investment properties, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

- Leasehold buildings - 50 years
- Plant and equipment - 4 - 10 years

### *l. Leases*

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

### *m. Financial assets and liabilities*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

# International Trade and Exhibitions (JV) Limited

## Notes to the financial statements (continued) Year ended 30 September 2016

### *m. Financial assets and liabilities (continued)*

- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

### *n. Derivative assets and liabilities*

A derivative is a financial instrument that changes its value in response to changes in underlying variable, requires no or little net initial investment and is settled at a future date. Derivative assets and liabilities are classified as at Fair Value Through Profit or Loss ('FVTPL'). Derivative assets and liabilities are measured at initial recognition at fair value and are subsequently re-measured to their fair value at each balance date with the resulting gains and losses recognised in the Income Statement.

### *o. Equity instruments*

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

### *p. Merger reserve*

A merger reserve is recognised for the difference between fair value when the following conditions are met:

- 90% of the nominal value of each share class is acquired;
- The arrangement provides for the allotment of shares in the issuing company; and
- The consideration for the allotted shares is the issue or transfer to the issuing company of equity shares in the acquired company or the cancellation of those equity shares in the acquired company that the issuing company does not already hold.

### *q. Written equity options*

Any contract with a single or multiple settlement option that contains an obligation for the Company to purchase equity in a subsidiary for cash gives rise to a financial liability for the present value of the repurchase price. An amount equal to the liability is recorded in equity on initial recognition of a written equity option. The liability is subsequently remeasured through the profit or loss.

Where considered significant, the Company's written equity options are discounted to their appropriate value. The unwinding of the discount is charged through the profit or loss over the period to exercise.



# International Trade and Exhibitions (JV) Limited

## Notes to the financial statements (continued) Year ended 30 September 2016

### *r. Share-based payments*

The Company issues equity-settled share-based payments to certain employees. These are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured using a Black-Scholes model. The expected life used in the model has been adjusted, for the effects of non-transferability, exercise restrictions and behavioural considerations based on management's best estimate.

### **2. Critical accounting judgements and key sources of estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *a. Critical judgements in applying the entity's accounting policies*

##### Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires a high level of management judgement in assessing the value in use of cash generating units to which goodwill or intangible assets have been allocated. There are a number of judgements management considers when determining value in use, most significantly the forecast cash flows of the cash generating unit, the growth rates applied, the expected life of the cashflows and the discount rates used. Forecast cash flows are based on Board approved budgets and plans. Growth rates reflect management's view of the long-term forecast rates of growth, using third party sources such as the International Monetary Fund where appropriate. The expected life of the cashflows is based on management's average expectation of the period over which value will be derived from the cash generating units. Discount rates are selected to reflect the risk adjusted cost of capital for the respective territory.

#### *b. Key sources of estimation uncertainty*

##### Acquired intangible assets

The valuation of acquired intangible assets requires management to estimate the net present value of the additional future cash flows arising from customer relationships, trademarks and licences and visitor databases to determine the value of those intangible assets. The key assumptions used in estimating the net present value of the additional future cash flows are the discount rate, royalty rate, attrition rate and the period over which the intangible assets affect future cash flows.

##### Investments

The Company makes an estimate of the recoverable value of its investments. The Company reviews its investments for impairment whenever events or changes in circumstances indicate that the carrying amount may not be supported by its underlying assets.

# International Trade and Exhibitions (JV) Limited

## Notes to the financial statements (continued) Year ended 30 September 2016

### 3. Turnover

The turnover is attributable to the Company's one principal activities, the organisation of trade exhibitions and conferences and can be analysed by geographic segment as follows:

	2016 £'000	2015 £'000
Russia and the CIS	4,084	5,958
Rest of world	2,976	175
	<u>7,060</u>	<u>6,133</u>

### 4. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging/(crediting):

	2016 £'000	(Restated) 2015 <sup>(1)</sup> £'000
Depreciation	1,063	853
Amortisation of goodwill	22	570
Foreign exchange gain	480	2,865
Operating lease rentals	554	550
Fair value movement in derivatives	7,042	(79)
	<u>7,042</u>	<u>(79)</u>

### 5. Auditors' remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £9,270 (2015: £9,000).

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

### 6. Interest receivable and similar income

	2016 £'000	2015 £'000
Interest from bank and short-term deposits	2	47
Interest due from parent and fellow subsidiary undertakings	390	32
	<u>392</u>	<u>79</u>

(1) The prior year had been restated for adjustments on adoption of FRS 102 in the current year. Refer to note 22 for further details.

## International Trade and Exhibitions (JV) Limited

### Notes to the financial statements (continued) Year ended 30 September 2016

#### 7. Interest payable and similar charges

	2016 £'000	2015 £'000
Overdraft interest and bank charges	2,619	1,913
Loss on revaluation of put options	33	819
Interest due to parent and fellow subsidiary undertakings	292	348
	<u>2,944</u>	<u>3,080</u>

#### 8. Employees and Directors' emoluments

##### (a) Number of employees

The average number of persons including five directors (2015: two) employed by the Company during the year was as follows:

	2016 No.	2015 No.
Administration	52	59
Technical and sales	58	59
	<u>110</u>	<u>118</u>

##### (b) Employee costs

Their aggregate remuneration comprised:

	2016 £'000	2015 £'000
Wages and salaries	5,877	5,294
Share-based payment costs	148	65
Social security costs	739	619
Other pension costs	142	139
Gross total	6,906	6,117
Less: Charged to fellow subsidiaries	(1,645)	(2,229)
Net charge to the Company	<u>5,261</u>	<u>3,888</u>

##### (c) Directors' emoluments

The emoluments of the directors of the Company were:

	2016 £'000	2015 £'000
Emoluments	1,000	819
Pension contributions	99	71
	<u>1,099</u>	<u>890</u>

## International Trade and Exhibitions (JV) Limited

### Notes to the financial statements (continued) Year ended 30 September 2016

#### 9. Tax on loss on ordinary activities

	2016 £'000	2015 £'000
Taxation on current year result:		
Group relief credit	166	99
Adjustments to prior year corporate tax	(99)	10
	67	109
Foreign tax charge	(84)	(94)
	(17)	15
Current tax credit on ordinary activities		
Current year	2,045	176
Prior year	(125)	120
	1,903	311

The current tax credit for the year can be reconciled to the loss per the income statement as follows:

	2016 £'000	(Restated) 2015 <sup>(1)</sup> £'000
Loss on ordinary activities before tax	(11,731)	(2,978)
Tax at 20% (2015: 20.5%)	2,346	610
Effects of:		
Expenses not deductible for tax purposes	(53)	(446)
Exempt dividends	451	765
Overseas tax – withholding tax	(84)	(94)
Transfer pricing and worldwide debt cap adjustment	(199)	(587)
Adjustments to tax charge in respect of previous periods	(224)	130
Effect of accounting for deferred tax @ 17%	(334)	(67)
	1,903	311

With effect from 6 September 2016 Finance Act 2016 was substantively enacted to reduce the UK corporation tax rate to 17%, as follows:

Year to 30 September	2017	2018	2019	2020	2021
Corporation Tax Rate	20%	19%	19%	19%	17%

- (1) The prior year had been restated for adjustments on adoption of FRS 102 in the current year. Refer to note 22 for further details.

# International Trade and Exhibitions (JV) Limited

## Notes to the financial statements (continued) Year ended 30 September 2016

### 9. Tax on loss on ordinary activities (continued)

#### Deferred tax

Deferred tax is provided as follows:

	2016 £'000	2015 £'000
Derivatives	(536)	(675)
Accelerated tax depreciation	491	430
Provisions and accruals	16	-
Tax losses	2,000	311
Share based payments	23	8
	<u>1,994</u>	<u>74</u>

Certain deferred tax assets and liabilities have been offset in the above table. The following is the analysis of deferred tax balances for financial reporting purposes.

	2016 £'000	(Restated) 2015 <sup>(1)</sup> £'000
Deferred tax liability	(536)	(675)
Deferred tax asset	2,530	749
	<u>1,994</u>	<u>74</u>

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company.

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

The closing deferred tax balances at 30 September 2016 has been calculated at 17% reflecting the tax rate at which the deferred tax is expected to be utilised in future periods.

- (1) The prior year had been restated for adjustments on adoption of FRS 102 in the current year. Refer to note 22 for further details.

## International Trade and Exhibitions (JV) Limited

### Notes to the financial statements (continued) Year ended 30 September 2016

#### 10. Intangible assets

	Trademarks £'000	Goodwill £'000	(Restated) Software <sup>(1)</sup> £'000	(Restated) Total <sup>(1)</sup> £'000
<b>Cost</b>				
As at 1 October 2015	71	17,192	4,891	22,154
Additions	-	-	1,067	1,067
Disposals	-	-	(11)	(11)
As at 30 September 2016	71	17,192	5,947	23,210
<b>Amortisation</b>				
As at 1 October 2015	53	17,170	2,727	19,950
Charge for the year	-	22	777	799
Disposals	-	-	(3)	(3)
As at 30 September 2016	53	17,192	3,501	20,746
Net book value at 30 September 2016	18	-	2,446	2,464
Net book value at 30 September 2015	18	22	2,164	2,204

#### 11. Tangible assets

	Leasehold buildings £'000	(Restated) Plant and equipment <sup>(1)</sup> £'000	(Restated) Total <sup>(1)</sup> £'000
<b>Cost</b>			
As at 1 October 2015	1,012	2,036	3,048
Additions	-	195	195
As at 30 September 2016	1,012	2,231	3,243
<b>Depreciation</b>			
As at 1 October 2015	782	1,357	2,139
Charge for the year	52	215	267
As at 30 September 2016	834	1,572	2,406
Net book value at 30 September 2016	178	659	837
Net book value at 30 September 2015	230	679	909

(1) The prior year had been restated for adjustments on adoption of FRS 102 in the current year. Refer to note 22 for further details.

## International Trade and Exhibitions (JV) Limited

### Notes to the financial statements (continued) Year ended 30 September 2016

#### 12. Investments

The Company holds investments, in the form of ordinary shares, in the following subsidiary undertakings:

<b>Subsidiary undertakings</b>	<b>Country of incorporation or principal business address</b>	<b>%</b>
ITE Asia Exhibitions Ltd	Hong Kong	100
ITE Ebseek Exhibitions Ltd <sup>(1)</sup>	Hong Kong	70
Breakbulk Events and Media (China) Ltd <sup>(1)</sup>	China	100
Trade Link ITE SDN BHD	Malaysia	100
ITE International Trade and Exhibitions EURL	Algeria	100
ITECA ALA-TOO LLC	Kyrgyzstan	100
Scoop International Fashion Limited	England	95
ITE International Exhibitions and Conferences Service (Beijing) Co Ltd	China	100
ZAO Primexpo	Russia	100
Summit Trade Events Ltd	England	100
Iteca Caspian LLC	Azerbaijan	100
ITECA LLP	Kazakhstan	100
Too Kazexpomontage Ltd <sup>(1)</sup>	Kazakhstan	100
ITE Uzbekistan	Uzbekistan	100

(1) Held indirectly by the Company, through other subsidiary undertakings.

The principal activity of all subsidiaries is the organising of international trade exhibitions and conferences.

	<b>Shares and equity £'000</b>	<b>Loans £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
As at 1 October 2015 and 30 September 2016	15,006	12,908	27,914
<b>Provisions</b>			
As at 1 October 2015 and 30 September 2016	-	10,620	10,620
<b>Net book value</b>			
30 September 2016	15,006	2,288	17,294
30 September 2015	15,006	2,288	17,294

# International Trade and Exhibitions (JV) Limited

## Notes to the financial statements (continued) Year ended 30 September 2016

### 13. Debtors: amounts due within one year

	2016 £'000	2015 £'000
Trade debtors	3,052	2,088
Amounts owed by parent and fellow subsidiary undertakings	62,606	66,134
Deferred tax asset	2,530	749
Corporation tax debtor	166	119
Other debtors	250	204
Venue loans and other loans	862	631
Prepayments and accrued income	403	301
	<u>69,869</u>	<u>70,226</u>

Amounts owed from group undertakings are included under amounts falling due within one year where they are subject to cancellation and repayment at any time by either the lender or the borrower giving written notice to the other.

### 14. Creditors

	2016 £'000	(Restated) 2015 <sup>(1)</sup> £'000
<b>Amounts falling due within one year</b>		
Bank loans and overdraft	3,975	8,745
Trade creditors	227	244
Amounts owed to parent and fellow subsidiary undertakings	14,576	11,038
Put option liabilities	-	1,531
Other creditors	948	633
Accruals and deferred income	6,518	5,494
Deferred consideration	-	145
Deferred tax liability	536	675
	<u>26,780</u>	<u>28,505</u>
<b>Amounts falling due after one year</b>		
Bank loan	74,604	69,616
Put option liabilities	280	803
	<u>74,884</u>	<u>70,419</u>

Amounts owed to group undertakings are included under amounts falling due within one year where they are subject to cancellation and repayment at any time by either the lender or the borrower giving written notice to the other.

Any gains or losses on revaluation of the put option liabilities are recognised in the profit and loss account. Upon exercise the value of the put option is derecognised from the put option reserve. Refer to note 19 for further details.

(1) The prior year had been restated for adjustments on adoption of FRS 102 in the current year. Refer to note 22 for further details.



# International Trade and Exhibitions (JV) Limited

## Notes to the financial statements (continued) Year ended 30 September 2016

### 15. Provisions for liabilities and charges

	<b>National Insurance on share options £'000</b>
1 October 2015	107
Charged to income statement	-
Utilised during the year	(78)
	<hr/>
30 September 2016	29
	<hr/>
Included in current liabilities	11
Included in non-current liabilities	18
	<hr/>
	29
	<hr/> <hr/>

The provision for National Insurance on share options is calculated by reference to the employer's National Insurance cost on the potential gain based on the difference between the exercise price and share price for those share options where the share price exceeds the exercise price at 30 September 2016.

### 16. Called-up share capital

	<b>2016 £'000</b>	<b>2015 £'000</b>
<b>Authorised share capital:</b>		
1,000 ordinary shares of £1 each	1	1
	<hr/>	<hr/>
<b>Called up, allotted and fully paid</b>		
1,000 ordinary shares of £1 each	1	1
	<hr/>	<hr/>

# International Trade and Exhibitions (JV) Limited

## Notes to the financial statements (continued) Year ended 30 September 2016

### 17. Derivatives

	Due within one year		Due after one year	
	2016	(Restated) 2015 <sup>(1)</sup>	2016	(Restated) 2015 <sup>(1)</sup>
	£'000	£'000	£'000	£'000
<b>Derivative assets</b>				
Forward foreign currency contracts	-	1,951	-	1,528
Interest rate swaps	-	-	-	-
	-	1,951	-	1,528
<b>Derivative liabilities</b>				
Forward foreign currency contracts	1,284	-	1,976	99
Interest rate swaps	-	-	402	-
	1,284	-	2,378	99

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Interest rate swaps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

#### Derivative contracts

##### *Forward foreign currency contracts*

The Company utilises currency derivatives to hedge significant highly probable forecast transactions and Group cash flows. During the year the Company has been party to foreign currency forward contracts in the management of its exchange rate exposures to highly probable forecast euro currency receipts. The instruments purchased are denominated in euros.

These arrangements are designed to address significant exchange exposures for the next 36 months and are renewed on a revolving basis as required, subject to not committing the Company to less than six months or more than 36 months in the future. The Company does not apply hedge accounting to currency derivatives. All gains and losses are reported in the profit and loss account. At 30 September 2016, the fair value of these derivatives is estimated to be a net liability of £3.3 million (2015: net asset of £3.4 million). These amounts are based on market valuations.

The Group has taken out foreign currency overdrafts in euros and US dollars to act as a natural hedge against certain currency trade receivable balances. These borrowings have not been designated as hedging instruments by management. All foreign exchange movements on these borrowings and trade receivables are recognised directly in the income statement.

##### *Interest rate swaps*

With effect from 30 April 2016, the Company entered into two interest rate swap agreements to exchange the floating rate of interest paid on its bank borrowings for fixed rates on the first £40.0 million of the Group's GBP debt, calculated on agreed notional principal amounts of £20.0 million each. Under the agreements, one month GBP LIBOR is exchanged for fixed rates of 0.66% with a maturity date of 31 March 2018 and 0.71% with a maturity date of 31 March 2019. The Company does not apply hedge accounting to interest rate swaps. All gains and losses are reported in the profit and loss account. At 30 September 2016, the fair value of these derivatives is estimated to be a net liability of £0.4 million (2015: £nil).

(1) The prior year had been restated for adjustments on adoption of FRS 102 in the current year. Refer to note 22 for further details.

## International Trade and Exhibitions (JV) Limited

### Notes to the financial statements (continued) Year ended 30 September 2016

#### 18. Financial Commitments

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

	2016 £'000	2015 £'000
Within one year	554	550
Between two and five years	959	1,505
After five years	-	-

#### 19. Put option reserve

	£'000
At 1 October 2015	(1,497)
Exercise of put option	1,215
At 30 September 2016	(282)

The value of the put option reserve was measured at fair value on the date of inception. No subsequent remeasurement of the put option reserve occurs after inception.

In November 2015 the Company exercised its put option over the remaining 25% stake in Trade Link ITE SDN BHD for cash consideration of £1.9 million, taking the Company's shareholding in the Malaysian company to 100%. Upon exercise, the value of the put option was derecognised from the put option reserve and recognised in the profit and loss account. Further details are shown in the statement of changes in equity.

#### 20. Share-based payments

##### Share option plans – Equity settled

The Group operates a share option plan for all employees of the Group. Options are exercisable at a price equal to the average quoted market price of the parent company's share on the date of grant. The vesting period is either three or five years and are exercisable up to 10 years from granting. The options are forfeited if the employee leaves the Group before the options vest.

##### Performance share plans – Equity settled

The Group operates a Performance Share Plan ("PSP") for executives and staff. Awards under the PSP are at an exercise value of either 1p. Awards can be made to an employee over shares up to a maximum of 100% of base salary each year based on market value. The vesting period is three years and the awards are exercisable up to 10 years from the date of grant. The awards are forfeited if the employee leaves the Group before the awards vest. The awards are also subject to a performance target.

The Company is a member of a group share-based payment plan and recognises and measures its share-based payment expenses on the basis of an allocation of the expense recognised for the Group. Allocation of the expense is based upon a percentage determined for each individual share option scheme at the date of inception. The percentage allocation is dependent on the number of Company employees who are participants of the scheme over the total number of participants throughout the Group.

The Company recognised total expenses of £148,000 (2015: £65,000) related to equity settled share-based payment transactions.

## **International Trade and Exhibitions (JV) Limited**

### **Notes to the financial statements (continued)** **Year ended 30 September 2016**

#### **21. Ultimate parent company and controlling party**

The Company is a subsidiary undertaking of ITE Enterprises Limited, a company incorporated in Great Britain and registered in England and Wales. The smallest and largest group in which the results of International Trade and Exhibitions (JV) Limited are consolidated is that headed by ITE Group plc (registered office 105 Salusbury Road, London NW6 6RG). The accounts of International Trade and Exhibitions (JV) Limited and the consolidated accounts of ITE Group plc may be obtained from ITE Group plc at the same address. ITE Group plc is the ultimate controlling party.

The Company is exempt from disclosing related party transactions as they are with other companies that are wholly owned within the Group.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

# International Trade and Exhibitions (JV) Limited

## Notes to the financial statements (continued) Year ended 30 September 2016

### 22. Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 30 September 2015 and the date of transition to FRS 102 was therefore 1 October 2014.

#### *Reconciliation of equity*

	At 1 October 2014 £'000	At 30 September 2015 £'000
Equity reported under previous UK GAAP	(4,802)	(7,475)
<b>Adjustments to equity on transition to FRS 102</b>		
1 Recognition of derivative instruments	2,634	2,705
2 Reclassification of software assets	-	-
Equity reported under FRS 102	(2,168)	(4,770)

#### *Notes to the reconciliation of equity*

- The Company holds derivative instruments which under UK GAAP were not included at fair value in the accounts. As a result, on transition, the Company has recognised the following adjustments to the balance sheet for the financial year ended 2015:
  - Recognition of derivative asset of £3.5 million (2014: £3.3 million)
  - Recognition of derivative liabilities of £0.1 million (2014: £nil)
  - Recognition of deferred tax liability on derivatives £0.7 million (2014: £0.7 million)
- The Company has reclassified software assets which were held under UK GAAP as tangible to intangible fixed assets. The Company has adjusted software costs of £4.9 million (2014: £3.7 million) and software amortisation of £2.7 million (2014: £2.1 million) as the software constitutes an asset in its own right. There is no overall impact on equity as a result of this adjustment.

#### *Reconciliation of loss for 2015*

	2015 £'000
Loss for the financial year under previous UK GAAP	(2,738)
1 Recognition of derivative instruments	71
Loss for the financial year FRS 102	(2,667)

#### *Notes to the reconciliation of loss for 2015*

- As noted above the Company holds derivative instruments which were not held at fair value under UK GAAP. Therefore, on transition, the Company recognised the following adjustments to the loss for the financial year ended 2015:
  - Fair value movement on derivatives: £79,000
  - Tax charge: (£8,000)