

Company Registration No. 03383627

WARC LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 March 2018

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WARC LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 March 2018

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WARC LIMITED

COMPANY INFORMATION

Year ended 31 March 2018

DIRECTORS

D Painter
M Gradden
P Thomas
P Walker

COMPANY SECRETARIES

L Meads
S Looi

COMPANY NUMBER

03383627

REGISTERED OFFICE

The Prow
1 Wilder Walk
London
United Kingdom
W1B 5AP

AUDITOR

Grant Thornton UK LLP
Chartered Accountants and Statutory Auditors
30 Finsbury Square
London
EC2A 1AG

WARC LIMITED

STRATEGIC REPORT

Year ended 31 March 2018

The directors present their strategic report on the group for the year ended 31 March 2018.

Principal activity

The principal activity of WARC Limited and its subsidiary undertakings ("the group") continues to be the publishing of advertising and marketing information.

WARC is the world's largest database of advertising and media knowledge, used by advertising and media agencies, advertisers and media owners in over 100 countries. WARC provides its subscribers with critical and current information about the latest best practices in advertising and media, insights, benchmark data and ideas that work. It offers access to a one-stop destination for information designed to help advertisers, their agencies, and media owners grow their businesses in the face of rapid change. WARC also hosts industry competitions and publishes a number of leading industry journals.

Review of the business

The results of the group for the year are set out on pages 9 to 13. WARC's online subscription business (www.warc.com) continues to generate year over year revenue growth, arising from new client wins and improving subscription renewal rates. The group continues to generate over half of its revenue in US dollars and the Brexit-induced sterling exchange rate fluctuations over the last two years mean that the underlying year over year revenue growth is higher than the reported numbers suggest. Nevertheless the reported revenue growth of 10% (to £10.9m) is still very encouraging.

The directors remain committed to building long term value. A refreshed website user experience was delivered at the beginning of the year, supported by subsequent new product releases and continued content development. These accelerating investment levels resulted in reported profit on ordinary activities before tax of £1.9m, in line with that of the prior year (2017: £2.0m). There was a resultant and expected decline in profit margins from 19.8% to 17.5%.

Following the declaration and payment of a dividend to shareholders in June 2017, the group's net asset position is in line with prior years, showing shareholders' funds of £1.6m (2017 : £1.6m).

Business environment

WARC's business is impacted by global macro-economic factors. Numbered amongst WARC's clients are many of the world's largest advertisers, as well as most of the large advertising agencies. There remained a degree of global uncertainty during the year which continued to put pressure on marketing and general subscriptions budgets from which clients often finance their subscription to WARC. There were also widely reported industry concerns about the particular pressures facing advertising and media agencies in the fast changing media landscape. However WARC's global diversification limits the impact of weakness in individual markets, and WARC's investment programme is helping to deliver an increasing array of services to further broaden WARC's client base across advertisers, agencies, media owners and academic institutions.

WARC LIMITED

STRATEGIC REPORT (continued)

Year ended 31 March 2018

Key Performance Indicators

The most significant of the key indicators used by the directors to monitor the performance of the group is the subscription renewal rate. The overall renewal rate for the year was above target and shows promising signs of long term upward trend. The directors believe that the group is well set to maintain or improve upon these renewal rates in the future.

Principal risks and uncertainties

Principal risks are reviewed on an ongoing basis by the Board, and addressed through a framework of policies, internal controls and insurance. As is to be expected for a content-driven business, protection of intellectual property rights is a high priority and the Board takes close oversight of this area. With over half of the group's income denominated in US dollars, the other key risk for the group is fluctuation in exchange rates. The directors continually monitor the economic outlook to determine whether it is in the interests of the business to put in place financial instruments to mitigate the risk of short term exchange rate fluctuations, and look wherever possible to offset foreign currency receivables against matching payables.

Future developments and events after the balance sheet date

On 2 July 2018, the entire share capital of WARC Limited was acquired by Ascential UK Holdings Limited, a company registered in England and Wales with registration number 00537204.

There have been no other events since the balance sheet date which materially impact the results reported in these accounts.

Approved by the Board of Directors and signed on its behalf by:



M Gradden

Director

10 December 2018

WARC LIMITED

DIRECTORS' REPORT

Year ended 31 March 2018

The directors present their report and the audited financial statements of the group for the year ended 31 March 2018.

Principal activity, results, review of business and future developments

Details of the company's results, principal activity, review of business and future developments are shown in the Strategic Report on pages 2 and 3.

The company has one overseas branch registered in Singapore.

Directors

The directors who held office at any time during or since the end of the financial year are given below:

M Waterson	(resigned 2 July 2018)
S White	(resigned 2 July 2018)
A Denham	(resigned 2 July 2018)
Y Waterson	(resigned 2 July 2018)
A Croft	(resigned 2 July 2018)
D Painter	(appointed 2 July 2018)
M Gradden	(appointed 2 July 2018)
P Thomas	(appointed 2 July 2018)
P Walker	(appointed 2 July 2018)

Dividends

On 15 June 2017 the directors declared an interim dividend of £6.65 per ordinary share. The dividend was subsequently paid on 20 June 2017. The directors do not recommend the payment of a final dividend.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further information regarding the going concern assumption can be found in Note 1 to the accounts.

Auditor

Grant Thornton UK LLP was appointed as auditor of the group for the year ending 31 March 2018. The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board of Directors and signed on its behalf by:



M Gradden

Director

10 December 2018

WARC LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Year ended 31 March 2018

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 the directors have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice).

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;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also 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.

WARC LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARC LIMITED

Year ended 31 March 2018

Opinion

We have audited the financial statements of WARC Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the consolidated statement of comprehensive income, consolidated balance sheet, company balance sheet, statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

WARC LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARC LIMITED (continued) **Year ended 31 March 2018**

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

WARC LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARC LIMITED (continued) Year ended 31 March 2018

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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



Sergio Cardoso

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

30 Finsbury Square, London, EC2A 1AG

10/12/2018

WARC LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2018

	Notes	2018 £	2017 £
Turnover	2	10,918,878	9,882,154
Cost of sales		(3,496,016)	(3,021,064)
Gross profit		7,422,862	6,861,090
Administrative expenses		(5,532,878)	(4,910,637)
Operating profit		1,889,984	1,950,453
Interest receivable and similar income		1,848	9,642
Interest payable and similar charges		-	-
Profit on ordinary activities before taxation	3	1,891,832	1,960,095
Tax charge on profit on ordinary activities	5	(410,453)	(406,886)
Profit for the financial year		1,481,379	1,553,209
Currency translation differences		68,771	(165,411)
Total comprehensive income for the financial year		1,550,150	1,387,798

All amounts relate to continuing activities.

The Notes on pages 14 to 30 form part of these accounts (all primary statements).

WARC LIMITED

CONSOLIDATED BALANCE SHEET

At 31 March 2018

	Notes	2018 £	2017 £
Fixed assets			
Intangible assets	6	618,533	865,541
Tangible assets	7	475,127	475,152
		<hr/>	<hr/>
		1,093,660	1,340,693
Current assets			
Debtors	9	3,137,130	3,097,072
Cash at bank and in hand		5,470,766	4,857,960
		<hr/>	<hr/>
		8,607,896	7,955,032
Creditors: amounts falling due within one year	10	(7,783,568)	(7,561,633)
		<hr/>	<hr/>
Net current assets		824,328	393,399
Creditors: amounts falling due after more than one year	11	(35,431)	(12,617)
Provisions			
Deferred taxation	12	(28,687)	(35,855)
Other provisions	13	(93,924)	(93,655)
		<hr/>	<hr/>
		(122,611)	(129,510)
		<hr/>	<hr/>
Total assets less current liabilities		1,759,946	1,591,965
		<hr/>	<hr/>
Called up share capital	14	104	104
Profit and loss account		1,759,842	1,591,861
		<hr/>	<hr/>
Shareholders' funds		1,759,946	1,591,965
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 10 December 2018 and were signed on its behalf by:



M Gradden

Director

WARC Limited, registered number 03383627

WARC LIMITED

COMPANY BALANCE SHEET

At 31 March 2018

	Notes	2018 £	2017 £
Fixed assets			
Intangible assets	6	480,609	617,840
Tangible assets	7	340,958	300,083
Investments	8	263,687	412,057
		<u>1,085,254</u>	<u>1,329,980</u>
Current assets			
Debtors	9	2,156,269	2,326,629
Cash at bank and in hand		5,287,285	4,567,161
		<u>7,443,554</u>	<u>6,893,790</u>
Creditors: amounts falling due within one year	10	<u>(6,936,581)</u>	<u>(6,203,808)</u>
Net current assets		506,973	689,982
Creditors: amounts falling due after more than one year	11	<u>(32,389)</u>	<u>(8,787)</u>
Provisions			
Deferred taxation	12	(28,687)	(35,855)
Other provisions	13	(93,924)	(93,655)
		<u>(122,611)</u>	<u>(129,510)</u>
Total assets less current liabilities		<u>1,437,227</u>	<u>1,881,665</u>
Called up share capital	14	104	104
Profit and loss account		<u>1,437,123</u>	<u>1,881,561</u>
Shareholders' funds		<u>1,437,227</u>	<u>1,881,665</u>

These financial statements were approved by the Board of Directors on 10 December 2018 and were signed on its behalf by:



M Gradden

Director

WARC Limited, registered number 03383627

WARC LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2018

Group	Share capital	Profit and loss account	Total
	£	£	£
At 1 April 2016	104	204,063	204,167
Profit for the year	-	1,553,209	1,553,209
Currency translation differences	-	(165,411)	(165,411)
At 31 March 2017 and 1 April 2017	104	1,591,861	1,591,965
Profit for the year	-	1,481,379	1,481,379
Dividend paid		(1,382,169)	(1,382,169)
Currency translation differences	-	68,771	68,771
At 31 March 2018	104	1,759,842	1,759,946

Company	Share capital	Profit and loss account	Total
	£	£	£
At 1 April 2016	104	552,930	553,034
Profit for the year	-	1,447,817	1,447,817
Currency translation differences	-	(119,186)	(119,186)
At 31 March 2017 and 1 April 2017	104	1,881,561	1,881,665
Profit for the year	-	872,480	872,480
Dividend paid		(1,382,169)	(1,382,169)
Currency translation differences	-	65,251	65,251
At 31 March 2018	104	1,437,123	1,437,227

WARC LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Profit for the financial year		1,889,984	1,950,453
Adjustments for:			
Amortisation of intangible assets		245,108	115,943
Depreciation of tangible assets		114,474	65,029
(Increase)/decrease in trade and other debtors		(573,286)	32,909
Increase in trade creditors		332,306	1,323,978
Increase in provisions		269	16,155
		<hr/>	<hr/>
Cash from operations		2,008,855	3,504,467
Income taxes paid		(571,950)	(628,360)
		<hr/>	<hr/>
Net cash generated from operating activities		1,436,905	2,876,107
Cash flows from investing activities			
Purchases of tangible assets		(134,090)	(413,768)
Purchases of intangible assets		-	(275,847)
Interest received		1,848	2,142
Loans to related parties		600,000	(600,000)
		<hr/>	<hr/>
Net cash from investing activities		467,758	(1,287,473)
Cash flows from financing activities			
Dividends paid		(1,382,169)	-
		<hr/>	<hr/>
Net cash from financing activities		(1,382,169)	-
Net increase in cash and cash equivalents		522,494	1,588,634
Foreign exchange translation adjustment		90,312	(175,167)
Cash and cash equivalents at the beginning of the year		4,857,960	3,444,493
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year		5,470,766	4,857,960

WARC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

1 Accounting policies

Company information

WARC Limited is a private company, limited by shares and registered in England and Wales, registration number 03383627. The registered office is The Prow, 1 Wilder Walk, London, United Kingdom, W1B 5AP.

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The group financial statements consolidate the financial statements of WARC Limited and all its subsidiary undertakings drawn up to 31 March each year. No profit and loss account is presented for WARC Limited as permitted by section 408 of the Companies Act 2006.

The preparation of the group financial statements requires the use of certain judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. 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.

Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information or more experience. Significant accounting policies, estimates and assumptions, and judgements are provided below.

Going concern

After reviewing the group's forecasts and projections and noting, in particular, the group's strong cash position and operational profitability, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

WARC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

1 Accounting policies (continued)

Investments in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- | | |
|---------------------|---------------|
| - Goodwill | 3 to 20 years |
| - Publishing rights | 5 years |

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives, using the straight-line method. The rates applicable are:

- | | |
|--------------------------|-----------------------------------|
| - Leasehold improvements | in accordance with the lease term |
| - Fixtures and fittings | 5 years |
| - Office equipment | 3 years |

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

WARC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

1 Accounting policies (continued)

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Pension costs and other post-retirement benefits

The company does not operate any defined benefit schemes. For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currencies

Presentation currency

For the purpose of the consolidated financial statements, the results and financial position are presented in Sterling (£).

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

WARC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

1 Accounting policies (continued)

Translation of group companies and overseas branches

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated from their functional currency to Sterling (£) using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on the translation of group companies are recognised in other comprehensive income and are not reclassified to profit or loss.

Revenue recognition and long-term contracts

Turnover represents amounts receivable for goods and services, net of VAT and trade discounts. Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value and based on evidence of the company's performance and hence the extent to which it has obtained the right to consideration. To the extent that billed revenue exceeds the value of work performed, it is deferred and credited to the profit and loss account over the period to which it relates.

Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

WARC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

1 Accounting policies (continued)

Leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Financial instruments

The group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Critical accounting judgements and key sources of estimation uncertainty

Preparation of these financial statements requires the Directors to exercise judgement and to make estimates about uncertain future events in the process of applying accounting policies. The actual future outcomes may differ from these estimates and give rise to material adjustments to the reported results and financial position of the group and company. The areas requiring a higher degree of judgement, or areas where assumptions and estimates are significant to the financial statements, are discussed below.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

Recoverability of receivables

Trade and other debtors are recognised initially at fair value. Estimates of the recoverability of debtors are based on management's best knowledge of the receivable and counterparty and actual results ultimately may differ from those estimates.

Income taxes

In recognising income tax assets and liabilities estimates have to be made of the likely outcome of decisions by tax authorities on transactions and events whose treatment for tax purposes is uncertain and on the expected manner of realisation or settlement of deferred tax assets and liabilities.

WARC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

2 Turnover

An analysis of turnover by geographical market is given below:

	2018	2017
	£	£
United Kingdom	3,215,336	2,999,058
Europe	1,593,869	1,317,765
Rest of the World	6,109,673	5,565,331
	<u>10,918,878</u>	<u>9,882,154</u>

All turnover arose from the sale of subscriptions to the group's online database and print publications.

3 Profit on ordinary activities before taxation

	2018	2017
	£	£
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation	114,474	65,029
Amortisation of intangible assets	245,108	115,943
Fees payable to the company's auditor for audit of the financial statements	25,900	15,000
Fees payable to group auditors	3,771	3,463
Operating lease rentals	291,929	255,303
Foreign exchange (profits)/losses	36,521	(87,610)
	<u></u>	<u></u>

WARC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

4 Employees and directors

Staff costs during the year were as follows:

	2018	2017
	£	£
Wages and salaries	4,503,428	4,144,985
Social security costs	404,672	371,991
Other pension costs	91,803	65,912
	<u>4,999,903</u>	<u>4,582,888</u>

The company operates a stakeholder defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pensions provider. Pension payments into the scheme recognised as an expense during the year amount to £85,339 (2017: £59,514). The unpaid contributions outstanding at the period end, included within other creditors, are £13,776 (2017: £11,121).

The average number of employees of the group during the year (including directors) was as follows:

	2018	2017
	No.	No.
Sales and marketing	35	36
Administration	39	32
	<u>74</u>	<u>68</u>

There are no employees considered to be key management personnel other than the directors. Remuneration in respect of directors was as follows:

	2018	2017
	£	£
Emoluments	442,175	423,550
Pension contributions to money purchase schemes	11,296	15,403
	<u>453,471</u>	<u>438,953</u>

WARC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

4 Employees and directors (continued)

During the year 2 directors (2017: 3) participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2018	2017
	£	£
Emoluments	188,375	205,500
	<u>188,375</u>	<u>205,500</u>

5 Taxation

The tax charge is based on the profit for the year and represents:

	2018	2017
	£	£
UK Corporation Tax	249,320	284,297
Adjustment in respect of previous periods	43,304	29,459
Double taxation relief	(74,024)	-
Overseas taxation	199,021	67,095
Total current tax	<u>417,621</u>	<u>380,851</u>
Deferred taxation: origination and reversal of timing differences	(7,168)	26,035
Tax on results on ordinary activities	<u>410,453</u>	<u>406,886</u>

WARC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

5 Taxation (continued)

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom at 19% (2017: 20%). The differences are explained as follows:

	2018 £	2017 £
Profit on ordinary activities before tax	1,891,832	1,960,095
Tax at 20%	359,448	392,019
Adjustment in respect of previous periods	43,304	29,459
Difference between UK and overseas tax rates on profits taxed overseas	35,000	17,368
Utilisation of trading losses brought forward	(45,887)	(26,471)
Differences between taxation allowances and depreciation	4,537	(29,682)
Expenses not deductible for tax purposes	32,751	10,442
Movement in deferred tax balance	(7,168)	26,035
Other differences	(11,532)	(12,284)
Current tax charge for the year	410,453	406,886

In 2017 a deferred tax asset of £91,947 in respect of carried forward losses available in the group was not recognised as there was insufficient evidence that the asset would be recovered. The group has no carried forward losses available at 31 March 2018.

WARC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

6 Intangible fixed assets

Group	Goodwill	Publishing rights	Total
	£	£	£
Cost			
At 1 April 2017	1,360,974	373,262	1,734,236
Foreign exchange adjustment	(5,797)	-	(5,797)
At 31 March 2018	1,355,177	373,262	1,728,439
Amortisation			
At 1 April 2017	752,516	116,179	868,695
Charge for the year	159,414	85,694	245,108
Foreign exchange adjustment	(3,897)	-	(3,897)
At 31 March 2018	908,033	201,873	1,109,906
Net book value			
At 31 March 2018	447,144	171,389	618,533
At 31 March 2017	608,458	257,083	865,541

WARC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

6 Intangible fixed assets (continued)

Company	Goodwill	Publishing rights	Total
	£	£	£
Cost			
At 1 April 2017	1,030,738	373,262	1,404,000
At 31 March 2018	<u>1,030,738</u>	<u>373,262</u>	<u>1,404,000</u>
Amortisation			
At 1 April 2017	669,981	116,179	786,160
Charge for the year	51,537	85,694	137,231
At 31 March 2018	<u>721,518</u>	<u>201,873</u>	<u>923,391</u>
Net book value			
At 31 March 2018	<u>309,220</u>	<u>171,389</u>	<u>480,609</u>
At 31 March 2017	<u>360,757</u>	<u>257,083</u>	<u>617,840</u>

WARC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

7 Tangible fixed assets

Group	Leasehold improvements	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
Cost				
At 1 April 2017	276,362	116,020	456,003	848,385
Additions	87,793	7,506	38,791	134,090
Foreign exchange adjustment	(13,581)	(5,583)	(4,512)	(23,676)
At 31 March 2018	350,574	117,943	490,282	958,799
Depreciation				
At 1 April 2017	15,236	23,279	334,718	373,233
Charge for the year	47,820	18,944	47,710	114,474
Foreign exchange adjustment	(764)	(1,434)	(1,837)	(4,035)
At 31 March 2018	62,292	40,789	380,591	483,672
Net book value				
At 31 March 2018	288,282	77,154	109,691	475,127
At 31 March 2017	261,126	92,741	121,285	475,152

WARC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

7 Tangible fixed assets (continued)

Company	Leasehold improvements	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
Cost				
At 1 April 2017	151,876	71,895	431,432	655,203
Additions	87,793	7,506	35,312	130,611
Foreign exchange adjustment	(313)	(880)	(1,893)	(3,086)
At 31 March 2018	239,356	78,521	464,851	782,728
Depreciation				
At 1 April 2017	10,992	16,568	327,560	355,120
Charge for the year	32,654	13,312	42,789	88,755
Foreign exchange adjustment	(312)	(719)	(1,074)	(2,105)
At 31 March 2018	43,334	29,161	369,275	441,770
Net book value				
At 31 March 2018	196,022	49,360	95,576	340,958
At 31 March 2017	140,884	55,327	103,872	300,083

8 Investments

The company's fixed asset investments comprise of interests in the following subsidiary undertakings:

	World Advertising Research Center Ltd	The Gunn Report Ltd	Warc LLC
Type of share held	Ordinary	Ordinary	Ordinary
Proportion held	100%	100%	100%
Country of incorporation	England & Wales	England & Wales	USA
Nature of business	Dormant	Publishing	Publishing
Share capital	£ 2	£ 1,000	n/a
Reserves	£ 2	£ 262,685	£ 135,811
Profit	-	£ 108,601	£ 571,248

WARC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

8 Investments (continued)

Company	Investment in subsidiaries
	£
Cost	
At 1 April 2017	412,057
Impairment in relation to The Gunn Report Limited	(148,370)
Net book value at 31 March 2018	263,687
Net book value at 31 March 2017	412,057

As a consequence of the operational integration of The Gunn Report Limited ("TGRL") with WARC Limited, on 31 March 2018 TGRL's future trading activities were transferred to WARC Limited. There was no consideration paid between the companies. The excess of WARC Limited's investment book value over TGRL's net asset value has been impaired.

9 Debtors

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	2,712,953	2,159,284	1,679,388	1,433,347
Prepayments and accrued income	287,279	300,058	274,955	280,700
Corporation tax	66,772	-	153,272	-
Other debtors	70,126	637,730	48,654	612,582
	<u>3,137,130</u>	<u>3,097,072</u>	<u>2,156,269</u>	<u>2,326,629</u>

Included in other debtors for both group and company in 2017 was £602,500 relating to a loan balance, including accrued interest, with M J Waterson. The loan was repayable on demand, unsecured and carried an interest rate of 1.00%. The balance was repaid in full on 20 June 2017.

WARC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

10 Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	48,376	218,001	38,326	203,139
Amounts owed to group undertakings	-	-	1,608,513	1,115,048
Other creditors	86,437	143,901	13,255	36,827
Corporation tax	-	87,557	-	85,224
Other taxes and social security	209,581	189,536	201,703	187,146
Accruals and deferred income	7,439,174	6,922,638	5,074,784	4,576,424
	<u>7,783,568</u>	<u>7,561,633</u>	<u>6,936,581</u>	<u>6,203,808</u>

11 Creditors: amounts falling due after one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Accruals and deferred income	35,431	12,617	32,389	8,787
	<u>35,431</u>	<u>12,617</u>	<u>32,389</u>	<u>8,787</u>

12 Deferred taxation

Deferred taxation provided for at 17% (2017: 20%) in the financial statements is set out below:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	28,687	35,855	28,687	35,855
	<u>28,687</u>	<u>35,855</u>	<u>28,687</u>	<u>35,855</u>

WARC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

13 Provisions for liabilities

Group and Company	Property dilapidations £	Vacation pay £	Onerous contracts £	Total £
At 1 April 2017	37,500	40,000	16,155	93,655
Additions	-	-	16,424	16,424
Utilised	-	-	(16,155)	(16,155)
At 31 March 2018	<u>37,500</u>	<u>40,000</u>	<u>16,424</u>	<u>93,924</u>

The vacation pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

Onerous contracts represents amounts outstanding on third party contracts for services or property that were no longer in use at the year end.

14 Share capital

	2018 No.	£	2017 No.	£
Allotted, called up and fully paid:				
Ordinary shares of £0.0005 each	<u>207,845</u>	<u>104</u>	<u>207,845</u>	<u>104</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

WARC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

15 Leasing commitments

At the balance sheet date, the following minimum payments were due under operating leases:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Within one year	380,000	270,400	308,500	206,400
Between one and five years	1,047,700	1,107,800	743,300	840,500
Over five years	87,800	166,700	-	-
	<u>1,515,500</u>	<u>1,544,900</u>	<u>1,051,800</u>	<u>1,046,900</u>

During the year, the group and company have entered into new property leases with minimum annual payments as follows:

Start date and term	Group	Company
	£	£
29 March 2018, for two years	90,420	90,420
1 March 2018, for three years	72,200	72,200
	<u>162,620</u>	<u>162,620</u>

16 Related party transactions and key management personnel

The company has taken advantage of the exemption granted by paragraph 33.1(a) of FRS102, Related Party Disclosures, not to disclose transactions with group companies which are wholly owned subsidiaries of the group.

On 30 November 2016 and 4 April 2017, the company extended loans of £600,000 and £150,000 respectively to M J Waterson. The loans were unsecured, repayable on demand and carried interest of 1% per annum. The loans were repaid in full, along with accrued interest, on 20 June 2017.

17 Parent company and controlling party

From 2 July 2018, the immediate parent company of WARC Limited is Ascential UK Holdings Limited and the ultimate parent company is Ascential plc. The directors consider there to be no ultimate controlling party from that date.

18 Events after the reporting period

On 2 July 2018, the entire share capital of WARC Limited was acquired by Ascential UK Holdings Limited, a company registered in England and Wales with registration number 00537204.