

**(aq) Limited**

**Annual report and financial statements**

**Registered number 03663860**

**31 December 2018**



## **Company Information**

### **Director**

Prof AJ Beaumont

LR Cowley (resigned 1 May 2018)

### **Secretary**

SM Neale

### **Registered office**

13-15 Hunslet Road

Leeds

West Yorkshire

LS10 1JQ

### **Auditor**

KPMG LLP

1 Sovereign Square

Sovereign Street

Leeds

LS1 4DA

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## Strategic Report

The directors present their strategic report for the year ended 31 December 2018 for (aq) Limited (the “Company”).

The strategic report provides a review of the business for the financial year and describes how the directors manage risks and opportunities.

The report outlines the development and performance of the Company during the financial year, the position at the end of the year and discusses the main trends and factors that could affect the future.

The comparative results for 2017 are for the year ended 31 December 2017.

### Principle activities and business review

The Company is an Ofcom regulated Telecommunications Operator providing wholesale integrated communications services including mobile messaging, IP telephony, secure co-location datacentre services, fibre and wireless leased line services and machine-to-machine (m2m) services for the growing demand of the Internet of Things (IoT) marketplace.

The results of the Company show a turnover of £11,650,757 (2017: £10,463,033) representing a 11.4% increase in revenue year on year and loss before tax of £403,215 (2017: profit of 94,765). At 31 December 2018, the Group had net assets of £4,914,650 (2017: £5,252,797).

During the year, in August 2017, a share for share exchange was executed, whereby the shareholders of the Company, exchanged their equity interests in the Company, for equity interests in AQL Holdings Limited. The Company therefore became a wholly owned subsidiary of AQL Holdings Limited which became the ultimate parent company of the Group. In June 2018 the company sold its shareholding in Bluewave Limited to AQL Holdings Limited for £100.

Further to this change in business structure, (aq) Limited is now a wholly owned subsidiary of AQL Holdings Limited. Consolidated results have been prepared for the period to 31 December 2018, including the results of (aq) Limited. The results in these financial statements represent the results of (aq) Limited only for 31 December 2018 and with comparison to 2017. Bluewave’s financial performance and this has been removed from the 2017 values presented for comparison, as a result of the change in structure, their performance was previously consolidated in the AQ Limited results as a result of its shareholding.

### Business strategy and objectives

The Company continues to focus in its traditional markets on the organic growth of key revenue lines including Messaging, VOIP, Connectivity and Co-location Data Centre services.

The Company continues its expansion in wholesale services capable of supporting exponential growth in communications software partners. Its focus on scalable technology solutions remains a key tenant of the Company’s approach. During the year there has been continued investment in the team and infrastructure in order to facilitate the planned growth.

### Outlook

The Company has been implementing a new executive Senior Leadership Team, commencing with the appointment of a new Managing Director in October 2018, and continuing with further appointments in H1 2019. The business has been assessing the full operation, product offering and customer proposition for the future and remains focussed on growth in scalable telecommunications services. At the same time the Company continues to be a diverse innovation business who intend to reinvest in research and development of unique products, services and solutions.

Projects thus far in Q1 2019 have yielded initial savings in costs of sale and operational areas of the business, whilst ensuring an improved cash and margin position.

## Strategic Report (*continued*)

### Key performance indicators

	2018 £000	2017 £000
Turnover	11,650,757	10,463,033
Gross profit	3,534,743	3,632,428
Gross profit percentage %	30.3	34.7
Administrative expenses	3,937,957	3,554,691
Administrative expenses/turnover %	33.8	33.97

### Principal risks and uncertainties

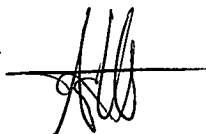
The Company has loans in place with related parties, the entirety of which is stated in the Related Parties Note 14 of this report. As a result of our growing revenue trends, lack of long-term debt obligations and clear strategic focus the Company has a favourable view of its ability to meet its current and long term financial obligations.

The Company has limited exposure to market fluctuations in relation to Brexit, as a result of its trading activities relying on services rather than imports and exports.

The key risks within the business are maintaining ongoing regulatory compliance, the Group has a longstanding track record of compliance and has dedicated team to manage and mitigate this risk.

Another significant risk factor is the cost of power, which is mitigated by granular automated analysis and onwards billing to end customers.

By order of the board



**Prof A J Beaumont**  
*Director*  
13-15 Hunslet Road  
Leeds  
LS10 1JQ

September 2019

26/09/2019.

## Directors' report

The Director's present the financial statements for (aq) Limited for the year 31 December 2018. The comparative information provided within the enclosed financial statements related relates to the year ended 31 December 2017.

### Results

The results of the Company show a turnover of £11,650,757 (2017: £10,463,033), representing revenue growth of 11.4% year on year and a loss before tax of £405,620 (2017: profit of £77,736).

These results include one-off increases in the Group's provisions during 2018 of £166,350, and a non-recurring expenditure of £39,750 relating to a legacy system costs for solutions which have now been upgraded.

At 31 December 2018, the Group had net assets of £4,914,650 (2017: £5,252,797).

### Research and development

The company has continued to invest in research and development activity during the year with a view to enhancing infrastructure to drive efficiencies and new opportunities to generate revenue.

### Directors

The directors who held office during the year were as follows: (i) Prof A J Beaumont, and (ii) L R Cowley (resigned 1 May 2018).

### Dividends

The directors do not recommend the payment of a dividend (2017: £nil).

### Political contributions

The Company made no political donations during the year.

### Disclosure of information to auditor

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

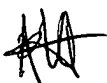
### Other information

Following the year end, the Company has made an agreement to sell 20 Ordinary Shares of £1.00 each in the capital of Interactive Digital Systems Limited, for a premium. This agreement is based on a phased consideration and incremental disposal of shares, this will take place based on a formally agreed timescale, expected to complete by 31 August 2020, the value of consideration will be £150,000.

### Auditor

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

By order of the board



Prof A J Beaumont  
Director

13-15 Hunslet Road  
Leeds  
LS10 1JQ  
26th September 2019

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

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in 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 their profit or loss for that period. In preparing each of the Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

## Independent Auditor's Report to the Members of (aq) Limited

### Opinion

We have audited the financial statements of (aq) Limited ("the company") for the year ended 31 December 2018 which comprise the Profit and Loss Account and Other Comprehensive income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as valuation of trade and other debtors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

## **Independent Auditor's Report to the Members of (aq) Limited (*continued*)**

### **Strategic report and directors' report**

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

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

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

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.


### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

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



**Katharine L'Estrange** (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

27 September 2019

**Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2018*

	<i>Note</i>	2018 £	2017 £
<b>Turnover</b>	<b>2</b>	<b>11,650,757</b>	10,463,032
Cost of sales		<b>(8,116,015)</b>	(6,830,605)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>3,534,742</b>	3,632,427
Administrative expenses	<b>3</b>	<b>(3,937,957)</b>	(3,537,662)
		<hr/>	<hr/>
<b>Operating (loss)/profit</b>		<b>(403,215)</b>	94,765
Other interest receivable and similar income		<b>5,367</b>	-
Interest payable and similar changes		-	-
		<hr/>	<hr/>
<b>(Loss)/profit before taxation</b>	<b>6</b>	<b>(397,848)</b>	93,765
Tax credit		<b>59,602</b>	136,395
		<hr/>	<hr/>
<b>(Loss)/profit for the financial year</b>		<b>(338,246)</b>	231,160
		<hr/> <hr/>	<hr/> <hr/>

There are no recognised gains or losses other than those stated above and therefore no separate statement of other comprehensive income has been prepared. All results are from continuing operations.

The notes on pages 10 to 19 form part of these financial statements.

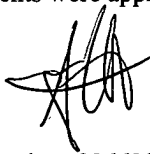
**Balance Sheet**  
*At 31 December 2018*

	<i>Note</i>	£	2018 £	£	2017 £
<b>Fixed assets</b>					
Tangible assets	8		538,869		677,495
Investments	7		6,614		9,217
			<hr/> 545,483		<hr/> 686,712
<b>Current assets</b>					
Debtors	9	8,185,516		7,883,046	
Cash at bank and in hand		446,314		290,742	
			<hr/> 8,631,830		<hr/> 8,173,788
<b>Creditors: amounts falling due within one year</b>	10	(4,262,663)		(3,607,703)	
			<hr/>		<hr/>
<b>Net current assets</b>			4,369,167		4,566,085
			<hr/>		<hr/>
<b>Net assets</b>			4,914,650		5,252,797
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	12		12		12
Capital contribution			99		-
Profit and loss account			4,914,539		5,252,785
			<hr/>		<hr/>
<b>Shareholders' funds</b>			4,914,650		5,252,797
			<hr/>		<hr/>

The notes on pages 10 to 19 form part of these financial statements.

These financial statements were approved by the board of directors on 26/09/2019 and were signed on its behalf by:

**Prof A J Beaumont**  
*Director*



Company registered number: 03663860

## Statement of Changes in Equity

	Called up Share capital £	Capital Contribution £	Profit and loss account £	Total equity £
Balance at 1 January 2017	12	-	5,021,625	5,021,637
<b><i>Total Comprehensive income for the period</i></b>				
Profit / (loss) for the year	-	-	231,160	231,160
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	231,160	231,160
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2017</b>	<b>12</b>	<b>-</b>	<b>5,252,785</b>	<b>5,252,797</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Balance at 1 January 2018	12	-	5,252,785	5,252,797
<b><i>Total Comprehensive income for the period</i></b>				
Profit / (loss) for the year	-	-	(338,246)	(338,246)
Capital contribution from parent company	-	99	-	99
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	99	(338,246)	(338,147)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2018</b>	<b>12</b>	<b>99</b>	<b>4,914,539</b>	<b>4,914,650</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 10 to 19 form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting Policies

(aq) Limited (the “Company”) is a company limited by shares and incorporated and domiciled in England, in the UK. The registered company number is 03663860. The registered address is 13-15 Hunslet Road, Leeds, LS10 1JQ.

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

The company’s ultimate parent company AQL Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of AQL Holdings Limited are prepared in accordance with FRS 102 and are available to the public, and may be obtained from 13-15 Hunslet Road, Leeds, LS10 1JQ. In these financial statements the company is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures have been applied:

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

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

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

The directors have reviewed the cash position and prepared performance forecasts which indicate that it expects to be able to meet its working capital requirements for the foreseeable future. The Company has been loss making in the year; however, the forecasts support that the business can continue to operate within the cash facilities available for at least the next 12 months with anticipated improvements in group performance. The group is not reliant on external financing, however, has an inter-company loan in place, with an entity under common control, who is a related party which is repayable on demand. The group is in a net asset and net current asset position at year end. On this basis the directors are satisfied that it is appropriate to prepare the accounts on a going concern basis.

#### 1.3 Classification of financial instruments issued by the group

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

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

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

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.4 Basic financial instruments

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

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

##### *Investments in preference and ordinary shares*

Investments in equity instruments are measured initially at fair value, where relevant, which is the normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. There are no overdraft arrangements or requirements for the current obligations of the Company.

#### 1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

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

- Motor vehicles 20% on cost
- Computer equipment 33% on cost
- fixtures and fittings between 10 and 25% on cost, depending on the estimated useful life.

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

#### 1.6 Government grants

Where necessary and appropriate, government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in period in which the related costs are incurred.

#### 1.7 Employee benefits

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

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

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.8 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount requires to settle the obligation at the reporting date.

#### 1.9 Turnover

Turnover consist primarily of recurring monthly fees from hosting services which is recognised as the services are provided. Hosting service contracts range from one month to five years. Payment receive and billings in advance of providing services are deferred until services are provided. Unbilled revenue for services provided are accrued at the end of each period.

#### 1.10 Expenses

##### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable and finance charges. Other interest receivable and similar income include interest receivable on funds invested.

#### 1.11 Taxation

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

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

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

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

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

#### 1.12 Accounting estimates and judgements

Management does not consider there to be any significant judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses in the preparation of the financial statements,

## Notes (continued)

### 2 Turnover

In the directors' opinion a geographical analysis of the turnover would not enhance the company's commercial interests.

### 3 Expenses and auditor's remuneration

*Auditor's remuneration:*

	2018 £	2017 £
Audit of these financial statements	20,250	15,200
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	-	-
Taxation compliance services	6,000	8,850
	<u>6,000</u>	<u>8,850</u>

*Operating Leases:*

Non-cancellable operating lease rentals are payable as follows:

	2018 £	2017 £
Less than one year	6,871	6,871
Between one and five years	3,657	10,528
More than five years	-	-
	<u>10,528</u>	<u>17,399</u>

### 4 Staff numbers and costs

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

	Number of employees 2018	2017
Management	10	13
Administration	62	60
	<u>72</u>	<u>73</u>

The aggregate payroll costs of these persons were as follows:

	2018 £	2017 £
Wages and salaries	2,106,508	1,902,457
Social security costs	196,850	177,249
Pension cost, defined contribution scheme	70,073	28,728
	<u>2,373,431</u>	<u>2,108,434</u>

## Notes (continued)

### 5 Directors' remuneration

	2018 £	2017 £
Directors' remuneration	16,699	31,661

The aggregate of remuneration of the highest paid director was £8,828 (2017: £24,000).

### 6 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2018 £	2017 £
<i>UK Corporation tax</i>		
UK corporation tax charge at 19% (2016: 19.25%) on the profit for the period	-	-
Adjustments in respect of prior years	-	(49,306)
Total current tax	-	(49,306)
<i>Deferred tax</i>		
Origination/reversal of timing differences	(52,673)	(93,050)
Adjustments in respect of prior periods	(6,929)	5,961
Effect of decreased tax rate	-	-
Total deferred tax	(59,602)	(87,089)
Tax on profit on ordinary activities	(59,602)	(136,395)

The current tax credit for the period (£59,602) (2017: (£136,395)) is lower (2017: lower) than the standard rate of corporation tax in the UK 19% (2017: 19.25%). The differences are explained below:

	2018 £	2017 £
<i>Total tax reconciliation</i>		
(Loss)/Profit on ordinary activities before tax	(397,848)	(200,628)
Total tax at 19% (2017: 19.25%)	(75,591)	(38,621)
<i>Effects of:</i>		
Fixed asset differences	5,196	5,958
Expenses not deductible for tax purposes	5,129	6,038
Other permanent differences	6,397	4,245
Additional deduction for R&D expenditure	-	(139,825)
Adjustments to current tax charge in respect of previous periods	(6,929)	13,515
Difference in CT rate versus DT rate	6,196	12,295
Total tax charge/(credit) (see above)	(59,602)	(136,395)

## Notes (continued)

### 7 Investments

	Investment in subsidiaries	Other Investments	Total
	£	£	£
<b>Cost</b>			
Balance at 31 December 2017	1	14,930	14,930
Additions	-	-	-
Disposals	(1)	-	(1)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	-	14,930	14,929
	<hr/>	<hr/>	<hr/>
<b>Amortisation and impairment</b>			
Balance at 31 December 2017	-	5,712	5,712
Amortisation for the year	-	2,602	2,602
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	-	8,314	8,314
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2017	1	9,217	9,218
	<hr/>	<hr/>	<hr/>
At 31 December 2018	-	6,614	6,614
	<hr/>	<hr/>	<hr/>

#### *Subsidiary disposals:*

On 30 June 2018 the company disposed of 100% of its investment in Bluewave Communications Limited to AQL Holdings Limited, the ultimate parent company. Consideration for this disposal was £100.00.

The amortisation charge is recognised in admin expenses.

Name	Registered Office Address	Nature of Business	Shareholding %
Digital Agenda Limited (Renamed ANO Realisations Ltd - 09/02/2019)	Hoults Yard, Walker Road, Newcastle, United Kingdom, NE6 2HL	58142 - Publishing of consumer and business journals and periodicals	29%

## Notes (continued)

### 8 Tangible fixed assets

	<b>Fixtures &amp; fittings £</b>
<b>Cost</b>	
Balance at 31 December 2017	2,587,022
Additions	105,184
	<hr/>
Balance at 31 December 2018	2,692,206
	<hr/>
<b>Depreciation and impairment</b>	
Balance at 31 December 2017	1,909,527
Depreciation charge for the year	243,810
	<hr/>
Balance at 31 December 2018	2,153,337
	<hr/>
<b>Net book value</b>	
At 31 December 2017	677,495
	<hr/>
<b>At 31 December 2018</b>	<b>538,869</b>
	<hr/>

Depreciation is charged to administrative expenses in the year.

## Notes (continued)

### 9 Debtors

	2018 £	2017 £
Trade debtors	1,450,785	1,498,051
Amounts owed by group undertakings	4,786,845	4,612,337
Other debtors	315	8,528
Deferred tax assets (see note 11)	164,153	104,551
Prepayments and accrued income	380,657	446,024
Directors loan account (see note 13)	1,135,682	982,496
Corporation tax	267,079	231,059
	<hr/>	<hr/>
	8,185,516	7,883,046
	<hr/>	<hr/>

All debtors are due within one year.

The amounts owed by group undertakings are receivable on demand. No interest is charged on outstanding balances.

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

	2018 £	2017 £
Trade creditors	233,496	559,898
Taxation and social security	83,128	60,787
Other creditors	22,221	23,095
VAT	63,028	151,816
Accruals and deferred income	589,647	475,072
Amounts owed to associated companies	3,271,143	2,337,035
	<hr/>	<hr/>
	4,262,663	3,607,703
	<hr/>	<hr/>

All creditors are due within one year.

The amounts owed to associated companies are repayable on demand. No interest is charged on the outstanding balances.

## Notes (continued)

### 11 Deferred taxation

The movement in the deferred tax asset during the year was as follows:

	2018 £	2017 £
Asset brought forward	104,551	17,462
Origination and reversal of timing differences	52,673	93,050
Adjustment in respect of prior periods	6,929	(5,961)
Effect of change in tax rate on opening balance	-	-
	<hr/>	<hr/>
<b>Asset carried forward</b>	<b>164,153</b>	<b>104,551</b>
	<hr/> <hr/>	<hr/> <hr/>

The provision for deferred tax consists of the tax effect of the following:

	2018 £	2017 £
Fixed asset timing differences	15,994	(4,040)
Short term timing differences	27,242	761
Tax losses carried forward and other deductions	120,917	107,830
	<hr/>	<hr/>
<b>Total</b>	<b>164,153</b>	<b>104,551</b>
	<hr/> <hr/>	<hr/> <hr/>

Reductions in the corporation tax rate to 19% from 1 April 2017 and 17% from 1 April 2020 were substantively enacted on 26 October 2015 and 6 September 2016 respectively. Deferred tax assets in respect of timing differences are expected to be recoverable against future taxable profits and are recognised according to the rate when the timing differences are expected to reverse.

### 12 Share capital

Share capital

	2018	Ordinary shares 2017
<i>Allotted, called up and fully paid</i>		
12 ordinary shares of £1 each	12	12
	<hr/>	<hr/>
	12	12
	<hr/> <hr/>	<hr/> <hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### 13 Transactions with directors

	2018	2017
Prof A J Beaumont		
Balance outstanding at start of period	982,496	871,665
Amounts advanced	153,186	110,831
	<hr/>	<hr/>
Balance receivable at end of period	1,135,682	982,496
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 14 Related parties

#### *Transactions with key management personnel*

The aggregate of remuneration of the highest paid director was £8,828 (2017: £24,000), see Note 5 Directors Remuneration).

#### *Other related party transactions*

<i>Company</i>	<b>Recharges from 2018 £</b>	<b>2017 £</b>
Entities over which Group has control, joint control or significant influence (subject to wholly owned exemption)	-	1,390,000
Entity over which Group has an interest	-	-
Key management personnel of the company and its group	<b>1,197,507</b>	-
	<hr/> <b>1,197,507</b> <hr/>	<hr/> <b>1,390,000</b> <hr/>

#### *Company*

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

	<b>Receivables outstanding 2018 £</b>	<b>2017 £</b>	<b>Creditors outstanding 2018 £</b>	<b>2017 £</b>
Entities with control, joint control or significant influence over the Company	-	-	-	-
Entities over which Company has control, joint control or significant influence (subject to wholly owned exemption)	-	4,612,337	-	2,337,035
Entity in which Company has an interest	<b>8,116</b>	-	-	-
Other related parties (subject to wholly owned exemption)	-	982,496	-	-
Key management personnel of the company and its group	<b>4,778,579</b>	-	<b>3,271,104</b>	-
	<hr/> <b>4,786,745</b> <hr/>	<hr/> <b>5,594,833</b> <hr/>	<hr/> <b>3,271,142</b> <hr/>	<hr/> <b>2,337,035</b> <hr/>

### 15 Ultimate parent company

The Company is a subsidiary undertaking of AQL Holdings Limited. The consolidated financial statements of the group are available to the public and may be obtained from 13-15 Hunslet Road, Leeds, West Yorkshire, LS10 1JQ.