(aq) Limited

Annual report and consolidated financial statements

Registered number 03663860

31 December 2017

Company Information

Director
Prof AJ Beaumont

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

Contents

Strategic Report

The directors present their strategic report for the year ended 31 December 2017 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. The report outlines the developments 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 2016 are for the year ended 31 December 2016.

Principle activities and business review

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

The results of the Group show a turnover of £10,650,198 *(2016: £9,835,056)* and loss before tax of £200,628 *(2016: profit of £780,616)*. At 31 December 2017, the Group had net assets of £4,686,043 *(2016: £4,750,276)*.

Business strategy and objectives

The Company continues its expansion in wholesale services capable of supporting exponential growth in communications software partners. Its focus on application programming interface access to services will remain at the fore. During the year there has been continued investment in the team and infrastructure in order to facilitate the planned growth.

Outlook

The Company is continuing to focus on growth in scalable telecommunications services and will continue to reinvest in research and innovation and also in supporting infrastructure, including networks and datacentres.

The key capabilities gained in the fixed and mobile regulated space are centre on managing supply costs.

Key performance indicators

	2017	2016
	£000	£000
Turnover	**10,650,198**	9,835,056
Gross profit	**3,521,882**	3,804,003
Gross profit percentage %	**33.1**	38.7
Administrative expenses	**3,722,510**	3,023,260
Administrative expenses/turnover %	**35.0**	30.7
Number of employees	**76**	63

Principal risks and uncertainties

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

2 October 2018

Directors' report

The Director's present the consolidated financial statements for (aq) Limited for the year 31 December 2017. The comparative information provided within the enclosed financial statements related relates to the year ended 31 December 2016.

Results

The results of the Group show a turnover of £10,650,198 *(2016: £9,835,056)* and loss before tax of £200,628 *(2016: profit of £780,616)*. At 31 December 2017, the Group had net assets of £4,686,043 *(2016: £4,750,276)*.

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:

Prof A J Beaumont
L R Cowley (resigned 1 May 2018)

Dividends

The directors do not recommend the payment of a dividend *(2016: £nil)*.

Political contributions

Neither the Company nor its subsidiary made any 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

There have been no significant event since the year end.

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
2 October 2018

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent 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 group and parent 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 group or the parent 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent 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.

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
United Kingdom

Opinion

We have audited the financial statements of (aq) Limited ("the company") for the year ended 31 December 2017 which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement 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 group's and of the parent company's affairs as at 31 December 2017 and of the group's 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 group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

Strategic report and directors' report

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

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

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

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 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; 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 group and 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 they 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

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

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

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

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

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

2 October 2018

Consolidated Profit and Loss Account and Other Comprehensive Income

for the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	2	**10,650,198**	9,835,056
Cost of sales		**(7,128,316)**	(6,031,053)
Gross profit		**3,521,882**	3,804,003
Administrative expenses		**(3,722,510)**	(3,023,260)
Operating (loss) / profit		**(200,628)**	780,743
Other interest receivable and similar income		**-**	(127)
Interest payable and similar changes		**-**	-
(Loss) / Profit on ordinary activities before taxation	6	**(200,628)**	780,616
Tax credit/(charge) on profit on ordinary activities		**136,395**	(22,006)
(Loss) /Profit for the financial year		**(64,233)**	758,610

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 12 to 21 form part of these financial statements.

Consolidated Balance Sheet

at 31 December 2017

	Note	**2017**		2016	
		£	**£**	£	£
Fixed assets					
Goodwill	*7*	**120,055**		135,886	
Tangible assets	*8*	**705,771**		704,164	
Other investments	*7*	**9,118**		5,417	
			834,944		845,467
Current assets					
Stocks		**250**		250	
Debtors	*9*	**7,364,956**		6,948,084	
Cash at bank and in hand		**296,402**		584,969	
		7,661,608		7,533,303	
Creditors: amounts falling due within one year	*10*	**(3,810,509)**		(3,628,494)	
Net current assets			**3,851,099**		3,904,809
Net assets			**4,686,043**		4,750,276
Capital and reserves					
Called up share capital	*12*		**12**		12
Profit and loss account			**4,686,031**		4,750,264
Shareholders' funds			**4,686,043**		4,750,276

The notes on pages 12 to 23 form part of these financial statements.

These financial statements were approved by the board of directors on 2 October 2018 and were signed on its behalf by:

Prof A J Beaumont
Director
Company registered number: 03663860

Company Balance Sheet
At 31 December 2017

	Note	2017		2016	
		£	£	£	£
Fixed assets					
Tangible assets	*8*		**677,495**		674,821
Investments	*7*		**9,217**		5,416
			686,712		680,237
Current assets					
Debtors	*9*	**7,883,046**		7,252,427	
Cash at bank and in hand		**290,742**		524,611	
		8,173,788		7,777,038	
Creditors: amounts falling due within one year	*10*	**(3,607,703)**		(3,435,638)	
Net current assets		**4,566,085**		4,341,400	
Net assets			**5,252,797**		5,021,637
Capital and reserves					
Called up share capital	*12*		**12**		12
Profit and loss account			**5,252,785**		5,021,625
Shareholders' funds			**5,252,797**		5,021,637

The notes on pages 12 to 21 form part of these financial statements.

These financial statements were approved by the board of directors on 2 October 2018 and were signed on its behalf by:

Prof A J Beaumont
Director
Company registered number: 03663860

Consolidated Statement of Changes in Equity

	Called up Share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2016	12	3,991,654	3,991,666
Total Comprehensive income for the period			
Profit for the year	-	758,610	758,610
Total comprehensive income for the period	-	758,610	758,610
Balance at 31 December 2016	**12**	**4,750,264**	**4,750,276**
Balance at 1 January 2017	12	4,750,264	4,750,276
Total Comprehensive income for the period			
Profit for the year		(64,233)	(64,233)
Total comprehensive income for the period		(64,233)	(64,233)
Balance at 31 December 2017	**12**	**4,686,031**	**4,686,043**

The notes on pages 12 to 21 form part of these financial statements.

Company Statement of Changes in Equity

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2016	12	4,092,972	4,092,984
Total Comprehensive income for the period			
Profit for the year	-	928,653	928,653
Total comprehensive income for the period	-	928,653	928,653
Balance at 31 December 2016	**12**	**5,021,625**	**5,021,637**
Balance at 1 January 2017	12	5,021,625	5,021,637
Total Comprehensive income for the period			
Profit for the year	-	231,160	231,160
Total comprehensive income for the period	-	231,160	231,160
Balance at 31 December 2017	**12**	**5,252,785**	**5,252,797**

The notes on pages 12 to 21 form part of these financial statements.

Consolidated Cash Flow Statement

for year ended 31 December 2017

	Note	**2017**	2016
		£	£
Cash flows from operating activities			
Profit for the year		**(64,233)**	758,610
Adjustments for:			
Depreciation, amortisation and impairment		**279,413**	282,838
Taxation		**(136,395)**	22,006
		78,785	1,063,454
(Increase)/decrease in trade and other debtors		**(280,477)**	(1,326,467)
(Increase)/decrease in stocks		**-**	-
(Decrease)/increase in trade and other creditors		**182,015**	871,985
Corporation tax paid		**-**	(76,824)
Net cash from operating activities		**(19,677)**	532,148
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		**-**	-
Acquisition of tangible fixed assets	*8*	**(262,860)**	(295,540)
Acquisition of other intangible assets	*7*	**(6,030)**	(4,800)
Acquisition of other intangible assets		**-**	-
Net cash from investing activities		**(268,890)**	(300,340)
Net increase/(decrease) in cash and cash equivalents		**(288,567)**	231,808
Cash and cash equivalents at 1 January 2017		**584,969**	353,161
Cash and cash equivalents at 31 December 2017		**296,402**	584,969

The notes on pages 12 to 21 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 the UK.

These Group and parent company financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.

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

These accounts are prepared on a going concern basis. 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. On this basis the directors are satisfied that it is appropriate to prepare the accounts on a going concern basis.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2017. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, the investment in the subsidiary is carried at cost less impairment with changes recognised in the other comprehensive income in accordance with FRS 102.17.15E-F, Property, Plant and Equipment, with net revaluation gains recognised in OCI and net revaluation losses in profit or loss.

1.4 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)*

1.5 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 measure 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, 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. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.6 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.

1.7 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the company.

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Notes *(continued)*

1 Accounting policies *(continued)*

1.8 Goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 years.

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

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.9 Government grants

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.

1.10 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.

1.11 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.

1.12 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.

1.13 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.

1.14 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.

Notes *(continued)*

2 Turnover

Turnover is derived predominantly from within the UK from the rendering of the company's services.

3 Expenses and auditor's remuneration

Auditor's remuneration:

	2017	2016
	£	£
Audit of these financial statements	**15,200**	12,000
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	**-**	2,000
Taxation compliance services	**8,850**	-

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	
	2017	2016
Management	**15**	13
Administration	**61**	50
	76	63

The aggregate payroll costs of these persons were as follows:

	2017	2016
	£	£
Wages and salaries	**1,887,720**	1,490,259
Social security costs	**208,061**	159,464
	2,095,781	1,649,723

5 Directors' remuneration

	2017	2016
	£	£
Directors' remuneration	**31,661**	33,151

The aggregate of remuneration of the highest paid director was £24,000 *(2016: £24,000).*

Notes *(continued)*

6 Taxation

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

	2017	2016
	£	£
UK Corporation tax		
UK corporation tax charge at 19.25% *(2016: 20.00%)* on the profit for the period	**-**	-
Adjustments in respect of prior years	**(49,306)**	13,782
Total current tax	**(49,306)**	13,782
Deferred tax		
Origination/reversal of timing differences	**(93,050)**	20,482
Adjustments in respect of prior periods	**5,961**	(14,490)
Effect of decreased tax rate	**-**	2,232
Total deferred tax	**(87,089)**	8,224
Tax on profit on ordinary activities	**(136,395)**	22,006

The current tax credit for the period (£136,395) *(2016: £22,066)* is lower *(2016: lower)* than the standard rate of corporation tax in the UK 19.25% *(2016: 20%)*. The differences are explained below:

	2017	2016
	£	£
Total tax reconciliation		
(Loss)/Profit on ordinary activities before tax	(200,628)	780,616
Total tax at 19.25% *(2016: 20%)*	**(38,621)**	156,123
Effects of:		
Fixed asset differences	**5,958**	13,113
Expenses not deductible for tax purposes	**6,038**	4,431
Losses not recognised	**4,245**	34,009
Additional deduction for R&D expenditure	**(139,825)**	(180,618)
Adjustments to current tax charge in respect of previous periods	**13,515**	10,820
Adjustments to deferred tax charge in respect of periods	**-**	(14,490)
Difference in CT rate versus DT rate	**12,295**	(1,382)
Total tax charge/(credit) *(see above)*	**(136,395)**	22,006

Notes *(continued)*

7 Intangible assets and goodwill

Group	Goodwill £
Cost	
Balance at 1 January 2017	158,314
Balance at 31 December 2017	158,314
Amortisation and impairment	
Balance at 1 January 2017	22,428
Amortisation for the year	15,831
Balance at 31 December 2017	38,259
Net book value	
At 1 January 2017	135,886
At 31 December 2017	**120,055**

The amortisation charge is recognised in admin expenses.

Group	Investment in subsidiaries £	Other investments £	Total £
Cost			
Balance at 1 January 2017	1	8,800	8,801
Additions	-	6,030	6,030
Balance at 31 December 2017	1	14,830	14,831
Amortisation and impairment			
Balance at 1 January 2017	-	3,384	3,384
Amortisation for the year	-	2,329	2,329
Balance at 31 December 2017	-	5,713	5,713
Net book value			
At 1 January 2017	1	5,416	5,417
At 31 December 2017	**1**	**9,117**	**9,118**

Subsidiary undertakings:

100% ownership of Bluewave Communications Limited (Tower House, Castle Street, Douglas, Isle of Man). Bluewave Communications Limited is registered in the Isle of Man, with company number 119598C. The principal activity of the company is that of telecom supplies and the provision of media services.

Notes *(continued)*

8 Tangible fixed assets

Group	Fixtures & fittings £
Cost	
Balance at 1 January 2017	2,395,503
Additions	262,860
Balance at 31 December 2017	2,658,363
Depreciation and impairment	
Balance at 1 January 2017	1,691,339
Depreciation charge for the year	261,253
Balance at 31 December 2017	1,952,592
Net book value	
At 1 January 2017	704,164
At 31 December 2017	**705,771**

Company	Fixtures & fittings £
Cost	
Balance at 1 January 2017	2,341,034
Additions	251,387
Balance at 31 December 2017	2,592,421
Depreciation and impairment	
Balance at 1 January 2017	1,666,213
Depreciation charge for the year	248,713
Balance at 31 December 2017	1,914,926
Net book value	
At 1 January 2017	674,821
At 31 December 2017	**677,495**

Notes *(continued)*

9 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
Trade debtors	**1,571,389**	1,031,057	**1,498,051**	997,537
Amounts owed by group undertakings	**4,015,835**	4,193,547	**4,612,337**	4,533,388
Other debtors	**8,528**	2,292	**8,528**	314
Deferred tax assets (see note 11)	**104,551**	17,462	**104,551**	17,462
Prepayments and accrued income	**451,098**	707,259	**446,024**	707,259
Directors loan account (see note 13)	**982,496**	871,665	**982,496**	871,665
Corporation tax	**231,059**	124,802	**231,059**	124,802
VAT	**-**	-	**-**	-
	7,364,956	6,948,084	**7,883,046**	7,252,427

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

	Group 2017 £	2016 £	Company 2017 £	2016 £
Trade creditors	**587,682**	578,123	**559,898**	541,985
Taxation and social security	**69,017**	45,975	**60,787**	42,497
Other creditors	**188,540**	180,071	**23,095**	14,524
VAT	**153,161**	87,734	**151,816**	102,173
Accruals and deferred income	**475,074**	344,672	**475,072**	342,257
Amounts owed to undertakings in which the entity has a participating interest	**2,337,035**	2,247,150	**2,337,035**	2,247,150
Amounts owed to associated companies	**-**	144,769	**-**	145,052
	3,810,509	3,628,494	**3,607,703**	3,435,638

All creditors are due within one year.

The amounts owed to undertakings in which the entity has a participating interest 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:

	Deferred taxation Group and Company 2017 £	2016 £
Asset brought forward	**17,462**	25,686
Origination and reversal of timing differences	**93,050**	(20,482)
Adjustment in respect of prior periods	**(5,961)**	14,490
Effect of change in tax rate on opening balance	**-**	(2,232)
Asset carried forward	**104,551**	17,462

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

	Group and Company 2017 £	2016 £
Fixed asset timing differences	**(4,040)**	12,298
Short term timing differences	**761**	5,164
Tax losses carried forward and other deductions	**107,830**	-
Total	**104,551**	17,462

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

	Ordinary shares 2017	2016
Allotted, called up and fully paid		
12 ordinary shares of £1 each	**12**	12
	12	12

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

	Group and Company 2017	2016
Prof A J Beaumont		
Balance outstanding at start of period	**871,665**	175,233
Amounts advanced	**110,831**	696,432
Balance receivable at end of period	**982,496**	871,665

Notes *(continued)*

14 Related parties

Transactions with key management personnel

Total compensation of key management personnel in the year amounted to £7,661 *(2016: £8,247).*

Other related party transactions

Group	**Recharges from** **2017** **£**	2016 £
Entities over which Group has control, joint control or significant influence (subject to wholly owned exemption)	**1,390,000**	1,320,000
Entity over which Group has an interest	**0**	68,225
	1,390,000	1,388,225

Group	**Receivables outstanding**		**Creditors outstanding**	
	2017	2016	**2017**	2016
	£	£	**£**	£
Entities over which Group has control, joint control or significant influence (subject to wholly owned exemption)	**4,015,835**	4,193,547	**2,337,035**	2,392,202
Entity in which Group has an interest	**-**	-		41,918
Key management personnel of the company and its group	**982,496**	871,665	**-**	-
	4,998,331	5,065,212	**2,337,035**	2,434,120

Company

Identity of related parties with which the Company has transacted

	Receivables outstanding		**Creditors outstanding**	
	2017	2016	**2017**	2016
	£	£	**£**	£
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**	4,533,388	**2,337,035**	2,392,202
Entity in which Company has an interest		-		41,918
Other related parties (subject to wholly owned exemption)	**982,496**	871,665	**-**	-
	5,594,833	5,405,053	**2,337,035**	2,434,120