Company Registration No. 03872790

Netnames Brand Protection Limited

Annual Report and Financial Statements
For the year ended 30 June 2016

Netnames Brand Protection Limited

Annual report and financial statements for the year ended 30 June 2016

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Netnames Brand Protection Limited

Annual report and financial statements for the year ended 30 June 2016

Officers and professional advisers

Directors

P Ashworth (appointed 20 February 2017)
J Stoltzfus (appointed 29 July 2016)
T Porth (appointed 29 July 2016)
G W McIlraith (resigned 29 July 2016)
P J Greensmith (resigned 29 July 2016)

Company Secretary

P J Greensmith (resigned 29 July 2016)

Registered Office

25 Canada Square
Canary Wharf
London
E14 5LQ

Auditor

Deloitte LLP
Chartered Accountants & Statutory Auditor
2 New Street Square
London
EC4A 3BZ

Netnames Brand Protection Limited

Strategic report

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Results and dividends

The profit for the year after taxation was £573,000 (2015: £201,000).

The Company paid no dividends in the year (2015: £nil) and the Directors do not recommend the payment of a dividend (2015: £nil).

Principal activities

The Company's principal activities are the provision of automated internet search and monitoring services to identify and deal with brand abuse, counterfeiting, piracy and fraud.

Key performance indicators

The Directors measure the performance of the business based on EBITDA. In addition to revenue, these metrics are considered to be the Key Performance Indicators of the business. EBITDA, which is defined as operating profit before depreciation, amortisation, exceptional items and foreign exchange, for the year ending 2016 was £447,000 (2015: £327,000).

Business review and future developments

The Directors consider the results for the year to be satisfactory.

On 29 July 2016, the Netnames Group was acquired by Corporation Service Company (Europe) Limited. The Company, together with other group undertakings, had previously issued a guarantee in favour of its intermediate parent, Netnames Holdings Limited, in connection with that company's bank borrowings. As part of the acquisition, the bank loan was repaid and the guarantee described in Note 13 was released.

The Directors do not foresee any material change in the activities of the Company.

The financial statements have been prepared under FRS101, whereas previously they were prepared under UK GAAP. This transitional year has resulted in several restatements of FY15 position and performance including the recognition of an intangible asset of £292,000 with a related administrative expense of £29,000 and the inclusion of holiday pay accrual of £28,000 with no expense recognised in FY15.

Business risks

The Directors believe that the principal business risks faced by the Company arise in the areas of the services provided, the technology platforms used and the staff employed.

The Company's services are primarily delivered over the internet through a complex technical infrastructure, the availability and security of which are critical in delivering the services. Processes, plans and safeguards are in place to the extent it is reasonable or feasible to deliver those services. The internet and related technologies continue to develop fast. Given this operating environment, there may be rapid changes in the market, technology and operational methodologies. The Company has an ongoing programme of market and competitive review, service development and infrastructure enhancement.

The brand protection market is large with substantial competition and the Company differentiates its offering by combining cost effective solutions with higher levels of service.

The Company's services and infrastructure are supported by skilled staff; from account management and fulfilment through to technical support. The Company is therefore reliant upon its ability to attract, train and retain the right mix of staff.

Netnames Brand Protection Limited

Strategic report (continued)

The Directors monitor the risks facing the Company on a regular basis.

Financial risks

The Company faces the normal financial risks associated with operating in business-to-business markets with exposure to credit, market (interest rate and currency), liquidity and price risks. The Company's direct risk profile is increased by the guarantee described in note 12, which exposes the Company to the financial risks of all subsidiaries of its intermediate parent company, Netnames Holdings Limited and of its ultimate parent company, Netnames Group Limited. The guarantee has been released post acquisition.

The Company complies with the Group's objectives, policies and processes for managing financial risks and the methods used to measure them as described in the financial statements of Netnames Group Limited. The overall objective of these policies is to reduce risk as far as possible, without unduly affecting the Group's competitiveness and flexibility.

The financial statements of Netnames Group Limited include detailed analysis of these risks and show that there have been no substantive changes in the Group's and so the Company's exposure to financial risks, or its objectives, policies and processes for managing those risks, and the methods used to measure them.

The financial instruments of the Company and its subsidiaries at 30 June 2016 comprised: trade and other receivables; cash and cash equivalents; loans and borrowings; trade and other payables. All these financial instruments are carried at amortised cost and the Directors believe that there is no material difference between the book and fair value of its financial instruments due to the instruments bearing interest at floating rates or being of a short-term nature.

Going concern

After making appropriate enquiries, the Directors have formed a judgement at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis in preparing the financial statements for the year ended 30 June 2016. More details may be found in note 1 to the financial statements.

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 13 to the financial statements.

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

Paul Ashworth
Director
17 March 2017

Netnames Brand Protection Limited

Directors' report

The Directors present their annual report together with the audited financial statements and auditor's report for the year ended 30 June 2016.

Details relating to going concern, principal activities, business and financial risks, dividends, events after the balance sheet date and future developments have been included in the strategic report, and forms part of this report by cross reference.

Directors

The Directors of the Company during the year and to the date of this report are shown on page 1.

The Group has purchased insurance which covers the Company's Directors and officers against any costs arising from defending themselves in legal proceedings taken against them as a direct result of duties carried out on behalf of the Company.

Provision of information to the auditor

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

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information.

This confirmation is given in accordance with the provisions of section 418 of the Companies Act 2006.

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

Paul Ashworth
Director
17 March 2017

Netnames Brand Protection Limited

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and financial statements in accordance with *applicable law and regulations.*

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Netnames Brand Protection Limited

We have audited the financial statements of Netnames Brand Protection Limited for the year ended 30 June 2016 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of its 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.

Opinion on matters prescribed in the Companies Act 2006

In our opinion the information in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Richard Howe (Senior Statutory Auditor)
for and on behalf of Deloitte LLP,
Chartered Accountants and Statutory Auditor
London, United Kingdom
17 March 2017

Netnames Brand Protection Limited

Profit and loss account for the year ended 30 June 2016

	Notes	2016 £'000	2015 £'000
Turnover	3	2,509	2,149
Cost of sales		(116)	(87)
Gross profit		2,393	2,062
Other administrative expenses		(1,820)	(1,861)
Operating profit and profit on ordinary activities before taxation	4	573	201
Taxation on profit from ordinary activities	6	-	-
Profit on ordinary activities after taxation		573	201

All amounts relate to continuing activities.

All recognised gains or losses in the current and prior year are included in the profit and loss account.

There are no other sources of comprehensive income, therefore no separate 'Statement of Comprehensive Income' has been prepared.

Netnames Brand Protection Limited

Balance sheet as at 30 June 2016

	Notes	2016 £'000	2015 £'000
Fixed assets			
Intangible assets	7	398	292
Tangible assets	8	4	9
		402	301
Current assets			
Debtors	9	2,202	2,291
Cash at bank and in hand		54	10
		2,256	2,301
Creditors: amounts falling due within one year	10	(4,814)	(5,331)
Net current *liabilities*		(2,558)	(3,030)
Net liabilities		(2,156)	(2,729)
Capital and reserves			
Called up share capital	11	10	10
Share premium account		1,091	1,091
Profit and loss account		(3,257)	(3,830)
Shareholders' deficit		(2,156)	(2,729)

The financial statements of Netnames Brand Protection Limited, registered number 03872790, were approved by the Board of Directors and authorised for issue on 17 March 2017.

Signed on behalf of the Board of Directors

Paul Ashworth
Director

Netnames Brand Protection Limited

Statement of changes in equity as at 30 June 2016

	Share capital £'000	Share premium £'000	Profit and loss £'000	2016 £'000
Year ended 30 June 2016				
Balance at 1 July 2015 (Note 15)	10	1,091	(3,830)	(2,729)
Comprehensive income for the year	-	-	573	573
Balance at 30 June 2016	10	1,091	(3,257)	(2,156)
Year ended 30 June 2015				
Balance at 1 July 2014 (Note 15)	10	1,091	(4,031)	(2,930)
Comprehensive income for the year	-	-	201	201
Balance at 30 June 2015	10	1,091	(3,830)	(2,729)

Netnames Brand Protection Limited

Notes to the financial statements for the year ended 30 June 2016

1. Accounting policies

Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council. Accordingly, in the year ended 30 June 2016 the Company has changed its accounting framework from pre-2015 UK GAAP to FRS 101 and has, in doing so, applied the requirements of IFRS 1.6 - 33 and related appendices. These financial statements have been prepared in accordance with FRS 101.

The prior year financial statements were restated for material adjustments on adoption of FRS 101 in the current year. For more information see note 15.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective and impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of Netnames Group Limited, which can be obtained from Companies House.

The financial statements have been prepared on the historical cost basis, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The principal accounting policies adopted are set out below.

Going concern

The Company has obtained a letter of support from its ultimate parent company, WMB Holdings Limited, which guarantees the company any future funds required to continue as a going concern for a period of no less than 12 months from the date these financial statements are approved.

After making enquiries, including taking into account the Group's forecasts and sensitivity analysis as disclosed in the Group's financial statements, the Directors consider it appropriate to prepare these financial statements on the going concern basis.

Turnover

Turnover represents amounts derived from the provision of services which fall within the Company's ordinary activities after deduction of value added tax. Income for services provided which are invoiced in advance are deferred in the balance sheet and released to the profit and loss account in the years in which the services are provided.

Intangible assets

An internally generated intangible asset arising from the Company's development is recognised only if all the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Netnames Brand Protection Limited

Notes to the financial statements for the year ended 30 June 2016 (continued)

1. Accounting policies (continued)

Intangible assets internally generated represent salaries, wages and other employment costs of personnel directly engaged in generating the asset, as per IAS 38 "Intangible Assets". Amortisation of intangible assets is charged to the income statement on a straight-line basis over the estimated useful lives of each intangible asset. Intangible assets are amortised from the date they are available for use.

The estimated useful lives are as follows:

Development costs	-	1 to 5 years
Licences	-	5 to 8 years

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and provision for impairment. The cost of a tangible fixed asset comprises its purchase price and any costs directly attributable to bringing the asset into use. Depreciation is calculated to write down the cost of all tangible fixed assets to their estimated residual value over their expected useful economic life as follows:

Computer equipment	-	2 to 4 years
Fixtures, fittings and equipment	-	3 years
Leasehold improvements	-	over the period of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss account.

Taxation

The tax expense represents the aggregate of the tax currently payable and movement in deferred tax. The tax currently payable is based on taxable profit for the year. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also charged or credited directly to equity.

However, deferred tax is not provided for temporary differences that arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profits or loss; and on the initial recognition of goodwill.

1. Accounting policies (continued)

Financial instruments

Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual terms of the financial instrument.

Financial assets

- *Cash and cash equivalents*

  Cash and cash equivalents include cash at bank and in hand and short-term deposits with a maturity of less than three months.

- *Trade and other receivables*

  Trade receivables do not carry any interest and are stated at their fair value on initial recognition, and then subsequently at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. Impairment provisions are recognised when there is objective evidence that the Company will be unable to collect all of the amounts due under the terms receivable.

Financial liabilities – held at amortised cost

- *Trade payables*

  Trade payables are not interest bearing and are stated at their fair value on initial recognition, and then subsequently at amortised cost.

- *Loans and borrowings*

  Borrowings represent interest bearing loans which are recorded at fair value on initial recognition, being proceeds received net of direct issue costs. Finance charges are accounted for on an accruals basis and are recognised in the income statement over the term of the borrowing using the effective interest rate method.

- *Capital*

  Financial instruments issued by the Company are treated as equity if the holders have only a residual interest in the assets of the Group after the deduction of all liabilities. The Company's ordinary shares are classified as equity instruments. The Company considers its capital to comprise its ordinary share capital, share premium and accumulated retained earnings.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over the shorter of the period of the lease and the estimated useful economic life of the assets. The finance costs are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the profit and loss account. Operating lease rentals are charged to the profit and loss account in equal amounts over the lease term.

Pensions

The Company makes contributions to a defined contribution plan for Directors and employees. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year.

2. Critical accounting estimates and judgements

In preparing the Financial Statements, the Directors have to make judgements on how to apply the Company's accounting policies and make estimates about the future. The critical judgements that have been made in arriving at the amounts recognised in the Financial Statements and the key sources of estimation uncertainty that have significant risks of causing a material adjustment to the carrying value of assets and liabilities in the next financial year are discussed below:

Useful lives of intangible assets and tangible fixed assets

Intangible assets are amortised and tangible fixed assets are depreciated over their useful lives. Useful lives are based on the Directors' estimates of the year that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the profit and loss account in specific periods.

3. Turnover

In the opinion of the Directors, the Company's activities constitute one class of business. All turnover during the current and prior years originates in the United Kingdom.

4. Profit on ordinary activities before taxation

	2016 £'000	2015 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of owned assets	5	19
Amortisation of internally-generated intangible assets	101	142
Foreign exchange gains	(232)	(5)
Operating lease rentals	86	86
Research and development	29	22

Fees payable to the Company's auditor

For the audit of the Company's financial statements	9	8

Notes to the financial statements for the year ended 30 June 2016 (continued)

5. Information regarding employees

Staff costs incurred in the year were as follows:

	2016 £'000	2015 £'000
Wages and salaries	1,442	1,187
Social security costs	173	142
Other pension costs	36	35
	1,651	1,364

Average monthly number of employees during the year:

	2016 Number	2015 Number
Operations	46	38
Administration	0	0
	46	38

Key management remuneration

Key management has been defined as the Directors of Netnames Brand Protection Limited. No Directors received any emoluments in respect of services to the Company. Key management remuneration paid by Netnames Operations Limited, its intermediate parent, are disclosed in its financial statements.

6. Taxation on profit from ordinary activities

(a) Tax charge

	2016 £'000	2015 £'000
Current tax		
Adjustments in respect of prior years	-	-
Total current tax		
	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Prior-year deferred tax	-	-
Total deferred tax	-	-
Total tax on profit on ordinary activities	-	-

Notes to the financial statements for the year ended 30 June 2016 (continued)

6. Taxation on profit from ordinary activities (continued)

(b) Factors affecting the tax charge

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK. The differences are explained below:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	573	201
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20% (2015: 20.75%)	115	42
Effects of:		
Expenses not deductible for tax purposes	1	-
Income not assessable to tax	-	-
Depreciation in excess of capital allowances	-	-
Short-term timing differences	-	-
Group relief surrendered	-	-
Utilisation of tax losses	(116)	(42)
Tax charge	-	-

(c) Unrecognised deferred tax assets

No deferred tax assets are recognised at 30 June 2016 (2015: £nil) when the Company had £514,000 of unrecognised potential deferred tax assets (2015: £788,000) due to uncertainty over making sufficient future taxable profits.

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

The Government intends to enact further reductions in the main tax rate down to 17% effective from 1 April 2020. As this tax rate was not substantively enacted at the balance sheet date, the relevant rate reduction is not yet reflected in these financial statements.

Notes to the financial statements for the year ended 30 June 2016 (continued)

7. Intangible assets

	Licenses £'000	Development costs £'000	Total £'000
Cost or valuation			
At 1 July 2015	230	554	784
Capitalised during the year	-	207	207
At 30 June 2016	230	761	991
Amortisation			
At 1 July 2015	230	262	492
Charge for the year	-	101	101
At 30 June 2016	230	363	593
Net book value			
At 30 June 2016	-	398	398
At 30 June 2015	-	292	292

8. Tangible fixed assets

	Computer equipment £'000	Fixtures, fittings and equipment £'000	Leasehold property improvements £'000	Total £'000
Cost or valuation				
At 1 July 2015	309	25	15	349
Additions	-	-	-	-
At 30 June 2016	309	25	15	349
Depreciation				
At 1 July 2015	300	25	15	340
Provided for the year	5	-	-	5
At 30 June 2016	305	25	15	345
Net book value				
At 30 June 2016	4	-	-	4
At 30 June 2015	9	-	-	9

Notes to the financial statements for the year ended 30 June 2016 (continued)

9. Debtors

	2016 £'000	2015 £'000
Trade debtors	3	5
Other debtors	-	15
Amounts owed by Group undertakings	2,065	2,165
Prepayments and accrued income	134	106
	2,202	2,291

All amounts shown under debtors fall due for payment within one year.

10. Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	66	79
Amounts due to Group undertakings	4,619	5,119
Other taxation and social security	-	-
Other creditors	21	-
Accruals and deferred income	108	133
	4,814	5,331

11. Called up share capital

	2016 £'000	2015 £'000
Issued and fully paid		
102,972 ordinary shares of 10p each	10	10

12. Commitments

(a) Operating leases – land and buildings

As at 30 June 2016, the company had the following operating lease commitments which fall due as follows:

	2016 £'000	2015 £'000
Within one year	86	85
In the second to fifth years inclusive	43	129
	129	214

(b) Guarantees

The Company, together with other group undertakings, had issued a guarantee in favour of its intermediate parent company, Netnames Holdings Limited, in connection with that company's bank borrowings. The bank borrowings were fully repaid post year end and the guarantee was released. See note 13 for details.

Notes to the financial statements for the year ended 30 June 2016 (continued)

13. Post balance sheet events

On 29 July 2016, the Netnames Group was acquired by Corporation Service Company (Europe) Limited. As part of the acquisition, the bank loan was repaid and the guarantee was released.

14. Ultimate Controlling party

At 30 June 2016, the Company's immediate parent company was Netnames Brand Protection Holdings Limited and the ultimate parent company was Netnames Group Limited. Following the purchase of the Netnames Group on 29 July 2016, the immediate parent company at the date of approval of the financial statements is Netnames Brand Protection Holdings Limited and the ultimate parent company is WMB Holdings Inc., a privately held corporation in Wilmington, Delaware, USA.

15. Explanation of transition to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101. The following disclosures are required in the year of transition. The last financial statements under a previous GAAP (pre-2015 UK GAAP) were for the year ended 30 June 2015 and the date of transition to FRS 101 was therefore 1 July 2014.

Reconciliation of equity

	At 1 July 2014 £'000	At 30 June 2015 £'000
Equity reported under previous UK GAAP	(3,165)	(2,993)
Adjustments to equity on transition to FRS 101		
Profit and loss brought forward:		
a. Reduction of administrative expenses due to capitalising intangible assets – development costs	383	554
b. Amortisation of intangible asests - development costs	(120)	(262)
c. Increase in administrative expenses due to holiday pay accrual	(28)	(28)
Equity reported under FRS 101	(2,930)	(2,729)

Notes to the reconciliation of equity at 1 July 2014

Development costs were previously included under administrative expenses (staff costs) under old UK GAAP. These are now capitalised under FRS 101. This created an intangible asset with cost £383,000 and accumulated amortisation of £120,000.

Holiday pay was not accrued for under old UK GAAP but is accrued for under FRS 101. This has reduced the equity position by £28,000.

Notes to the financial statements for the year ended 30 June 2016 (continued)

15. Explanation of transition to FRS 101 (continued)

Reconciliation of total comprehensive income for the year ended 30 June 2015

		£
	Total comprehensive income for the financial year under previous UK GAAP	172
1	Recognition of intangible assets – development costs	171
2	Amortisation of intangible assets	(142)
	Total comprehensive income for the financial year under FRS 101	201

Notes to the reconciliation of profit or loss for year ended 30 June 2015

Development costs were previously included under administrative expenses (staff costs) under old UK GAAP. These are now capitalised under FRS 101. For the year ended 30 June 2015, £171,000 of development costs were capitalised and £142,000 was amortised, resulting in a net increase in profit of £29,000.