

Registered number: 05424113

SPLENDID COMMUNICATIONS LIMITED
UNAUDITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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SPLENDID COMMUNICATIONS LIMITED
REGISTERED NUMBER:05424113

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	5	74,143	82,297
Current assets			
Debtors: amounts falling due after more than one year	6	55,130	55,130
Debtors: amounts falling due within one year	6	788,569	598,727
Cash at bank and in hand	7	1,527,431	1,194,780
		<u>2,371,130</u>	<u>1,848,637</u>
Creditors: amounts falling due within one year	8	(1,752,284)	(1,265,824)
Net current assets		<u>618,846</u>	<u>582,813</u>
Total assets less current liabilities		<u>692,989</u>	<u>665,110</u>
Provisions for liabilities			
Deferred tax		(3,166)	-
		<u>(3,166)</u>	<u>-</u>
Net assets		<u><u>689,823</u></u>	<u><u>665,110</u></u>
Capital and reserves			
Called up share capital		125	125
Share premium account		7,874	141,874
Profit and loss account		681,824	523,111
		<u><u>689,823</u></u>	<u><u>665,110</u></u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime. The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 June 2017.

A J Samways
Director

The notes on pages 9 to 10 form part of these financial statements.

SPLENDID COMMUNICATIONS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2015	125	141,874	357,130	499,129
Comprehensive income for the year				
Profit for the year	-	-	375,981	375,981
Total comprehensive income for the year	-	-	375,981	375,981
Dividends: Equity capital	-	-	(210,000)	(210,000)
Total transactions with owners	-	-	(210,000)	(210,000)
At 1 January 2016	125	141,874	523,111	665,110
Comprehensive income for the year				
Profit for the year	-	-	460,851	460,851
Capital reduction	-	(134,000)	-	(134,000)
Total comprehensive income for the year	-	(134,000)	460,851	326,851
Dividends: Equity capital	-	-	(328,200)	(328,200)
Share option charge	-	-	26,062	26,062
Total transactions with owners	-	-	(302,138)	(302,138)
At 31 December 2016	125	7,874	681,824	689,823

SPLENDID COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. General information

Splendid Communications Limited is a private limited company incorporated in England and Wales.

The registered trading address 69-85 Tabernacle Street, London, EC2A 4BD.

The company is registered in England and Wales, registered number 05424113.

The entity's principal activity is that of communication services.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Revenue recognition

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

SPLENDID COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)**2.3 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- 20% straight line
Fixtures and fittings	- between 25% and 33% straight line
Office equipment	- between 25% and 33% straight line
Computer equipment	- between 25% and 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.4 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.5 Cash and cash equivalents

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

2.6 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

SPLENDID COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)**2.7 Foreign currency translation****Functional and presentation currency**

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.8 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.9 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

SPLENDID COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)**2.10 Operating leases**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.11 Pensions**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

SPLENDID COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)**2.14 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates. The directors consider there to be no critical estimates and judgments applicable to the financial statements.

4. Employee numbers

The average monthly number of employees, including directors during the year was 33 (2015 - 36)

SPLENDID COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

5. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2016	51,196	156,124	39,286	133,940	380,546
Additions	9,626	2,847	1,667	20,193	34,333
Disposals	(51,196)	(127,952)	(12,757)	(39,498)	(231,403)
At 31 December 2016	9,626	31,019	28,196	114,635	183,476
Depreciation					
At 1 January 2016	45,530	143,158	30,041	79,520	298,249
Charge for the period on owned assets	6,135	6,118	3,089	24,859	40,201
Disposals	(51,197)	(127,810)	(12,529)	(37,581)	(229,117)
At 31 December 2016	468	21,466	20,601	66,798	109,333
Net book value					
At 31 December 2016	9,158	9,553	7,595	47,837	74,143
At 31 December 2015	5,666	12,966	9,245	54,420	82,297

6. Debtors

	2016 £	2015 £
Due after more than one year		
Other debtors	55,130	55,130
Due within one year		
Trade debtors	601,602	327,180
Amounts owed by group undertakings	-	115
Other debtors	8,580	44,373
Prepayments and accrued income	178,387	227,059
	788,569	598,727

SPLENDID COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	<u>1,527,431</u>	<u>1,194,780</u>

8. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	124,013	86,787
Amounts owed to group undertakings	10,000	-
Corporation tax	135,001	96,771
Other taxation and social security	269,940	224,524
Other creditors	34,407	22,330
Accruals and deferred income	<u>1,178,923</u>	<u>835,412</u>
	<u>1,752,284</u>	<u>1,265,824</u>

SPLENDID COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

9. Share based payments

Options under the Enterprise Management Incentive Scheme over 800 ordinary shares of £1.00 each exist at the statement of financial position date within Splendid Communications Group Limited. The cost of the share option scheme is borne by Splendid Communications Limited, the company in which the employees granted share options are employed.

Share options outstanding at 31 December 2016 had a weighted average exercise price of £62.01 and a weighted average contractual life of 9.58 years. No share options were exercised during the year. During the year options under the old scheme were cancelled and new options issued.

There are no performance conditions attached to any of the share options granted up to the statement of financial position date, other than continued employment up to the exercise date.

As at 31 December 2016, the total number of options outstanding over ordinary shares was as follows:

	Weighted average exercise price (pence) 2016	Number 2016	Weighted average exercise price (pence) 2015	Number 2015
Outstanding at the beginning of the year	59.96	625	43.85	750
Granted during the year	62.01	800	81.04	375
Forfeited during the year		-	51.60	(500)
Expired during the year	(59.96)	(625)		-
Outstanding at the end of the year	62.01	800	59.96	625

Option pricing model used	2016 Black Scholes
Exercise price (pence)	62.01
Weighted average contractual life (years)	9.58
Expected volatility	40%

10. Controlling party

The immediate parent undertaking is Splendid Communications Group Limited. A J Samways is the ultimate controlling party by virtue of his majority shareholding in Splendid Communications Group Limited.

11. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.