

Company Registration Number: 07632340 (England & Wales)

K Comms Group Limited

Annual Report and Financial Statements

for the Period from 1 May 2016 to 31 August 2017

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K Comms Group Limited

Company Information

Directors	D Simpson
	P Rowe
	D Burton
	A Rice
Company number	07632340
Registered office	30 Fenchurch Street, London EC3M 3BD
Auditor	KPMG LLP Chartered Accountants 15 Canada Square London E14 5GL

K Comms Group Limited

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K Comms Group Limited

Directors' Report for the Period from 1 May 2016 to 31 August 2017

The Directors present their report and the financial statements for the period from 1 May 2016 to 31 August 2017.

Principal activities

The principal activity of the Company continued to be that of a holding company.

Directors of the Company

The Directors who held office during the period and up to the date of signature of the financial statements were as follows:

B A Bilboul (resigned 29 November 2016)

S McGrath (resigned 29 November 2016)

I M Scoffield (resigned 21 September 2016)

P Rowe (appointed 29 November 2016)

J Barnes-Austin (appointed 21 September 2016 and resigned 29 November 2016)

A Haire (appointed 29 November 2016 and resigned 7 December 2017)

D Burton (appointed 16 June 2017)

A Rice (appointed 29 November 2016)

The following Director was appointed after the period end:

D Simpson (appointed 7 December 2017)

Results and dividends

The results for the period are set out on page 5.

No ordinary dividends were paid (2016: £nil). The Directors' are precluded from recommending payment of a final dividend.

Reappointment of auditor

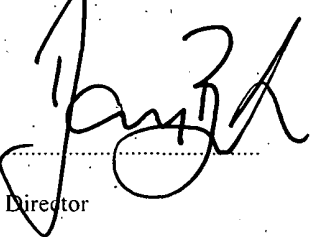
The auditor KPMG LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Disclosure of information to the auditor

So far as the Directors are aware, there is no relevant information of which the Company's auditor is unaware. Additionally, each Director has taken all necessary steps that they ought to have taken as a Director in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. The Director have also taken the available exemption from the requirement to prepare a strategic report.

Approved by the Board on 19 April 2018 and signed on its behalf by:



Director

DANIEL BURTON

K Comms Group Limited

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements for the Period from 1 May 2016 to 31 August 2017

The Directors are responsible for preparing 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 financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS102 *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 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 and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

K Comms Group Limited

Independent Auditor's Report to the Members of K Comms Group Limited

We have audited the financial statements of K Comms Group Limited for the period ended 31 August 2017, set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 set out on page 2, 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 the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2017 and of its loss for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' Report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

K Comms Group Limited

Independent Auditor's Report to the Members of K Comms Group Limited (continued)

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; or
- the Directors' were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

.....
Andrew Turner (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Date: **23 May, 2018**

K Comms Group Limited

Statement of Comprehensive Income for the Period from 1 May 2016 to 31 August 2017

	Note	2017 £	2016 £
Administrative expenses		(2,060)	(4,865)
Other interest receivable and similar income	6	241,300	199,656
Interest payable and similar expenses	7	<u>(2,144,554)</u>	<u>(1,449,486)</u>
Loss before taxation		(1,905,314)	(1,254,695)
Tax on loss		-	-
Loss for the financial period		<u>(1,905,314)</u>	<u>(1,254,695)</u>
Total comprehensive income for the period		<u>(1,905,314)</u>	<u>(1,254,695)</u>

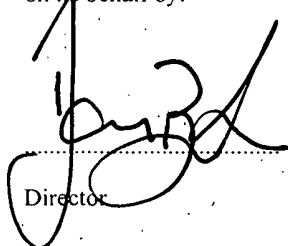
K Comms Group Limited

Company Registration Number: 07632340

Statement of Financial Position as at 31 August 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	9	6,680,631	6,680,631
Current assets			
Debtors	11	10,214,551	9,973,250
Creditors: Amounts falling due within one year	12	<u>(39,479)</u>	<u>(37,418)</u>
Net current assets		<u>10,175,072</u>	<u>9,935,832</u>
Total assets less current liabilities		16,855,703	16,616,463
Creditors: Amounts falling due after more than one year	12	<u>(23,766,077)</u>	<u>(21,621,523)</u>
Net liabilities		<u>(6,910,374)</u>	<u>(5,005,060)</u>
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account	14	<u>(6,910,375)</u>	<u>(5,005,061)</u>
Total equity		<u>(6,910,374)</u>	<u>(5,005,060)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 19 April 2018 and are signed on its behalf by:



Director

Daniel Burton

K Comms Group Limited

Statement of Changes in Equity for the Period from 1 May 2016 to 31 August 2017

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 May 2016	1	(5,005,061)	(5,005,060)
Loss and total comprehensive income for the period	-	(1,905,314)	(1,905,314)
Balance at 31 August 2017	1	(6,910,375)	(6,910,374)

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 May 2015	1	(3,750,366)	(3,750,365)
Loss and total comprehensive income for the year	-	(1,254,695)	(1,254,695)
Balance at 30 April 2016	1	(5,005,061)	(5,005,060)

The notes on pages 8 to 13 form an integral part of these financial statements.

K Comms Group Limited

Notes to the Financial Statements for the Period from 1 May 2016 to 31 August 2017

1 Company information

K Comms Group Limited is a private company limited by share capital incorporated, domiciled and registered in England in the United Kingdom.

The address of its registered office is:
30 Fenchurch Street,
London
EC3M 3BD

The Company's principal activities are disclosed in the Directors' Report.

2 Accounting policies

Accounting convention

These 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 amendments to FRS 102 issued in July 2015 have been applied.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Summary of disclosure exemptions

The Company's ultimate parent undertaking, Accenture plc includes the Company in its consolidated financial statements. The consolidated financial statements of Accenture plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from 1 Grand Canal Square, Grand Canal Harbour, Dublin. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Section 4 'Statement of Financial Position' - Reconciliation of the opening and closing number of shares
- Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 33 'Related Party Disclosures' - Compensation for key management personnel

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the Company as an individual entity and not about its Group.

Going concern

The Company's accounts show a loss after tax for the period of £1,905,314 (2016: £1,254,695), net current assets of £10,175,072 (2016: £9,935,832) and a net liabilities position of £6,910,374 (2016: £5,005,060).

The Directors' have considered the factors that impact the Company's future development, performance, cash flows and financial position along with Company's current liquidity in forming their opinion on the going concern basis.

The Directors' have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, given the support it will receive from Accenture Holdings B.V. as required.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

K Comms Group Limited

Notes to the Financial Statements for the Period from 1 May 2016 to 31 August 2017 (continued)

2 Accounting policies (continued)

Fixed asset investments (continued)

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

K Comms Group Limited

Notes to the Financial Statements for the Period from 1 May 2016 to 31 August 2017 (continued)

2 Accounting policies (continued)

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

Taxation

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Current and deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

3 Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

K Comms Group Limited

Notes to the Financial Statements for the Period from 1 May 2016 to 31 August 2017 (continued)

4 Operating loss

Operating loss for the period is stated after charging

	2017	2016
	£	£
Auditor's remuneration	2,000	1,702

5 Directors' remuneration

The Directors in office during the period to November 2016 did not perform any material services for this Company and hence no emoluments have been disclosed. The remuneration for these Directors was borne by other Group companies.

The Directors appointed by Accenture Interactive from November 2016 also did not perform any material services for this Company and hence no emoluments have been disclosed.

6 Other interest receivable and similar income

	2017	2016
	£	£
Interest income		
Interest receivable from group companies	241,300	199,656

7 Interest payable and similar expenses

	2017	2016
	£	£
Interest payable to group undertakings	1,902,359	200,397
Interest on loan notes	242,195	1,249,089
	2,144,554	1,449,486

8 Taxation

The charge for the period can be reconciled to the loss per the Statement of Comprehensive Income as follows:

	2017	2016
	£	£
Loss before tax	(1,905,314)	(1,254,695)
Corporation tax at blended rate of 19.69% (2016: 20%)	(375,156)	(250,939)
Group relief	375,156	210,322
Adjustment to closing deferred tax rate	-	4,062
Deferred tax not recognised	-	36,555
Total tax credit	-	-

K Comms Group Limited

Notes to the Financial Statements for the Period from 1 May 2016 to 31 August 2017 (continued)

9 Fixed Asset Investments

	Shares	
	2017 £	2016 £
Investments in subsidiaries	<u>6,680,631</u>	<u>6,680,631</u>
Cost or valuation		
At 30 April 2016 & 31 August 2017		<u>6,680,631</u>
Carrying amount		
At 31 August 2017		<u>6,680,631</u>
At 30 April 2016		<u>6,680,631</u>

10 Subsidiaries

Details of undertakings

These financial statements are separate company financial statements for K Comms Group Limited. Details of the Company's subsidiaries at 31 August 2017 are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2017	2016
Subsidiary undertakings				
Karmarama Comms Limited	United Kingdom	Direct	100%	100%
Kream Comms Limited	United Kingdom	Direct	100%	100%

11 Debtors

	Note	2017 £	2016 £
Amounts falling due within one year			
Receivables from related parties	15	16,727	16,727
Loans to related parties	15	<u>10,197,824</u>	<u>9,956,523</u>
Total current trade and other debtors		<u>10,214,551</u>	<u>9,973,250</u>

The Company has lent £5,929,106 to Karmarama Comms Limited, which is redeemable in 2021. Interest on this intercompany loan is charged at LIBOR + 1% and included in the £10,197,824 (2016: £9,956,523) is accrued interest receivable of £824,715 (2016: £664,906).

The Company has lent £3,023,453 to Kream Comms Limited, which is redeemable in 2021. Interest on this intercompany loan is charged at LIBOR + 1% and included in the £10,197,824 (2016: £9,956,523) is accrued interest receivable of £420,550 (2016: £339,058).

K Comms Group Limited

Notes to the Financial Statements for the Period from 1 May 2016 to 31 August 2017 (continued)

12 Creditors

	Note	2017 £	2016 £
Due within one year			
Accruals and deferred income	15	37,419	37,418
Audit fees payable		2,060	-
		<u>39,479</u>	<u>37,418</u>
Due after one year			
Amounts owed to group undertakings		<u>23,766,077</u>	<u>21,621,523</u>

Loan notes of £6,647,440 owed to Karma Communications Group Limited are repayable in 2021. Interest on the loan notes is charged at 12%, and included in the £13,530,446 (2016: £11,628,087) is accrued interest of £6,883,006 (2016: £4,980,647).

The Company has an intercompany loan owed to Karma Communications Group Limited for £8,985,749, which is redeemable in 2021. Interest on the loan is charged at LIBOR + 1% and included in the £10,235,631 (2016: £9,993,436) is accrued interest of £1,249,882 (2016: £1,007,687).

Karma Communications Group Limited do not have any intention to reclaim the loan value or interest in the foreseeable future not less than 12 months from the date of signing the audit report.

13 Share capital

Ordinary share capital

	31 August 2017 £	30 April 2016 £
Issued and fully paid		
1 Ordinary Shares of 100p each	<u>1</u>	<u>1</u>

14 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

15 Related party transactions

The Company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

16 Controlling party

The Company's immediate parent is Karma Communications Group Limited, incorporated in United Kingdom.

The ultimate parent is Accenture plc, incorporated in Republic of Ireland.

The most senior parent entity producing publicly available financial statements is Accenture plc. The ultimate controlling party is Accenture plc.