Fetch Media Limited

Report and Financial Statements

31 December 2014

Directors

D Reddington	(resigned 31 October 2014)
J Connelly	
C Becker	(resigned 31 October 2014)
S Leach	(resigned 31 October 2014)
T De Groose	(appointed 31 October 2014)
R Horler	(appointed 31 October 2014)
C Price	(appointed 31 October 2014)

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office

Regents Place
10 Triton Street
London NW1 3BF

Strategic report

The directors present their Strategic report for the year ended 31 December 2014.

Principal activity and review of the business

Fetch are a multi award winning mobile marketing agency, based in London, New York, San Francisco, Berlin and Hong Kong. Our core business is Media Planning and buying, Creative, Strategy and Data services for clients in the Mobile space.

Following the completion of the sale of the Fetch Media Ltd shares to Dentsu Aegis Network Ltd on 31 October 2014 the ultimate parent company is Dentsu Inc.

As shown in the group's profit and loss account on page 11, the group's turnover was £82,342,632 (2013 – £34,612,606). Gross profit was £9,793,347 (2013 – £4,806,346) and operating profit was £1,627,619 (2013 – £1,390,433). The profit on ordinary activities before taxation was £1,636,036 (2013 – £1,393,638).

In 2014 the turnover of the group increased significantly due to new business wins and organic growth.

The balance sheet on page 12 of the financial statements shows that the group's financial position at year end, in terms of net assets has increased by £2,214,457 to £3,972,762 (2013 – increased by £968,846 to £1,758,305).

The group retains sufficient cash reserves to continue the operations of the business, and increases in both debtors and creditors are consistent with the performance of the business in the year. A strong net assets balance is in place at year end and the business has no loan commitments to service.

The directors recommended and paid an interim dividend of £1,000,000 (2013 – £100,000). No final dividend is proposed.

Principal risks and uncertainties

The group faces a range of market, strategy, financial, legal, operational and human resources risks. The group continually reviews the key risks and strives to improve the internal control framework to help mitigate them, where possible. Listed below are what the group believes to be the principal risk factors and uncertainties faced during the period and the strategies for managing them.

1. Maintaining strong client relationships

Risk description

- We might lose key clients and fail to win new ones.

Potential risk impact

- Lost profit
- Subsequent loss of key managers.

Risk management strategy

- Ensuring we remain a highly competitive organisation to help us win new clients and continue to provide a high quality service to our existing clients.

Strategic report (continued)

Principal risks and uncertainties (continued)

1. Maintaining strong client relationships (continued)

Risk mitigation actions

- We have dedicated client relationship teams in place.
- We develop multiple services, with an emphasis on innovation for our clients.

2. Managing counterparty risk

Risk description

- Counterparty risks include the loss of income from clients who have cash flow or insolvency problems and potential media buying liabilities in markets where we act as principal.

Potential risk impact

- Lost profit and bad debt.

Risk management strategy

- Maintaining and developing robust financial and operating systems to ensure we minimise any potential loss of income from third parties.

Risk mitigation actions

- Due diligence, including credit risk is undertaken for all new clients and written contracts must be in place before starting any significant work.
- Group policy requires credit limits to be imposed for all new commercial clients.
- The group has joined an enhanced global credit insurance policy.

3. Managing competitive risk

Risk description

- The agency sector is highly competitive.

Potential risk impact

- Lost profit
- Subsequent loss of key managers.

Risk management strategy

- Attracting and retaining high quality people who can deliver high quality service to clients.

Risk mitigation actions

- We put major focus on maintaining and building long term client relationships, investing in major clients
- We seek to maintain a cost base at least as efficient as any of our competitors
- We place emphasis on innovation.

4. Ensuring strong talent management

Risk description

- Loss of key employees and failure to attract high quality people.

Potential risk impact

- Losing clients.

Strategic report (continued)

Principal risks and uncertainties (continued)

4. Ensuring strong talent management (continued)

Risk management strategy

- Talent management is a key priority to ensure we have a strong pipeline of people to develop as our future leaders. We also aim to ensure we are well placed to continue to attract high quality people.

Risk mitigation actions

- We make developing our future leaders by career planning and training a priority.

5. Weak economic conditions

Risk description

- Weak economies can lead clients to cut back on media investment and squeeze margins.

Potential risk impact

- Lost profit.

Risk management strategy

- Fetch is a diversified business with a strategy to grow our exposure to areas that are less likely to be affected by macroeconomic challenges.

Risk mitigation actions

- Diversify our business into faster-growing product areas.
- There are regular re-forecasts of financial performance.

6. Maintaining a sound financial position

Risk description

- Insufficient liquidity and funding requirements to support the Group's liabilities and manage the growth of the business.

Potential risk impact

- Lack of funds for current operations and future growth.

Risk management strategy

- Maintaining sufficient funding, with secure access to banking facilities, to meet our liabilities and to fund the growth of the business. From a cost perspective, ensuring a cost management culture is integrated throughout the organisation.

Risk mitigation actions

- We have cash pooling arrangements in place with relationship banks through Dentsu Aegis Network Limited.
- We maintain daily cash reporting for all operations.

7. Managing the security of data

Risk description

- Unauthorised access to or inappropriate use of client, employee or other confidential data.

Potential risk impact

- Lost profit
- Reputational damage.

Strategic report (continued)

Principal risks and uncertainties (continued)

7. Managing the security of data (continued)

Risk management strategy

- Ensuring robust IT and financial reporting systems are in place, in line with best practice data security and compliance regulations, and based on strict internal policies and procedures.

Risk mitigation actions

- External access to information is protected by the IT security framework which is regularly assessed through vulnerability testing and IT security audits
- We insist on confidentiality clauses in employee and supplier contracts.

8. Ensuring legal and regulatory compliance

Risk description

- The Group may be unprepared for legislative and regulatory changes.

Potential risk impact

- Lost profit
- Loss of license to operate and/or market
- Damage to management reputation and credibility.

Risk management strategy

- Ensuring compliance with a range of legal and contractual requirements around the world.

Risk mitigation actions

- Group Legal team continually monitors changes in regulation with a view to changing group policies and communicating the changes before they come into force. This team includes a specialist compliance lawyer
- Online compliance training packages have been developed to supplement face-to-face training

On behalf of the Board

James Connelly
Director
28 September 2015

Registered No. 07775453

Directors' report

The directors present their report and financial statements for the year ended 31 December 2014.

Results and dividends

The profit for the year after taxation amounted to £1,204,985 (2013 – profit of £1,068,846). The directors recommended and paid an interim dividend of £1,000,000 (2013 – £100,000). No final dividend is proposed.

Going concern

The Group has considerable financial resources including net assets of £3,972,762 (2013 – £1,758,305) and cash in the bank at year end of £6,699,768 (2013 - £2,880,652). In addition, the profit after taxation for the financial year was £1,204,985 (2013 – £1,068,846). As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, reviewing future forecasts and consideration of sensitivities around these forecasts, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern bases in preparing these financial statements.

Directors

The directors who served the company during the year and until the date of signing of this report are as follows:

D Reddington	(resigned 31 October 2014)
J Connelly	
C Becker	(resigned 31 October 2014)
S Leach	(resigned 31 October 2014)
T De Groose	(appointed 31 October 2014)
R Horler	(appointed 31 October 2014)
C Price	(appointed 31 October 2014)

Employment policies

It is the policy of the group that there should be no unfair discrimination in considering applications for employment, including those from disabled persons. Should any employee become disabled, every practical effort is made to provide continued employment.

Policy and practice on payment of creditors

The company, its divisions and subsidiaries agree terms and conditions for their business transactions with their suppliers. Payment is then made on these terms, subject to the terms and conditions being met by the supplier.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' report (continued)

Auditors

Kinsgton Smith LLP resigned as the auditors on 1 November 2014 and Ernst & Young LLP was appointed in their place. In accordance with s.485 of the Companies Act 2006, a resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

James Connelly
Director
28 September 2015

Statement of directors' responsibilities

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 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). 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 the company and of the profit or loss of the group 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 proper accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Fetch Media Limited

We have audited the financial statements of Fetch Media Limited for the year ended 31 December 2014 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Cash Flow statement, the notes to Group Cash Flow Statement and the related notes 1 to 21. 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).

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 8, 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

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 group's and the parent undertaking'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 report and financial statements 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 the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2014 and of the group's 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 other matter prescribed by the Companies Act 2006

In our opinion the information given 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.

Independent auditors' report

to the members of Fetch Media Limited

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.

Ernst & Young LLP

Paul Gordon (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
London
28 September 2015

Group profit and loss account

for the year ended 31 December 2014

	Notes	2014 £	2013 £
Turnover	2	82,342,632	34,612,606
Cost of sales		(72,549,285)	(29,806,260)
Gross profit		9,793,347	4,806,346
Administrative expenses		(8,165,728)	(3,432,742)
Other operating income		-	16,829
Operating profit	3	1,627,619	1,390,433
Interest receivable and similar income	6	8,417	3,205
Interest payable and similar charges		-	-
Profit on ordinary activities before taxation		1,636,036	1,393,638
Tax	7	(431,051)	(324,792)
Profit on ordinary activities after taxation	16	1,204,985	1,068,846

All amounts relate to continuing activities.

Group statement of total recognised gains and losses

for the year ended 31 December 2014

	Notes	2014 £	2013 £
Profit for the financial year		1,204,985	1,068,846
Currency translation differences on foreign currency net investments	16	(1,529)	-
Total recognised profit relating to the year	17	1,203,456	1,068,846

Group balance sheet

at 31 December 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible assets	10	325,137	223,691
Investments	11	29,940	-
		355,077	223,691
Current assets			
Debtors	12	12,765,356	7,582,923
Cash at bank and in hand		6,699,768	2,880,652
		19,465,124	10,463,575
Creditors: amounts falling due within one year	13	(15,820,205)	(8,889,155)
Net current assets		3,644,919	1,574,420
Total assets less current liabilities		3,999,996	1,798,111
Provisions for Liabilities	14	(27,234)	(39,806)
Net assets		3,972,762	1,758,305
Capital and reserves			
Called up share capital	15	1,381	1,250
Share premium account	16	1,165,398	471,733
Profit and loss account	16	2,805,983	1,285,322
Shareholders' funds	17	3,972,762	1,758,305

James Connelly
Director
28 September 2015

Company balance sheet

at 31 December 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible assets	10	238,629	213,354
Investments	11	50,887	62
		289,516	213,416
Current assets			
Debtors	12	16,655,188	7,663,385
Cash at bank and in hand		6,381,010	2,759,685
		23,036,198	10,423,070
Creditors: amounts falling due within one year	13	(19,420,158)	(8,837,372)
Net current assets		3,616,040	1,585,698
Total assets less current liabilities		3,905,556	1,799,114
Provisions for Liabilities	14	(27,234)	(39,086)
Net assets		3,878,322	1,759,308
Capital and reserves			
Called up share capital	15	1,381	1,250
Share premium account	16	1,165,398	471,733
Profit and loss account	16	2,711,543	1,286,325
Shareholders' funds	17	3,878,322	1,759,308

James Connelly
Director
28 September 2015

Group cash flow statement

for the year ended 31 December 2014

		2014		2013
	£	£	£	£
Net cash inflow from operating activities (Refer Note 1)		4,940,510		2,403,740
Returns on investments and servicing of finance				
Interest received	8,417		3,205	
Net cash inflow for returns on investments and servicing of finance		8,417		3,205
Taxation		(587,136)		(116,756)
Capital expenditure				
Payment to acquire tangible assets	(213,730)		(229,889)	
Receipt from sale of tangible assets	7,199		-	
Acquisition of portfolio investments	(29,940)		-	
Net cash outflow for capital expenditure		(236,471)		(229,889)
Equity dividends paid		(1,000,000)		(100,000)
Net cash inflow before management of liquid resources and financing		3,125,320		1,960,300
Financing				
Issue of ordinary share capital	693,796		-	
Net cash inflow from financing		693,796		-
Increase in cash in the year		3,819,116		1,960,300

Notes to the group cash flow statement

for the year ended 31 December 2014

	2014	*2013*
	£	*£*
1. Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	1,627,619	1,390,433
Depreciation of tangible assets	105,085	52,723
Loss on disposal of tangible assets	-	149
Increase in debtors	(5,182,433)	(4,258,662)
Increase in creditors within one year	7,074,563	5,219,097
Translation differences on foreign currency net investments	(1,529)	-
Share based payments	1,317,205	-
Net cash inflow from operating activities	4,940,510	2,403,740

	1 January 2014	*Cash flow*	*Other non-cash charges*	*31 December 2014*
	£	*£*	*£*	*£*
2. Analysis of net funds				
Net cash:				
Cash at bank and in hand	2,880,652	3,819,116	-	6,699,768
Net funds	2,880,652	3,819,116	-	6,699,768

	2014	*2013*
	£	*£*
3. Reconciliation of net cash flow to movement in net funds		
Increase in cash in the year	3,819,116	1,960,300
Movement in net funds in the year	3,819,116	1,960,300
Opening net funds	2,880,652	920,352
Closing net funds	6,699,768	2,880,652

Notes to the financial statements

at 31 December 2014

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Going concern

The Group has considerable financial resources including net assets of £3,972,762 (2013 – £1,758,305) and cash in the bank at year end of £6,699,768 (2013 - £2,880,652). In addition, the profit after taxation for the financial year was £1,204,985 (2013 – £1,068,846). As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, reviewing future forecasts and consideration of sensitivities around these forecasts, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern bases in preparing these financial statements.

Group financial statements

The group financial statements consolidate the financial statements of the company and all its subsidiaries to 31 December each year. All intercompany balances and transactions are eliminated in full.

The company has taken advantage of the exemption under section 408 Companies Act 2006 not to disclose its own profit and loss account.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of fixed assets on a straight-line basis over their estimated useful lives at the following rates:

Short-leasehold property	– life of lease
Furniture, fixtures and fittings	– 33% per annum
Computer equipment	– 33% per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

The company's investments in its subsidiary undertakings are stated at cost. Provisions are made for any impairment in value.

The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements

at 31 December 2014

1. Accounting policies (continued)

Turnover and revenue recognition

Turnover represents amounts invoiced, excluding value added taxes, for media and for services provided in the normal course of business and reflects commissions and fees together with any related costs of advertising. It reflects the costs of advertising expenditure of the group's own clients and the related commissions and fees charged to other advertising agencies in respect of their clients.

Commissions are recognised as income when the related advertisements appear; fees are recognised as income when they are earned in accordance with the agreements with clients. Where revenue has been earned before the end of an accounting period but has not been billed to clients, revenue is accrued in the financial statements.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Profit and loss items in foreign currencies are translated into sterling at average monthly rates. Assets and liabilities in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Unrealised exchange adjustments, arising on the translation of the net assets of subsidiaries and related companies, are taken direct to reserves in the group financial statements. All other gains and losses on translation are dealt with in the profit and loss account.

Notes to the financial statements

at 31 December 2014

1. Accounting policies (continued)

Leasing and hire purchase commitments

All leases are treated as 'operating leases'. The annual rentals are charged to the profit and loss account over the lease term on a straight-line basis. Benefits received or receivable as an incentive to sign an operating lease are also spread on a straight-line basis over the lease term.

Share-based payments

Certain employees receive remuneration in the form of share-based payments, including shares or rights over shares. The cost of equity-settled transactions with employees is measured by reference to the fair value of the instruments concerned at the date on which they are granted.

The fair value is determined by use of the Black-Scholes pricing model. In valuing equity-settled transactions, no account is taken of any performance conditions.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the vesting date on which the relevant employees become fully entitled to the award. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors at that date, will ultimately vest.

Notes to the financial statements

at 31 December 2014

2. Turnover

The total turnover of the Group for the year has been derived from its principle activity.

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2014	2013
	£	£
EMEA	54,388,660	20,635,689
US	21,795,806	9,160,975
LATAM	1,753,060	1,509,020
APAC	4,405,106	3,306,922
	82,342,632	34,612,606

3. Operating profit

This is stated after charging/ (crediting):

	2014	2013
	£	£
Fees payable to the group' auditors for the audit of:		
– the group's and Company's annual financial statements	25,000	13,500
– the company's subsidiaries pursuant to legislation	-	10,222
Total audit fees	25,000	23,722
Depreciation of owned tangible fixed assets	105,085	52,723
Operating lease rentals – land and buildings	265,229	211,190

4. Directors' remuneration

	2014	2013
	£	£
Remuneration for qualifying services	247,933	233,270

Remuneration disclosed above include the following amounts paid to the highest paid director. 2014 - £197,933 (2013 - £124,520).

Notes to the financial statements

at 31 December 2014

5. Staff costs

The aggregate remuneration of employees (including executive directors) is shown below:

	2014	*2013*
Group	*£*	*£*
Wages and salaries	3,313,797	1,999,369
Share-based payments	1,317,205	-
Social security costs	487,852	199,947
	5,118,854	2,199,316

The average monthly number of employees (including executive directors) for the Group was 79 (2013 – 45).

Included in staff costs is a total expense of share-based payments of £1,317,205 (2013 - £0), all of which arises from transactions accounted for as equity-settled share-based payment transactions.

6. Interest receivable and similar income

	2014	*2013*
	£	*£*
Bank interest receivable	8,417	3,205
Other interest	-	-
	8,417	3,205

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2014	*2013*
	£	*£*
Current tax:		
UK corporation tax on the profit for the year (note7(b))	395,093	292,556
Overseas corporation tax	48,530	-
Total current tax	443,623	292,556
Deferred tax:		
Origination and reversal of timing differences (note 14)	(12,572)	32,236
Tax on profit on ordinary activities	431,051	324,792

Notes to the financial statements

at 31 December 2014

7. Tax (continued)

(b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21.5 % (2013 – 23.25%). The differences are explained below:

	2014	*2013*
	£	*£*
Profit on ordinary activities before tax	1,636,036	1,393,638
Tax on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 – 23.25%)	351,748	324,021
Expenditure not deductible for tax purposes	62,429	12,047
Depreciation in excess of capital allowances	12,199	(36,123)
General provision	-	1,859
Foreign subsidiaries profit	(31,283)	(9,248)
Current tax for the year (note 7(a))	395,093	292,556

(c) Factors which may affect future tax charges

The UK Government enacted legislation which reduced the main rate of corporation tax to 21% from 1 April 2014. A further reduction in the main rate of corporation tax is proposed to reduce the rate to 20% from 1 April 2015.
It is expected that this will reduce the company's future current tax charge and future deferred tax assets/liabilities accordingly

8. Profits attributable to the Company

The profit for the financial year dealt with in the financial statements of the company was £1,108,013 (2013 – profit of £1,029,265).

9. Dividends

	2014	*2013*
Ordinary Interim dividend	1,000,000	100,000

Notes to the financial statements

at 31 December 2014

10. Tangible fixed assets

Group	*Land and buildings Leasehold*	*Plant and machinery*	*Fixtures, fittings and equipment*	*Total*
	£	*£*	*£*	*£*
Cost:				
At 1 January 2014	152,321	95,170	44,057	291,548
Additions	43,014	94,581	76,135	213,730
Disposals	-	-	(13,474)	(13,474)
At 31 December 2014	195,335	189,751	106,718	491,804
Depreciation:				
At 1 January 2014	17,820	34,994	15,043	67,857
Charge for the year	38,530	40,334	26,221	105,085
Disposals	-	-	(6,275)	(6,275)
At 31 December 2014	56,350	75,328	34,989	166,667
Net book value:				
At 31 December 2014	138,985	114,423	71,729	325,137
At 1 January 2014	134,501	60,176	29,014	223,691

Company	*Land and buildings leasehold*	*Plant and machinery*	*Fixtures, fittings and equipment*	*Total*
	£	*£*	*£*	*£*
Cost:				
At 1 January 2014	152,321	95,170	29,430	276,921
Additions	-	94,582	7,183	101,764
Disposals	-	-	-	-
At 31 December 2014	152,321	189,752	36,613	378,686
Depreciation:				
At 1 January 2014	17,820	34,994	10,753	63,567
Charge for the year	25,387	40,334	10,769	76,490
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2014	43,207	75,328	21,522	140,056
Net book value:				
At 31 December 2014	109,114	114,424	15,091	238,269
At 1 January 2014	134,501	60,176	18,677	213,354

Notes to the financial statements

at 31 December 2014

11. Investments

	Group 2014	Group 2013	Company 2014	Company 2013
	£	£	£	£
Subsidiary undertakings	-	–	20,947	62
Other investments	29,940	-	29,940	-
	29,940	-	50,887	62

Principal group investments

The company holds equity share capital in the following subsidiary undertakings, all of which affected the profit or net assets of the group.

Subsidiaries	*Country of registration, and operation*	*Principal activity*	*Share capital at 31 December 2014*
Fetch Media Inc.	USA	Digital Mobile Marketing	100%
Fetch Media GmbH	Germany	Digital Mobile Marketing	100%
Fetch Media Hong Kong Limited	Hong Kong	Digital Mobile Marketing	100%

12. Debtors

	Group 2014	Group 2013	Company 2014	Company 2013
	£	£	£	£
Trade debtors	11,938,220	7,030,348	11,938,220	7,030,348
Amounts due from other group undertakings	-	-	4,047,744	122,491
Other debtors	433,431	318,721	433,431	299,894
Prepayments and accrued income	393,705	233,854	235,793	210,652
	12,765,356	7,582,923	16,655,188	7,663,385

13. Creditors: amounts falling due within one year

	Group 2014	Group 2013	Company 2014	Company 2013
	£	£	£	£
Trade creditors	12,958,095	4,961,209	12,958,095	4,961,209
Amounts due to group undertakings	-	-	3,918,788	-
Other taxation and social security costs	195,718	85,225	195,718	85,225
Other creditors	207,631	41,515	201,008	36,303
Corporation tax	149,041	292,554	98,093	292,554
Accruals and deferred income	2,309,720	3,508,652	2,048,456	3,462,081
	15,820,205	8,889,155	19,420,158	8,837,372

Notes to the financial statements

at 31 December 2014

14. Provisions for Liabilities

Group

	Deferred taxation
Balance at 1 January 2014	39,806
Profit and loss account	(12,572)
Balance at 31 December 2014	27,234

Company

	Deferred taxation
Balance at 1 January 2014	39,806
Profit and loss account	(12,572)
Balance at 31 December 2014	27,234

15. Issued share capital

		2014		*2013*
Allotted, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of 1p	*113,099*	1,131	*100,000*	1,000
Ordinary A Shares of 1p each	*25,000*	250	*25,000*	250

16. Movements on reserves

Group

	Share Capital	*Share premium account*	*Profit and loss account*
	£	*£*	*£*
At 1 January 2014	1,250	471,733	1,285,322
Profit/ (loss) for the financial year	-	-	1,204,985
Dividend paid	-	-	(1,000,000)
Share issue	131		
Share proceeds	-	693,665	-
Credit for share based payments	-	-	1,317,205
Currency translation differences on foreign currency net investments	-	-	(1,529)
At 31 December 2014	1,381	1,165,398	2,805,983

Notes to the financial statements

at 31 December 2014

16. Movements on reserves (continued)

Company

	Share Capital	*Share premium account*	*Profit and loss account*
	£	*£*	*£*
At 1 January 2014	1,250	471,733	1,286,325
Profit/ (loss) for the financial year	-	-	1,108,013
Dividend paid	-	-	(1,000,000)
Issue of Shares	131		
Share proceeds	-	693,665	-
Credit for share based payments	-	-	1,317,205
Currency translation differences on foreign currency net investments	-	-	-
At 31 December 2014	1,381	1,165,398	2,711,543

17. Reconciliation of shareholders' funds

		Group		*Company*
	2014	*2013*	*2014*	*2013*
	£	*£*	*£*	*£*
Shareholders' funds, beginning of year	1,758,305	789,459	1,759,308	830,043
Total recognised profit/(loss) for the financial year	1,203,456	1,068,846	1,108,013	1,029,265
Issue of Shares	131	-	131	-
Share proceeds	693,665	-	693,665	-
Credit for share-based payments	1,317,205	-	1,317,205	-
Dividend paid	(1,000,000)	(100,000)	(1,000,000)	(100,000)
Shareholders' funds, end of year	3,972,762	1,758,305	3,878,322	1,759,308

18. Share-based payments

During the period 13,099 (2013 – 0) share options were granted with a weighted average exercise price of £52.97 and 13,099 (2013 – 0) share options were exercised with a weighted average exercise price of £52.97. There were 0 (2013 – 0) share options outstanding at the beginning and end of the period and 0 (2013 – 0) share options were forfeited or expired during the period. For the purpose of applying FRS20, the fair value of each option is estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions used.

Year of Grant	Dividend Yield (%)	Expected Volatility (%)	Risk Free interest rate (%)	Expected term (years)
2014	0	61	2.79	1

Notes to the financial statements

at 31 December 2014

19. Financial commitments

At 31 December 2014 the group had annual commitments under non-cancellable operating leases as set out below:

	2014	*2013*
	Land and buildings	*Land and buildings*
Operating leases which expire:	£	£
Within one year	-	-
In two to five years	265,229	250,483
Over five years	-	-
	265,229	250,483

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as set out below:

	2014	*2013*
	Land and buildings	*Land and buildings*
	£	*£*
Operating leases which expire:		
Within one year	-	–
In two to five years	168,338	168,338
Over five years	-	-
	168,338	168,338

20. Related party transactions

The company has taken advantage of the exemption under FRS 8, available to a fully owned owned subsidiaries, not to disclose related party transactions with other group companies.

During the year the company made sales to AdConnection Limited, a company in which D Reddington and C Becker are both Directors and Shareholders, of £85,185 (2013 - £nil). The company made purchase from AdConnection Limited of £12,996 (2013 - £37,181). As at the year end there was £339 (2013 - £nil) outstanding.

21. Ultimate parent undertaking and controlling party

Following the completion of the sale of the Fetch Media Limited shares to Dentsu Aegis Network Limited on 31 October 2014 (refer to Directors' report) the ultimate parent company is Dentsu Inc., a company incorporated in Tokyo and registered in Japan. Dentsu Inc. is the parent undertaking of the smallest and largest group for which group financial statements are prepared and of which the Company is a member. Copies of Group financial statements can be obtained from: The Secretary, Dentsu Inc., 1-8-1 Higashi-shimbashi, Minato-ku, Tokyo 105-7001. The smallest group in which the results of the company are consolidated is the group headed by Dentsu Aegis Network Limited.