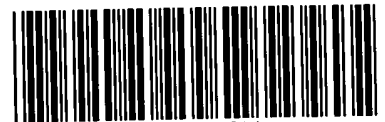


**REGISTERED NUMBER: 08008456 (England and Wales)**

**PSONA GLASGOW LIMITED**  
**STRATEGIC REPORT, DIRECTORS' REPORT AND**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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**PSONA GLASGOW LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2016**

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**PSONA GLASGOW LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**DIRECTORS:**

Mr A M Blundell  
Mr M A Stoner

**SECRETARY:**

Mrs S L Caddy

**REGISTERED OFFICE:**

Communis House  
Manston Lane  
Leeds  
LS15 8AH

**REGISTERED NUMBER:**

08008456 (England and Wales)

**AUDITORS:**

Ernst and Young LLP  
1 Bridgewater Place  
Water Lane  
Leeds  
LS11 5QR

## **PSONA GLASGOW LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their Strategic Report for the year ended 31 December 2016.

#### **RESULTS**

Psona Glasgow delivered disappointing results in 2016. A loss after tax of £109,906 was delivered compared to a profit after tax of £108,501 in 2015. The turnover for the year was £972,427 (2015 £1,491,095). This disappointing performance was mainly attributable to significant drops in revenue with key clients which were not replaced.

#### **Key Performance Indicators**

	<b>2016</b>	<b>2015</b>
Operating margin before exceptional items (%) *	<b>(6)</b>	<b>9</b>
(Loss)/profit before taxation (£)**	<b>(127,633)</b>	<b>139,794</b>

\*Operating margin before exceptional items is calculated by excluding material and infrequently occurring gains and losses.

\*\*Profit before taxation is calculated after all exceptional items.

#### **STRATEGY AND IMPLEMENTATION**

Psona Glasgow Limited is a subsidiary of Communisis plc. The principal activity of the Company during the year was the provision of consultancy services surrounding the role of social media in marketing campaigns. On 16 November 2015 the trading name, previously Yomego, was successfully changed to PSONA Social on all public facing platforms.

PSONA Social provides the full range of social media marketing services, in-house. This helps to give clients full coverage across all social media disciplines, from monitoring to community management to design and development of Facebook apps. PSONA Social provides clients with a one-stop-shop for all social media requirements.

During the year the Directors noted that the market moved away from treating social media marketing as a separate and specialist purchase. As a result, on 1 January 2017 the trade and assets of the Company were transferred into Psona Limited, another Communisis group company, to create an integrated creative, strategic and data driven offering for 2017 and beyond. This transfer is also expected to reduce the cost base and deliver efficiency improvements across the PSONA agencies going forward.

The combination of efficiency savings on integration with Psona Limited and the opportunity to sell a more value adding and higher margin earning data offer are expected to return the trading performance back into profitability in 2017. The Company itself is expected to become dormant in the foreseeable future.

**STRATEGIC REPORT - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties facing the business are taken directly from the risk registers and are detailed below. The Company faces other risks which are subject to regular review and, have been assessed as lower risk and are therefore not included here. Some risk factors remain beyond the direct control of the Company and the Risk Management Programme. We can therefore, only provide reasonable but not absolute assurance that key risks are managed to an acceptable level.

The Company continues to monitor the impact of the UK's decision to exit the EU and other political changes that may affect its operations. Although the UK Government will have two years to renegotiate its terms of trading and other relevant matters with the EU, continued uncertainty about the process, the timing and the consequences of changes makes contingency planning challenging. We therefore aim to assess items that can result in uncertainty potentially causing damage to the business. Where this occurs, a plan will be drawn up to understand the impact and prevent, or at least limit, the loss.

<b>Risk Area</b>	<b>Impact</b>	<b>Mitigating Actions and Management</b>
The Company must be able to respond to market and technological change	Clients' and their customers' progressive adoption of digital formats and channels may impact Company strategy and market demand for products and services. The impact is that the systems and equipment utilised by the Company could be superseded earlier than anticipated by management.	<ul style="list-style-type: none"> <li>- Continued investment in technology and new services maintains and enhances the Company's competitive position.</li> <li>- Specific teams have been introduced within the business to lead Change and Innovation.</li> <li>- The Company is committed to developing or procuring new types of technology in order to be able to provide the latest services to Clients and therefore maintain its competitive position.</li> </ul>
Safeguarding of data and Cyber risk	The Company processes personal and sensitive data on behalf of Clients as part of its core services. The impacts are that: <ul style="list-style-type: none"> <li>- A failure to maintain a secure and fully functional IT infrastructure could result in an inability to meet contractual service obligations; and-</li> <li>-The confidentiality, integrity and availability of information processed by the Company could be compromised by human error, systems failure, equipment malfunction or deliberate unauthorised action, any of which could result in reputational damage and financial loss.</li> </ul>	<ul style="list-style-type: none"> <li>- Continued investment in IT infrastructure, security and monitoring, guards against the inappropriate use of Client data and maintains and enhances the effectiveness of controls.</li> <li>- Established information and security standards are subject to regular third-party audits.</li> <li>- Processes to deal with Cloud Computing assessment and risk management have been implemented.</li> <li>- Core areas of the Company are subject to Certification including ISO/IEC 27001.</li> </ul>
Existing Client concentration may mean that the loss of a major Client could materially decrease sales	A substantial percentage of the Company's revenues are derived from a relatively small number of Clients and therefore the loss of one or more of these Clients could have a material impact on the Company's sales. This could result in a material decrease in profitability whilst new contracts are sought and excess capacity reduced. In the year ended 31 December 2016 the top three Clients of the Company accounted for approximately 46% of sales (2015 48%).	<ul style="list-style-type: none"> <li>- A strategic account management programme operates to preserve Client relationships, monitor compliance with service level agreements and expand the services offered to key Clients.</li> <li>- Business development activities continue to promote the Company's services in a broad range of market sectors, reducing the historical reliance on the financial services sector.</li> <li>- Long-term Client relationships and associated contractual commitments are developed.</li> </ul>

**STRATEGIC REPORT - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016**

<b>Risk Area</b>	<b>Impact</b>	<b>Mitigating Actions and Management</b>
Deterioration in the economic environment may decrease profitability	The impact is that that macro-economic issues may quickly and detrimentally affect consumer expenditure, which could impact the trading performance of the Company's Clients and reduce their discretionary spend resulting in lower sales and profitability.	<ul style="list-style-type: none"> <li>- Market trends are monitored and factored into the Company's business planning, budgeting and management processes.</li> <li>- Volume erosion protection is included in contract terms where possible.</li> </ul>
Clients rely upon proven resilient business operations	<p>Certain Company operations depend upon the uninterrupted delivery of products and services that rely on complex computer networks and systems.</p> <p>The impact is that the Company may face a significant business continuity incident that will materially affect its ability to deliver products or services to its Clients, and associated financial penalties.</p>	<ul style="list-style-type: none"> <li>- A Business Continuity Management (BCM) System and BCM plans are in place. These are exercised and audited for core areas of the Company.</li> <li>- Key areas of the Company have been integrated in to ISO/IEC 22301 certification</li> </ul>
Talent and skills recruitment and retention	Without learning, development resource and succession planning, there is a risk that the Company will be unable to develop, retain and motivate highly skilled employees that are necessary to support operations, expand and build Client relationships.	<ul style="list-style-type: none"> <li>- The Company actively monitors senior leadership to ensure motivation is maintained, that succession plans are in place and applied to relevant team members.</li> <li>- The Company has policies and procedures in place for training and development.</li> <li>- Business operational expansion also help to ensure that the Company has the right skills.</li> <li>- The Company provides regular training on health and safety for all employees and monitors performance to ensure compliance with all relevant regulations and employment laws across all jurisdictions in which the Company operates.</li> </ul>

**SIGNED ON BEHALF OF THE DIRECTORS:**



Mr M A Stoner - Director

18 September 2017

## **PSONA GLASGOW LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their report and the Financial Statements of the Company for the year ended 31 December 2016.

#### **DIVIDENDS**

There were no dividends paid during the year (2015 £nil).

#### **FUTURE DEVELOPMENTS**

The Company is expected to become dormant in the foreseeable future as set out in the Strategic Report on pages 2 to 4.

#### **DIRECTORS**

The directors shown below have held office during the period from 1 January 2016 to the date of this report.

Mr A M Blundell

Mr M A Stoner

Mr D Rushton (resigned 31 January 2016)

Mr N G Howes (resigned 31 January 2016)

#### **FINANCIAL INSTRUMENTS**

The Company finances its activities with a combination of bank and intercompany loans with other Group entities and cash. Overdrafts are used to satisfy short term cash flow requirements. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities.

Financial instruments give rise to interest rate, credit, price and liquidity risk. These are managed at a group level, and further details can be obtained from the Communisis plc Financial Statements.

#### **DIRECTORS' INDEMNITY INSURANCE**

The parent company, Communisis plc, granted an indemnity to each of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity remains in force as at the date of approving the Directors' Report. The indemnity is controlled and paid centrally by the ultimate parent company.

#### **GOING CONCERN**

As at 31 December 2016 the Company had net liabilities of £51,776 and net current liabilities of £278,658 (2015 net assets of £58,130 and net current liabilities of £172,821) of which £609,810 is payable to other Group companies. The Accounts have been prepared on the going concern basis as the ultimate parent company, Communisis plc, has agreed to provide financial support to the Company for the foreseeable future.

#### **DISCLOSURE IN THE STRATEGIC REPORT**

The Companies Act 2006 requires us to present a fair review of the business during the year to 31 December 2016 and of the position of the Company at the end of the financial period along with a description of the principal risks and uncertainties faced. The Strategic Report can be found on pages 2 to 4.

## **PSONA GLASGOW LIMITED**

### **DIRECTORS' REPORT - continued FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, 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 Company and of the profit or loss of the Company for that year.

In preparing these Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- 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 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.

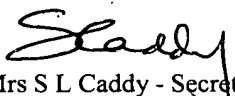
#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **AUDITORS**

Ernst and Young LLP have been re-appointed as auditor for the ensuing year in accordance with section 485 of the Companies Act 2006.

#### **SIGNED ON BEHALF OF THE DIRECTORS:**

  
Mrs S L Caddy - Secretary

18 September 2017



## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PSONA GLASGOW LIMITED**

We have audited the Financial Statements of Psona Glasgow Limited for the year ended 31 December 2016 which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 18. 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 Financial Reporting Standard 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 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 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 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 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 'Reduced Disclosure Framework'; 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, based on the work undertaken in the course of the audit:

- 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.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
PSONA GLASGOW LIMITED - continued**

**Matters on which we are required to report by exception**

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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*

Christabel Cowling (Senior Statutory Auditor)  
for and on behalf of Ernst and Young LLP, Statutory Auditor

Date: 21-9-17

**PSONA GLASGOW LIMITED**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £	2015 £
<b>TURNOVER</b>	3	<b>972,427</b>	<b>1,491,095</b>
Cost of sales		<u>(127,903)</u>	<u>(233,790)</u>
<b>GROSS PROFIT</b>		<b>844,524</b>	<b>1,257,305</b>
Administrative expenses		<u>(972,152)</u>	<u>(1,116,917)</u>
<b>OPERATING (LOSS)/PROFIT</b>		<b>(127,628)</b>	<b>140,388</b>
Interest payable and similar expenses	5	<u>(5)</u>	<u>(594)</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>	6	<b>(127,633)</b>	<b>139,794</b>
Tax on (loss)/profit	7	<u>17,727</u>	<u>(31,293)</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>(109,906)</u></b>	<b><u>108,501</u></b>

All income and expenses relate to continuing operations.

The notes on pages 13 to 26 form part of these financial statements

**PSONA GLASGOW LIMITED**

**OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £	2015 £
(LOSS)/PROFIT FOR THE YEAR		(109,906)	108,501
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		<u>(109,906)</u>	<u>108,501</u>

The notes on pages 13 to 26 form part of these financial statements

**PSONA GLASGOW LIMITED (REGISTERED NUMBER: 08008456)**

**BALANCE SHEET  
31 DECEMBER 2016**

	Notes	2016 £	2015 £
<b>FIXED ASSETS</b>			
Intangible assets	8	209,609	209,609
Tangible assets	9	<u>17,273</u>	<u>21,342</u>
		<u>226,882</u>	<u>230,951</u>
<b>CURRENT ASSETS</b>			
Debtors	10	274,703	308,269
Cash at bank		<u>157,945</u>	<u>245,501</u>
		432,648	553,770
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>(711,306)</u>	<u>(726,591)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(278,658)</u>	<u>(172,821)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(51,776)</u>	<u>58,130</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	1	1
Retained earnings	14	<u>(51,777)</u>	<u>58,129</u>
<b>SHAREHOLDERS' (DEFICIT)/FUNDS</b>		<u>(51,776)</u>	<u>58,130</u>

The Financial Statements were approved by the Board of Directors on 18 September 2017 and were signed on its behalf by:



Mr M A Stoner - Director

**PSONA GLASGOW LIMITED**

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

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1 January 2015</b>	1	(50,372)	(50,371)
<b>Changes in equity</b>			
Total comprehensive income	<u>-</u>	<u>108,501</u>	<u>108,501</u>
<b>Balance at 31 December 2015</b>	<u>1</u>	<u>58,129</u>	<u>58,130</u>
<b>Changes in equity</b>			
Total comprehensive loss	<u>-</u>	<u>(109,906)</u>	<u>(109,906)</u>
<b>Balance at 31 December 2016</b>	<u><u>1</u></u>	<u><u>(51,777)</u></u>	<u><u>(51,776)</u></u>

The notes on pages 13 to 26 form part of these financial statements

## **PSONA GLASGOW LIMITED**

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

#### **1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE**

The Financial Statements of Psona Glasgow Limited (the "Company") for the year ended 31 December 2016 were authorised for issue on 18 September 2017 and the Balance Sheet was signed on the board's behalf by Mr M A Stoner. Psona Glasgow Limited is a private limited company, incorporated and domiciled in England and Wales. The registered office is located at Communisis House, Manston Lane, Leeds, LS15 8AH.

The Company Financial Statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable United Kingdom law and accounting standards. The Company has used a true and fair view override in respect of the non amortisation of goodwill.

The Company's Financial Statements are presented in Sterling and all values are rounded to the nearest pound (£) except when otherwise indicated.

The principal accounting policies adopted by the Company are set out in Note 2.

#### **2. ACCOUNTING POLICIES**

##### **Basis of preparation**

The accounting policies which follow set out those policies which apply in preparing the Financial Statements for the year ended 31 December 2016.

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

**2. ACCOUNTING POLICIES- continued**

The company has taken advantage of the following disclosure exemptions in preparing these Financial Statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) of IAS 36 Impairments of Assets.

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and cash flow risk are described in the Strategic Report on pages 2 to 4.

As at 31 December 2016 the Company had net liabilities of £51,776 and net current liabilities of £278,658 (2015 net assets of £58,130 and net current liabilities of £172,821) of which £609,810 is payable to other Group companies. Through the Group, the Company has considerable financial resources and as a consequence, the directors believe that the Company is well placed to manage its business risks successfully. Also, the ultimate parent company, Communisis plc, has agreed to provide financial support to the Company for the foreseeable future.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.

**Significant accounting judgements and estimates**

**Estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the Balance Sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

**Impairment of goodwill**

The Company determines whether goodwill is impaired on at least an annual basis. This requires an estimation of the value in use of the cash-generating unit(s) to which the goodwill is allocated. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

**Turnover recognition**

Turnover from delivery of customer projects provided in accordance with long-term contracts is recognised based on the stage of completion. This method relies on the estimates of total expected contract revenues and costs, as well as reliable measurement of the progress made towards completion. Unless the financial outcome of a contract can be estimated with reasonable certainty, no turnover is recognised.



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

**2. ACCOUNTING POLICIES- continued**

**Summary of significant accounting policies**

**Turnover**

The turnover shown in the Income Statement represents the value of services provided during the year, stated net of value added tax.

Turnover from delivery of customer projects is recognised by reference to the stage of completion. Stage of completion is estimated using an appropriate measure according to the nature of the contract such as costs incurred relative to total anticipated costs or other measures such as contracted performance milestone completion. Where the project outcome cannot be measured reliably, turnover is recognised only to the extent of the expenses recognised that are recoverable.

**Goodwill**

The UK Companies Act required goodwill to be reduced by provisions for amortisation on a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the Company does not amortise goodwill, but reviews it for impairment on an annual basis or wherever there are indicators of impairment. The Company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. Had the Company amortised goodwill a maximum of 5 years would have been chosen as the useful life for goodwill. The profit for the year would have been £62,883 lower (2015 £62,883 lower) had goodwill been amortised in the year.

Goodwill on acquisitions is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Any unamortised goodwill on 1 January 2014, the date of transition to FRS 101, was frozen from that date.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that its carrying value may be impaired. Goodwill is allocated to the related cash generating units monitored by management for the purpose of impairment testing.

**Tangible fixed assets**

Tangible fixed assets stated at cost less accumulated depreciation and accumulated impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and machinery	3 to 5 years
Fixtures and fittings	4 years
Short leasehold	10 years

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. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of tangible fixed assets is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Useful economic lives, depreciation methods and residual values are reviewed annually. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the Income Statement.

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

**2. ACCOUNTING POLICIES - continued**

**Financial instruments**

Financial assets and financial liabilities are recognised in the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

**Financial liabilities**

The Company's financial liabilities include borrowings, hire purchase and trade and other creditors, which are all classified as 'financial liabilities'. Financial liabilities are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled, or they expire.

**Taxation**

Current tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Balance Sheet date.

Deferred income tax is provided, using the liability method, on all temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill, or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date.

Income tax relating to items recognised in other comprehensive income or directly in equity is also recognised in other comprehensive income or directly in equity.

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

**2. ACCOUNTING POLICIES - continued**

**Hire purchase and leasing commitments**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the assets.

Operating lease payments are recognised as an expense in the Income Statement on a straight-line basis over the lease term or in accordance with utilisation of the leased asset if more appropriate.

**Employee benefit costs**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the Income Statement in the period to which they relate.

**Debtors**

Debtors, which generally have 30-90 days credit terms, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. An estimate for doubtful debts is made. Bad debts are written off when identified.

**Cash and cash equivalents**

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

**Creditors**

Creditors, which generally have 30-90 days' credit terms, are recognised and carried at original invoice amount.

**Share based payments**

Certain directors and management are eligible to participate in share-based payment schemes, all of which are equity-settled.

The cost of equity-settled transactions with employees is measured by reference to their fair value at the date at which they are granted. The fair value is determined by an external valuer using an appropriate model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Communisis plc ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting or non-vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance or service conditions are satisfied.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the Income Statement for the award is expensed immediately. This includes any awards where non-vesting conditions within the control of the Company or the employee are not met. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the Income Statement.

Where an equity-settled award is forfeited, the total cost recognised in the Income Statement to date for the award is reversed.

**PSONA GLASGOW LIMITED**

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

**2. ACCOUNTING POLICIES - continued**

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate of 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 Income Statement.

**Dividend recognition**

The Company recognises final dividends on approval by the Board of Directors.

**3. TURNOVER**

The turnover and profit before tax are attributable to the one principal activity of the Company.

An analysis of turnover by geographical market is given below:

	2016 £	2015 £
United Kingdom	912,193	1,339,741
Europe	60,234	151,354
	<u>972,427</u>	<u>1,491,095</u>

**4. EMPLOYEES AND DIRECTORS**

The average number of staff employed by the company during the financial year amounted to:

	2016 No	2015 No
Average number of employees	<u>16</u>	<u>18</u>
	<u>16</u>	<u>18</u>

	2016 £	2015 £
Wages and salaries	602,727	660,758
Social security costs	57,858	66,220
Other pension costs	17,837	14,505
Equity-settled share-based payments	-	3,279
	<u>678,422</u>	<u>744,762</u>

**PSONA GLASGOW LIMITED**

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

**4. EMPLOYEES AND DIRECTORS - continued**

The total emoluments of the directors of the Company (including those paid through other Group Companies) were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Remuneration receivable	<u><b>1,368,498</b></u>	<u><b>1,980,849</b></u>
Remuneration of highest paid director	<u><b>528,243</b></u>	<u><b>638,332</b></u>

Two of the directors exercised share options during the year ended 31 December 2016 (2015 three). Two of the directors had benefits accruing under the Group's personal pension schemes during the period ended 31 December 2016 (2015 three).

It is not practicable to apportion the emoluments of the directors amongst subsidiary entities in relation to their qualifying services provided.

**5. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Loss on foreign currency financial liabilities	<u><b>5</b></u>	<u><b>594</b></u>
	<u><b>5</b></u>	<u><b>594</b></u>

**6. (LOSS)/PROFIT BEFORE TAXATION**

The loss before taxation (2015 profit before taxation) is stated after charging:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Other operating leases	<b>38,000</b>	46,767
Depreciation - owned assets	<b>4,069</b>	2,872
Auditors' remuneration	<b>5,100</b>	5,000
Bad debt write off	<b>16,958</b>	-
Amortisation - owned assets	-	9,150
Exceptional restructuring costs	<u><b>66,393</b></u>	<u>-</u>

During 2016 the Company incurred £66,393 (2015 £nil), in respect of organisational restructuring which included a project to reduce the cost base, deliver efficiency improvements and outsource non-core activities

**PSONA GLASGOW LIMITED**

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

**7. TAXATION**

**Analysis of tax (income)/expense**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Current tax:		
Current income tax (credit)/charge	<b>(23,000)</b>	31,293
Adjustment in respect of prior years	<u>7,673</u>	<u>-</u>
Total current tax	<b>(15,327)</b>	31,293
Origination and reversal of timing differences	<u>1,000</u>	<u>-</u>
Total tax (income)/expense in Income Statement	<u><b>(14,327)</b></u>	<u><b>31,293</b></u>

**Factors affecting the tax expense**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
(Loss)/profit before income tax	<u><b>(127,633)</b></u>	<u><b>139,794</b></u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 20.25%)	<b>(25,527)</b>	28,308
Effects of:		
Expenses not deductible for tax purposes	<b>193</b>	2,709
Deferred tax movement not provided	<b>(66)</b>	276
Adjustment in respect of prior years - correction of prior year under-provision	<u>7,673</u>	<u>-</u>
Tax (income)/expense	<u><b>(17,727)</b></u>	<u><b>31,293</b></u>

**8. INTANGIBLE FIXED ASSETS**

	<b>Goodwill</b>	<b>Computer software</b>	<b>Totals</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>COST</b>			
At 1 January 2016 and 31 December 2016	<u><b>314,414</b></u>	<u><b>54,900</b></u>	<u><b>369,314</b></u>
<b>AMORTISATION</b>			
At 1 January 2016 and 31 December 2016	<u><b>104,805</b></u>	<u><b>54,900</b></u>	<u><b>159,705</b></u>
<b>NET BOOK VALUE</b>			
At 31 December 2016	<u><b>209,609</b></u>	<u><b>-</b></u>	<u><b>209,609</b></u>
At 31 December 2015	<u><b>209,609</b></u>	<u><b>-</b></u>	<u><b>209,609</b></u>

**PSONA GLASGOW LIMITED**

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

**8. INTANGIBLE FIXED ASSETS - continued**

The Company conducts annual impairment testing on the carrying value of goodwill using value in use calculations. The key assumptions included in the value in use calculations are revenue growth, product and service mix and profit margins, the long term growth rates and the discount rate applied.

Goodwill acquired through business combinations has been allocated to the Psona Glasgow business unit for impairment testing purposes. This represents the lowest level within the Company at which goodwill is monitored for internal management purposes.

The recoverable amount of the Psona Glasgow cash generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by the board over 5 years.

In 2016 no impairment charges have been made (2015 £nil).

**9. TANGIBLE FIXED ASSETS**

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Totals £
<b>COST</b>				
At 1 January 2016 and 31 December 2016	<u>13,713</u>	<u>9,667</u>	<u>7,597</u>	<u>30,977</u>
<b>DEPRECIATION</b>				
At 1 January 2016	343	8,817	475	9,635
Charge for year	<u>1,370</u>	<u>800</u>	<u>1,899</u>	<u>4,069</u>
At 31 December 2016	<u>1,713</u>	<u>9,617</u>	<u>2,374</u>	<u>13,704</u>
<b>NET BOOK VALUE</b>				
At 31 December 2016	<u>12,000</u>	<u>50</u>	<u>5,223</u>	<u>17,273</u>
At 31 December 2015	<u>13,370</u>	<u>850</u>	<u>7,122</u>	<u>21,342</u>

There were no assets subject to finance leases or hire purchases leases included in the above figures.

**10. DEBTORS**

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	116,384	68,122
Other debtors	-	10,695
Social security and other taxes	11,543	-
Owed by parent undertaking	2,100	2,100
Owed by group undertakings	15,903	-
Income tax	26,400	-
Prepayments and accrued income	<u>98,373</u>	<u>222,352</u>
	<u>270,703</u>	<u>303,269</u>

**PSONA GLASGOW LIMITED**

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

**10. DEBTORS - continued**

	2016 £	2015 £
Amounts falling due after more than one year:		
Deferred tax asset		
Excess of depreciation over taxation allowances	<u>4,000</u>	<u>5,000</u>
	<u>4,000</u>	<u>5,000</u>
 Aggregate amounts	 <u>274,703</u>	 <u>308,269</u>

The realisation of the above current year deferred tax asset is dependent upon the anticipated profitability of the Company. The deferred tax asset is recognised as the directors foresee future profits adequate to assume recovery.

The provision for deferred tax at 31 December 2016 has been made at rates between 17% and 20% depending upon the anticipated time of reversal reflecting the legislation included in Finance Act 2015 and Finance Act 2016 reducing the rate of Corporation Tax to 19% from 1 April 2017 and 17% from April 2020. The changes in Finance Act 2016 were substantively enacted in September 2016.

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016 £	2015 £
Trade creditors	58,803	57,994
Amounts owed to parent undertakings	29,142	593,392
Amounts owed to group undertakings	598,672	26,739
Income tax	-	19,520
Social security and other taxes	-	19,418
Other creditors	19,661	5,411
Accruals and deferred income	<u>5,028</u>	<u>4,117</u>
	<u>711,306</u>	<u>726,591</u>

**12. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2016 £	2015 £
Within one year	38,000	38,000
Between one and five years	<u>101,333</u>	<u>139,333</u>
	<u>139,333</u>	<u>177,333</u>

As a result of the transfer of trade and assets to Psona Limited post yearend, the current property was subsequently vacated and has been treated as an onerous lease.

**13. CALLED UP SHARE CAPITAL**

**Allotted, issued and fully paid:**

Number:	Class:	Nominal value:	2016 £	2015 £
1	Ordinary	£1.00	<u>1</u>	<u>1</u>



**PSONA GLASGOW LIMITED**

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

**14. RESERVES**

	<b>Retained earnings £</b>
At 1 January 2016	<b>58,129</b>
Deficit for the year	<b>(109,906)</b>
At 31 December 2016	<b><u>(51,777)</u></b>

**15. RELATED PARTY DISCLOSURES**

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

During the year the directors were remunerated for services provided to the Group. This has been disclosed in Note 4. The directors are considered to be key management personnel.

There were no other related party transactions in the year that require disclosure under IAS 24.

**16. ULTIMATE CONTROLLING PARTY**

The ultimate parent undertaking and controlling party is Communisis plc, a company registered in England which prepares Group accounts. The immediate parent company is Psona Group Limited, also a company registered in England. The only group into which the results of the Company are consolidated is that headed by Communisis plc. Copies of the Group accounts of Communisis plc can be obtained by writing to:

The Secretary  
Communisis plc  
Communisis House  
Manston Lane  
Leeds  
LS15 8AH

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

**17. SHARE-BASED PAYMENT TRANSACTIONS**

**The Communis Long Term Incentive Plan 2007**

Certain directors and managers are eligible to participate in this plan at the discretion of the Remuneration Committee. The exercise price in respect of options granted under the scheme is £nil. There are no cash settlement alternatives.

There are no options granted under this scheme prior to 2014 which are still outstanding.

For options granted under this scheme in 2014 a maximum of 60% of the options will vest on the attainment of certain share price thresholds and the remaining 40% will vest on the attainment of growth in earnings per share over the financial years 2014-16. The share price measure is calculated by reference to the average share price in the final three months of the three year performance period in comparison with the average share price in the three months immediately preceding grant ("Base Share Price"). If the closing average share price is 10p above the Base Share Price, 25% of this tranche of options will vest; if the closing average share price exceeds 105p, 100% of this tranche will vest; for attainment between these thresholds, vesting will occur on a straight-line pro rata basis. The earnings per share performance will be measured on the basis of adjusted basic earnings per share (being earnings per share from continuing operations before exceptional items and amortisation of acquired intangible assets and the tax effect of these items). Vesting will be calculated by comparing earnings per share at the end of financial year 2016 to the earnings per share at 31 December 2013 and calculating the compound annual growth rate. On the basis of this compound growth rate, 70.91% of this tranche of options will vest in 2017 on the third anniversary of the date of grant.

For options granted under this scheme in 2015 a maximum of 20% of the options will vest on the attainment of certain share price thresholds and the remaining 80% will vest on the attainment of growth in earnings per share over the financial years 2015-17. The share price measure is calculated by reference to the average share price in the final three months of the three year performance period in comparison with the average share price in the three months immediately preceding grant ("Base Share Price"). If the closing average share price is 10p above the Base Share Price, 25% of this tranche of options will vest; if the closing average share price exceeds 90p, 100% of this tranche will vest; for attainment between these thresholds, vesting will occur on a straight-line pro rata basis. The earnings per share performance will be measured on the basis of adjusted basic earnings per share (being earnings per share from continuing operations before exceptional items and amortisation of acquired intangible assets and the tax effect of these items). Vesting will be calculated by comparing earnings per share at the end of financial year 2017 to the earnings per share at 31 December 2014 and calculating the compound annual growth rate. If the compound earnings per share growth reaches 7.5% per annum 25% of this tranche of options will vest, increasing to 100% vesting if earnings per share growth exceeds 15% per annum; for attainment between these thresholds vesting will occur on a straight-line pro rata basis.

For options granted under this scheme in 2016 all options will vest on the attainment of growth in earnings per share over the financial years 2016-18. The earnings per share performance will be measured on the basis of adjusted basic earnings per share (being earnings per share from continuing operations before exceptional items and amortisation of acquired intangible assets and the tax effect of these items). Vesting will be calculated by comparing earnings per share at the end of financial year 2018 to the earnings per share at 31 December 2015 and calculating the compound annual growth rate. If the compound earnings per share growth reaches 5% per annum, 15% of this tranche of options will vest; at 6% compound annual growth, 20% of the options vest; at 7.5% growth rate 25% of the options vest; at a compound annual growth rate of 10%, 75% of the options vest and if the compound annual growth in earnings per share exceeds 15% per annum there is 100% vesting; for attainment between these thresholds vesting will occur on a straight-line pro rata basis.

The Remuneration Committee will only sanction vesting of the awards granted if they are satisfied as to the Group's underlying financial performance in the performance period.

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

**17. SHARE-BASED PAYMENT TRANSACTIONS - continued**

The fair value of options granted under the Long Term Incentive Plan 2007 in the year to 31 December 2016 was estimated on the date of grant using a binomial simulation option pricing model, taking into account the terms and conditions upon which the options were granted. The following weighted average assumptions were used in that model: an expected life of three years; share price at the date of grant of 47p (2015 55p); estimated annualised dividend yield of approximately 4.68% (2015 3.44%); risk-free interest rate of 0.51% (2015 0.66%) and expected volatility of 38.72% (2015 40.25%). The weighted average fair value of the share options granted in the year ended 31 December 2016 under this plan was 41p (2015 44p).

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns which may occur. The expected volatility reflects historical volatility adjusted for future trends, which may also not necessarily be the actual outcome. Both the historical and expected volatilities reflect the volatility of the share prices of Communisis plc and comparator companies.

**The Executive Share Option Scheme 2010**

Certain directors and managers are eligible to participate in this scheme at the discretion of the Remuneration Committee. The exercise price of the options granted under this scheme is equal to the market value of the shares on the date of grant. No options were granted under this scheme in the year ended 31 December 2016 nor in the year ended 31 December 2015.

**The Sharesave Scheme**

All UK employees (including executive directors) are eligible to participate in the Communisis Sharesave Scheme. The exercise price of the options is usually equal to the market price of the shares at the date of invitation to participate less a maximum discount of 20%. The options vest on the third anniversary of the commencement of the savings period. Any options which have not been exercised within six months of the vesting date lapse.

In respect of the Sharesave options granted in the year ended 31 December 2016, the weighted average fair value of these options granted was estimated at the date of grant using the Black-Scholes option pricing model. The following weighted average assumptions were used in that model: option holders will exercise their option at expiry; share price at the date of grant of 44p; estimated annualised dividend yield of approximately 5.00%; risk-free interest rate of 0.63% and expected volatility of 38.89%. The volatility has been determined by reference to Communisis plc's and comparator companies' historical volatility over a three year period, adjusted for expected future trends, to reflect the share price of Communisis plc in the future. The exercise price is 45.75p for options exercisable three years after the date of grant. The weighted average fair value of the share options granted under this scheme in the year ended 31 December 2014 was 7.8p.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2016		2015	
	No	WAEP £	No	WAEP £
Exercised during the year	<u>-</u>	-	<u>84,375</u>	0.3168
Outstanding at the end of the year	<u>-</u>		<u>-</u>	

The weighted average share price at the date of exercise for the options exercised in the year ended 31 December 2016 was 45p (2015 44p).

**PSONA GLASGOW LIMITED**

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

**18. POST BALANCE SHEET EVENTS**

On 1 January 2017 the trade and assets of Psona Glasgow Limited were transferred into Psona Limited, another Communisis group company. The Company is therefore expected to become dormant in the foreseeable future.