

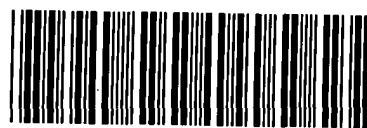
**Atex Media Limited**

**Annual report and financial  
statements**

Registered number 01500217

For the year ended 31 December 2016

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## **Officers and professional advisers**

### ***Directors***

John Edward Billowits  
Daniel Lee

### ***Registered office***

3rd Floor, Advantage House  
87 Castle Street  
Reading  
Berkshire  
RG1 7SN

### ***Bankers***

Barclays Bank plc  
Apex Plaza  
Forbury Road  
Reading  
Berkshire  
RG1 1AX

### ***Auditor***

KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

## Strategic report

### Business Review

In the year ended 31 December 2016 turnover increased by 10% to £4,242,000 (2015: £3,846,000). Total costs increased to £3,116,000 (2015: £2,756,000). This resulted in an operating profit margin of 27% (2015: 28%). In 2016, the operating profit was £1,126,000 against £1,090,000 in 2015.

### Research and development

The Company continues to develop its software products. Research and development expensed in the year was £319,000 (2015: £288,000). No development costs have been capitalised during the year (2015: £Nil).

### Objectives and Strategy

The long term objective is to be the supplier of choice of content management solutions for news media organisations and related industries through close customer collaboration and the delivery of cost-effective software and service solutions which add value and operational benefits to our customers. In so doing we plan to drive profitable growth and build shareholder value.

### Business Model

The business model explains how we intend to achieve our long-term objective and execute the strategic plan.

- i. Revenue - we sell software-based solutions that generate licence, support and maintenance and professional service revenues for the Company. The software element is licensed to the customer and the fee is payable either upfront (perpetual or term licence) or periodically under a "SaaS" (software as a service) arrangement. Where the arrangement follows the traditional perpetual or term licence route, we charge support and maintenance fees whereas for SaaS deals, the customer pays one charge which normally encompasses both software and support and maintenance. The professional services element of a sale is typically charged on a time and materials basis based on an agreed specification and payable either monthly in arrears or in accordance with an agreed milestone schedule.
- ii. How we sell - we sell primarily directly to customers through our established team of experienced sales professionals.
- iii. Operational delivery - the Company is organised along functional lines with operational services (both implementation and support) delivered through fit for purpose teams.
- iv. Product Development - The development centres deliver the Company's strategic product goals.

### Principal Risks and Uncertainties

The management of the business and the nature of the Company's strategy are subject to a number of risks.

The Directors have set out below the principal risks facing the business.

The Directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks.

## Strategic report

### Principal Risks and Uncertainties *(continued)*

#### (i) Industry changes

The success of the business is reliant on customer spending. An economic downturn may result in a reduction of customer spending which will have a direct impact on the income achieved by the Company. In particular, customers are facing a change in advertising spend away from their traditional channels to digital channels with an associated focus on productivity increases and a decrease in capital expenditure. In response to this risk, senior management aim to keep abreast of economic conditions. In cases of severe economic downturn, the cost base, marketing and pricing strategies are modified to reflect the new market conditions.

#### (ii) High proportion of fixed overheads

A large proportion of the Company's overheads are fixed. There is the risk that any significant changes in revenue, discussed above, may lead to the inability to cover such costs. Management closely monitor fixed overheads against budget on a monthly basis and ensure that cost saving exercises are implemented when there is an anticipated decline in revenues.

#### (iii) Competition

The market in which the Company operates is highly competitive. As a result there is constant downward pressure on margins and the additional risk of being unable to meet customers' expectations. Policies of constant price monitoring and ongoing market research are in place to mitigate such risks.

#### (iv) Product obsolescence

Due to the nature of the market in which the Company operates, products are subject to technological advances and, as a result, of obsolescence. The Directors are committed to the research and development strategy in place, and are confident that the Company is able to react effectively to the developments within the market.

#### (v) Adequacy of funding

Atex Media Limited has received a commitment from Atex Group Limited, the holding company, to provide continued financial support. As such, the directors have formed the view that, at the time of approving the financial statements, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

### Outlook and future developments

Despite the competitive trading conditions, the directors are cautiously optimistic that the Company's new product suite will not only generate modest revenue growth but also cement the long-standing relationships with existing customers. As a result, the Company's operating profit performance is expected to remain satisfactory.

By order of the board



29 September 2017

## Directors' report

The directors present their annual report, together with the financial statements for the year ended 31 December 2016.

### Principal activities

The Company is engaged in the selling and installation of software for the media industry, principally newspapers, magazines and online publications.

### Proposed dividend

The directors do not recommend the payment of a dividend (2015: £Nil).

### Directors

The directors who served during the year were as follows:

Hans Olof Olsson	(resigned 14 August 2017)
Federico Marturano	(resigned 14 August 2017)
John Edward Billowits	(appointed 14 August 2017)
Daniel Lee	(appointed 14 August 2017)

### Political and charitable donations

No contributions for political or charitable purposes were made during the year (2015: £Nil).

### Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG LLP will, therefore, continue in office.

By order of the board



3<sup>rd</sup> Floor  
Advantage House  
87 Castle Street  
Reading  
Berkshire  
RG1 7SN  
United Kingdom

29 September 2017

## **Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including *FRS 102 Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH  
United Kingdom

## **Independent Auditor's Report to the members of Atex Media Limited**

We have audited the financial statements of Atex Media Limited for the year ended 31 December 2016 set out on pages 8 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including *FRS 102 Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **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 profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

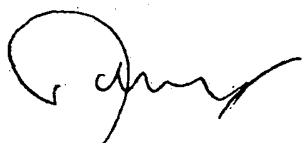
- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

## **Independent Auditor's Report to the members of Atex Media Limited** *(continued)*

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

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

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



**Peter Meehan (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

*29 September 2017*  
~~29 September 2017~~

**Profit and loss account and other comprehensive income**  
*for the year ended 31 December 2016*

	<i>Note</i>	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>4,242</b>	<b>3,846</b>
Cost of sales		<b>(2,086)</b>	<b>(1,848)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>2,156</b>	<b>1,998</b>
Distribution costs		<b>(231)</b>	<b>(224)</b>
Administrative expenses (including research and development costs of £319,000 (2015: £288,000))		<b>(799)</b>	<b>(684)</b>
		<hr/>	<hr/>
<b>Operating profit</b>		<b>1,126</b>	<b>1,090</b>
Net interest receivable	<b>6</b>	<b>60</b>	<b>61</b>
Dividend received from subsidiary		<b>-</b>	<b>72</b>
		<hr/>	<hr/>
<b>Profit before taxation</b>	<b>3</b>	<b>1,186</b>	<b>1,223</b>
Taxation	<b>7</b>	<b>-</b>	<b>-</b>
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>1,186</b>	<b>1,223</b>
<b>Other comprehensive income</b>			
Foreign exchange gains		<b>-</b>	<b>33</b>
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		<b>1,186</b>	<b>1,256</b>
		<hr/>	<hr/>

All the results are from continuing activities of the Company.

**Balance sheet**  
*at 31 December 2016*

	<i>Note</i>	<b>2016</b> <b>£000</b>	<b>£000</b>	<b>2015</b> <b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Intangible assets	8		12		81
Tangible assets	9		5		3
Investments	10		-		-
			<hr/>		<hr/>
			17		84
<b>Current assets</b>					
Debtors	11	5,158		3,029	
Cash at bank and in hand		1,143		977	
		<hr/>		<hr/>	
		6,301		4,006	
<b>Creditors: amounts falling due within one year</b>	12	(5,622)		(4,572)	
		<hr/>		<hr/>	
<b>Net current assets/(liabilities)</b>			679		(566)
<b>Provisions</b>	13		(6)		(14)
			<hr/>		<hr/>
<b>Net assets/(liabilities)</b>			690		(496)
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	14		1,260		1,260
Profit and loss account			(570)		(1,756)
			<hr/>		<hr/>
<b>Shareholders' equity/(deficit)</b>			690		(496)
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 29 September 2017 and were signed on its behalf by:



Company number: 01500217

## Statement of Changes in Equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	1,260	(3,012)	(1,752)
<b>Total comprehensive income for the year</b>			
Profit or loss	-	1,223	1,223
Other comprehensive income	-	33	33
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	1,256	1,256
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	1,260	(1,756)	(496)
	<hr/>	<hr/>	<hr/>
Balance at 1 January 2016	1,260	(1,756)	(496)
<b>Total comprehensive income for the year</b>			
Profit or loss	-	1,186	1,186
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	1,186	1,186
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2016</b>	<b>1,260</b>	<b>(570)</b>	<b>690</b>
	<hr/>	<hr/>	<hr/>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Atex Media Limited (the "Company") is a private company incorporated, domiciled and registered in the UK. The registered number is 01500217 and the registered address is 3<sup>rd</sup> Floor, Advantage House, 87 Castle Street, Reading, Berkshire RG1 7SN.

Atex Media Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 1A. *The Financial Reporting Standard* applicable to small entities in the UK and Republic of Ireland ("*FRS 102 1A*"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking during 2016, Atex Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Atex Group Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from 87 Castle Street, Reading, RG1 7SN. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 1A in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 19.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

The directors have prepared the financial statements of the Company on a going concern basis. The directors have formed the view that, at the time of approving the financial statements, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

#### 1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on items which are fair valued with changes taken to other comprehensive income, which are recognised in other comprehensive income.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.4 Basic financial instruments

##### *Trade and other debtors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Trade and other creditors*

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Investments in subsidiaries*

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

#### 1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Computer equipment - 3 years
- Fixtures and fittings - 3 to 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### 1.6 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the company.

At the acquisition date, the company recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

FRS 102.35 grants certain exemptions from the full requirements of FRS 102 in the transition period. The Company elected not to restate business combinations that took place prior to 1 January 2014. In respect of acquisitions prior to 1 January 2014, goodwill is included on the basis of its deemed cost, which represents the amount recorded under old UK GAAP. Intangible assets previously included in goodwill, are not recognised separately.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.7 Intangible assets and goodwill

##### *Research and development*

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

##### *Other intangible assets*

The cost of intangible asset acquired in a business combination is its fair value at the acquisition date.

##### *Amortisation*

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use.

The amortisation period ranges from two to ten years and is based on equal annual instalments over the assets estimated useful lives.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

#### 1.8 Impairment

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.8 Impairment (continued)

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs, the company tests the impairment of goodwill by determining the recoverable amount of the entity in its entirety, including the integrated acquired operations.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 1.9 Employee benefits

##### *Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### 1.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

#### 1.11 Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes.

Profit is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses.

The Company commits to significant amounts of professional service implementation projects. Turnover and profits are recognised either on a milestone basis or a percentage-of-completion basis, depending on contract structures and, therefore, management needs to exercise significant judgement in determining the basis and also when to recognise turnover and profits. In particular, this considers historical experience and requires knowledge of the customers and the markets in which the Company operates.

Maintenance revenue is recognised on a straight line basis over the life of the related agreement.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.12 Expenses

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

#### 1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## Notes (continued)

### 2 Turnover

	2016 £000	2015 £000
Sale of goods/software	761	682
Rendering of services	3,481	3,164
	<u>4,242</u>	<u>3,846</u>

### 3 Expenses and auditor's remuneration

	2016 £000	2015 £000
<i>Included in profit/loss are the following:</i>		
Depreciation of tangible fixed assets	3	1
Amortisation of development costs	-	81
Amortisation of customer contracts	69	69
Foreign exchange (gain)/loss	(98)	117
Research and development (see note below)	319	288
Onerous contract provisions	-	(11)
<i>Auditor's remuneration</i>		
Audit of these financial statements	7	9
Tax compliance services	4	4
	<u>4</u>	<u>4</u>

The research and development expense is stated net of a tax credit of £27,000 (2015: £65,000).

### 4 Remuneration of directors

The directors were remunerated for their services as directors through another group company.

The directors' aggregate remuneration in respect of qualifying services were £Nil (2015: £Nil).

## Notes (continued)

### 5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2016	2015
Technical support and research and development	13	15
Selling and sales support	1	1
Administration	2	2
	<hr/>	<hr/>
	18	18
	<hr/>	<hr/>

The aggregate payroll costs of these persons was as follows:

	£000	£000
Wages and salaries	1,012	938
Social security costs	176	114
Other pension costs	134	119
	<hr/>	<hr/>
	1,322	1,171
	<hr/>	<hr/>

### 6 Interest receivable and similar income

	2016	2015
	£000	£000
Interest received on loans due from group undertakings	60	61
	<hr/>	<hr/>

## Notes (continued)

### 7 Taxation

#### Total tax expense recognised in the profit and loss account, other comprehensive income and equity

The Company had no tax expense/(credit) recognised in the profit and loss account, other comprehensive income and equity in 2016 (2015: Nil).

#### Reconciliation of effective tax rate

	2016 £000	2015 £000
Profit for the year	1,186	1,223
Total tax expense	-	-
	<hr/>	<hr/>
Profit excluding taxation	1,186	1,223
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 20% (2015: 20.25%)	237	248
Non-deductible expenses	8	(18)
Recognition of previously unrecognised tax losses	(245)	(230)
	<hr/>	<hr/>
Total tax expense included in profit or loss	-	-
	<hr/>	<hr/>

#### Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. Deferred tax at 31 December 2016 has been calculated based on these rates.

The company has trade losses to carry forward of approximately £9.8 million at the year end (2015: £11 million). No deferred tax asset has been recognised in respect of these trading losses due to uncertainty as to its recoverability.

### 8 Intangible fixed assets

	Development costs £000	Customer contracts £000	Total £000
<b>Cost</b>			
At beginning and end of year	2,134	691	2,825
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
At beginning of year	2,134	610	2,744
Charged in year	-	69	69
	<hr/>	<hr/>	<hr/>
At end of year	2,134	679	2,813
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2016	-	12	12
	<hr/>	<hr/>	<hr/>
At 31 December 2015	-	81	81
	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 9 Tangible fixed assets

	Computer equipment £000	Fixtures and fittings £000	Total £000
<b>Cost</b>			
At beginning and end of year	31	13	44
Addition	5	-	5
	<hr/>	<hr/>	<hr/>
At end of year	36	13	49
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At beginning of year	28	13	41
Charge for the year	3	-	3
	<hr/>	<hr/>	<hr/>
At end of year	31	13	44
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2016	5	-	5
	<hr/>	<hr/>	<hr/>
At 31 December 2015	3	-	3
	<hr/>	<hr/>	<hr/>

### 10 Fixed asset investments

The Company has the following subsidiary company:

Company	Country of registration or incorporation	Principal activity	Class	% shares held
Atex Media Command AB	Sweden	Dormant	Ordinary	100

The registered office address is Jacobsbergsgatan 17, 11144, Stockholm, Sweden.

### 11 Debtors

	2016 £000	2015 £000
Trade debtors	1,005	881
Amounts owed by group undertakings	3,992	2,016
Prepayments	70	37
Amounts recoverable on long term contracts	88	29
Other debtors	3	66
	<hr/>	<hr/>
	5,158	3,029
	<hr/>	<hr/>
Due within one year	5,158	3,029
Due after more than one year	-	-
	<hr/>	<hr/>
	5,158	3,029
	<hr/>	<hr/>

## Notes (continued)

### 12 Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	172	95
Amounts due to group undertakings	2,665	1,718
Social security and other taxes	191	128
Deferred income	2,365	2,262
Accruals	229	369
	<u>5,622</u>	<u>4,572</u>

### 13 Provisions

The carrying amounts and movements in the provision account are as follows:

	Onerous contracts £000
At beginning of year	14
Utilised during the year	(8)
	<u>6</u>
At end of year	<u>6</u>

The provision relates to onerous contracts and is expected to reverse within one year.

### 14 Capital and reserves

	2016 £000	2015 £000
<i>Called up, allotted and fully paid:</i>		
126,000 ordinary shares of £10 each	1,260	1,260
	<u>1,260</u>	<u>1,260</u>

### 15 Commitments

The Company had no capital commitments at 31 December 2016 (2015: £Nil).

At 31 December 2016, the Company had no annual commitments under non-cancellable operating leases.

### 16 Pension scheme

The Company makes contributions to a defined contribution occupational pension scheme and to personal pensions for its employees. The total pension cost charge represents contributions paid by the Company to all the schemes which, for the year ended 31 December 2016, amounted to £134,000 (2015: £119,000). There were contributions outstanding at the balance sheet date of £20,013 (2015: £20,891).

### 17 Related party transactions

As the Company was a wholly-owned subsidiary of Atex Group Limited, the Company has taken advantage of the exemption contained in FRS 102 33.1A and has, therefore, not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

## Notes (continued)

### 18 Ultimate parent company and controlling party

At 31 December 2016, the directors regard Atex Group Limited, a company incorporated in Great Britain and registered in England and Wales, as the controlling party. Atex Group Limited is the smallest group for which consolidated financial statements are prepared and of which Atex Media Limited is a member. Copies of the Atex Group Limited consolidated financial statements may be obtained from 3<sup>rd</sup> Floor, 87 Castle Street, Reading RG1 7SN.

Atex Group Limited is a subsidiary of Kistefos International Equity AS. The ultimate controlling party is Mr Christen Sveaas.

### 19 Accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

#### *Key accounting estimates and assumptions*

#### (i) Intangible assets (note 8)

- a) **Estimated useful life:** The Group establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.
- b) **Impairment:** The Group considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

#### (ii) Provisions (note 13)

Provision are recognised when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

#### (iii) Development expenditure

Development expenditure is capitalised in accordance with the accounting policy in Note 1. Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. In determining the amounts to be capitalised management monitors whether the recognition requirements for development costs are met.

#### (iv) Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 7.

### 20 Subsequent events

On 14 August 2017, Atex Group Limited entered into a Share Purchase Agreement with Constellation Software UK Holdco Ltd, a subsidiary of Constellation Software Inc. whereby it sold 100% of its interest in its operating subsidiaries, including Atex Media Limited.