

# Financial Express (Holdings) Limited

## DIRECTORS' REPORT AND FINANCIAL STATEMENTS

30 September 2016



# Financial Express (Holdings) Limited

## DIRECTORS AND ADVISORS

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Directors : M Holland  
A R B Ward  
P W La Brooy  
D Timberlake  
B Graap  
C N Wilson

Secretary : P W La Brooy

Company number : 3672592

Registered office : 3<sup>rd</sup> Floor Hollywood House  
Church Street East  
Woking  
Surrey GU21 6HJ

Business address : 3<sup>rd</sup> Floor Hollywood House  
Church Street East  
Woking  
Surrey GU21 6HJ

Independent Auditor : RSM UK Audit LLP  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

# Financial Express (Holdings) Limited

## CONTENTS

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	Page
Directors' report	1 - 3
Strategic report	4 - 5
Directors responsibilities	6
Independent Auditor's report	7
Consolidated statement of comprehensive income	8
Consolidated statement of financial position	9
Company statement of financial position	10
Consolidated statement of changes in equity	11
Company statement of changes in equity	12
Consolidated cash flow statement	13
Notes to the financial statements	14 - 32

# Financial Express (Holdings) Limited

## DIRECTORS' REPORT

year ended 30 September 2016

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Financial Express (Holdings) Limited is a limited company domiciled and incorporated in England.

The directors present their report and financial statements for the year ended 30 September 2016.

In accordance with S414C of the Companies Act, information regarding the group's principal risks and uncertainties and key performance indicators are included in the strategic report.

### PRINCIPAL ACTIVITIES

The principal activity of the group is the collection and provision of financial information and the development of related computer software applications.

### FIRST TIME ADOPTION OF FRS102

These are the first financial statements of the group prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"). The financial statements for the prior year were prepared in accordance with previous UK GAAP.

Upon adopting FRS 102, the directors reviewed the group's application of the reporting standard on its activities and decided that the addition of new fund universes plus the expansion of fund data collected, separate from the maintenance of existing fund databases, constitutes development of products and meets the criteria for Internally Generated Intangible Assets. The policy is to capitalise the costs in the month they occur and to write these off over the following 60 months, which is consistent with the policy that the Group already uses to capitalise any material costs of the development of new software products.

The effect of this change is the recognition of an intangible asset of £769,000 at 1 October 2015, and an increase to brought forward reserves of £700,000. In the current year costs of £785,000 have been capitalised in respect of new universes and products. The net impact for the year to 30 September 2016 (after amortisation) is an increase of profit before tax of £558,000.

In addition to the above there were also transition adjustments to recognise the fair value of the group's forward foreign currency contracts. Further detail on the effect of these changes is given in note 18 of the financial statements.

### RESEARCH AND DEVELOPMENT

The group has continued to develop its data depth and breadth, programming and quality systems, retaining ISO accreditation in major parts of the business.

The group has continued to invest in its customer support systems and staff in order further to improve its ability to answer queries in a timely manner and enhance the training in the use of FE products.

### FUTURE OUTLOOK

The board continues to have a positive outlook for the future, despite the fall in the value of Sterling since the summer of 2016. The directors expect to have another satisfactory year, with a number of new products beginning to gain a significant position in the marketplace.

### RESULTS AND DIVIDENDS

The results of the group are detailed in the consolidated statement of comprehensive income on page 8. The directors have recommended an interim dividend of £671,000 (2015: £1,500,000). The Directors do not recommend a final dividend (2015: £Nil).

# Financial Express (Holdings) Limited

## DIRECTORS' REPORT

year ended 30 September 2016

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### DIRECTORS

The directors of the company who were in office during the period and up to the date of signing the financial statements were as follows:

M Holland  
A R B Ward  
B H Graap  
P W La Brooy  
D Timberlake  
C N Wilson (appointed 15 April 2016)

### CHARITABLE DONATIONS

During the year the group made charitable contributions totalling £10,351 (2015: £11,843).

### FINANCIAL RISK MANAGEMENT

The directors also monitor the risks facing the group with reference to its exposure to foreign exchange, interest rate, price, credit and liquidity risks. They are confident that there are suitable policies in place and there are no material risks and uncertainties which have not been considered. The most significant of these risks is credit risk.

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any counterparty is subject to a limit which is reassessed periodically.

Most aspects of exposures to foreign exchange, interest rate, price, and liquidity risk are managed on a group basis.

### EMPLOYEE INVOLVEMENT

Financial Express (Holdings) Limited continuously improves its employment policies and processes. The Group promotes a healthy and safe working environment, and is committed to the continuous development of its people.

The group is committed to employee involvement throughout the business and is intent on motivating and keeping staff informed on matters that concern them in the context of their employment and involving them through local consultative procedures. Employees are kept well informed on matters of concern and the financial and economic factors affecting the group's performance through management channels, conferences, meetings, publications and an internal social networking site.

Financial Express (Holdings) Ltd continues to support employee share ownership through employee share market and option arrangements intended to align the interests of employees with those of the shareholders.

### EMPLOYMENT OF PEOPLE WITH DISABILITIES

People with disabilities have equal opportunities when applying for vacancies. In addition to complying with legislative requirements, procedures are in place to ensure that disabled employees are treated fairly and that their training and development needs are carefully managed. For those employees becoming disabled during the course of their employment, the Group is supportive, whether through re-training or re-deployment, so as to provide an opportunity for them to remain with the Group whenever possible.

# Financial Express (Holdings) Limited

## DIRECTORS' REPORT

year ended 30 September 2016

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### UK FINANCIAL REPORTING COUNCIL'S STEWARDSHIP CODE

FCA COBS Rule 2.2.3R requires FCA authorised firms to disclose whether they conform to the requirements of the UK Financial Reporting Council's Stewardship Code (the "Code"). Adherence to the Code is voluntary.

The provisions of the Code are not relevant to the type of activity currently undertaken by the Group as the Group does not invest directly in publicly listed UK companies.

Should the Group's position change, we will review our commitment to the Code at that time and make appropriate disclosure.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### AUDITOR

RSM UK Audit LLP has indicated its willingness to continue in office.

By order of the Board



P W La Brooy  
Secretary

31 January 2017

3<sup>rd</sup> Floor, Hollywood House  
Church Street East  
Woking  
Surrey GU21 6HJ

# Financial Express (Holdings) Limited

## STRATEGIC REPORT

year ended 30 September 2016

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### PRINCIPAL RISKS & UNCERTAINTIES

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

The principal risks and uncertainties facing the group are reviewed on a regular basis by the Board and actions put in place to mitigate identified risks. As with any web based data/software business, the group has exposure to the following key risks:

- A downturn in levels of demand from clients
- A downturn in the overall level of economic activity
- Fraud
- A disaster at any of its sites
- Adverse currency movements
- Web attacks on its systems
- Delivery system failures
- Key staff recruitment and retention

The Board has implemented appropriate internal processes in order to mitigate these key risks to business performance.

### KEY PERFORMANCE INDICATORS (KPI's)

The group use a large number of KPI's to monitor its performance, the major ones being:

- The percentage of prices collected on a daily basis
- The timeliness of other data collected
- The downtime for any of its systems
- The utilisation levels of its communication systems
- The speed of access to its web based products
- The overall web site traffic levels
- The speed of first response to customer queries
- The clearance of queries against targets
- Customer satisfaction surveys
- Sales targets
- Annual budgets

### BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The group has produced another good result for the year, with an increase in sales in all the company's main areas of activity. The group's turnover (including its joint venture) increased by 7% to £26.3m (2015 - £24.6m) with an operating profit of £1.90m (2015 - £1.76m), while continuing to invest heavily in new products and services.

The business is focused on delivering services to the investment community – asset managers, life companies and IFAs – to enable their customers to make “better informed” investment decisions and has performed well in a challenging macroeconomic and competitive environment. In order to provide model portfolios, the group's subsidiary Financial Express Investments Ltd (formerly Trustnet Limited) is now regulated by the FCA as a fund manager.

The sales from the Hong Kong, Singapore and Australia offices were satisfactory. The group's 50% investment in Global Funds Registration Ltd showed a profit of £363k (2015 – £389k). The data collection office in the Czech Republic continued to increase in numbers of staff and improve the service to the group's customers, while the main Indian data and programming office continued to increase its breadth and depth of data coverage as well as taking over client support for retail and Analytics customers.

In July 2016, the company repurchased 100,975 (2015 – 5,000) “A” shares for a total cost of £2,031k (2015 - £99k). These shares were subsequently cancelled.

# Financial Express (Holdings) Limited

## STRATEGIC REPORT

year ended 30 September 2016

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At the year end, the group suffered unrealised balance sheet exchange gains that totalled £234k (2015 – £32k) that were charged to an exchange reserve.

The Directors are pleased to report that the sales performance of the business continues to improve in all major respects, a testament to the hard work of the staff. However, profits have suffered slightly in the short term as the group increased its resources devoted to developing products, investing in new territories and reduces its reliance on bespoke development.

By order of the Board



P W La Brooy  
Secretary

31 January 2017



# Financial Express (Holdings) Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the Directors' Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to:

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

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FINANCIAL EXPRESS (HOLDINGS) LIMITED

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## **Opinion on financial statements**

We have audited the group and parent company financial statements (the "financial statements") on pages 8 to 33. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland").

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 30 September 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **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 <http://www.frc.org.uk/auditscopeukprivate>.

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

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

## **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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

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

As more fully explained 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 (APB's) Ethical Standards for Auditors.

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.

*RSM UK Audit LLP*

## **PAUL WATTS (Senior Statutory Auditor)**

For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

31 January 2017

**Financial Express (Holdings) Limited**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 30 September 2016

	<i>Notes</i>	2016 £'000	2015 £'000
TURNOVER: Group and share of joint ventures		26,271	24,610
Less: Share of joint venture's turnover	5	(955)	(974)
TURNOVER	1	<u>25,316</u>	<u>23,636</u>
Cost of sales		(1,661)	(1,455)
GROSS PROFIT		<u>23,655</u>	<u>22,181</u>
Administrative expenses		(21,757)	(20,425)
OPERATING PROFIT	2	<u>1,898</u>	<u>1,756</u>
Fair value gains / (losses) on foreign exchange contracts	11	221	(56)
Other interest receivable and similar income		91	23
Interest payable – finance leases		(1)	(4)
Share of joint venture's results	5	<u>363</u>	<u>389</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>2,572</u>	<u>2,108</u>
Tax on profit on ordinary activities	4	(822)	(376)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>1,750</u>	<u>1,732</u>
OTHER COMPREHENSIVE INCOME (NET OF TAX)			
Currency translation gains		<u>234</u>	<u>32</u>
Total comprehensive income		<u>1,984</u>	<u>1,764</u>

**Financial Express (Holdings) Limited**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**at 30 September 2016**

	<i>Notes</i>	2016 £'000	2015 £'000
<b>FIXED ASSETS</b>			
Goodwill	6	1,331	1,564
Other Intangible assets	6a	1,435	1,127
Tangible assets	7	1,107	872
Investments	5	750	675
		<hr/>	<hr/>
Fixed Assets		4,623	4,238
<b>CURRENT ASSETS</b>			
Debtors	8	7,936	7,077
Cash at bank and in hand		6,879	7,197
		<hr/>	<hr/>
		14,815	14,274
<b>CREDITORS: amounts falling due within one year</b>	9	(13,854)	(12,340)
<b>NET CURRENT ASSETS</b>		<hr/>	<hr/>
		961	1,934
<b>NET ASSETS</b>		<hr/>	<hr/>
		5,584	6,172
<b>EQUITY SHARE CAPITAL AND RESERVES</b>			
Called up share capital	12	16	17
Share premium account		4,175	4,139
Capital redemption reserve		5	5
Share based payment reserve		216	159
Foreign exchange reserves		274	40
Profit and loss account		898	1,812
		<hr/>	<hr/>
<b>SHAREHOLDERS' FUNDS</b>		5,584	6,172
		<hr/>	<hr/>

The financial statements were approved and authorised for issue by the Board on 31 January 2017 and are signed on its behalf by:



M Holland  
Director



P La Brooy  
Director

**Financial Express (Holdings) Limited**  
**COMPANY STATEMENT OF FINANCIAL POSITION**  
for the year ended 30 September 2016

	<i>Notes</i>	2016 £'000	2015 £'000
<b>FIXED ASSETS</b>			
Intangible assets	6a	1,350	838
Tangible assets	7	758	721
Investments	5	6,173	6,159
		<hr/>	<hr/>
Fixed Assets		8,281	7,718
<b>CURRENT ASSETS</b>			
Debtors	8	5,852	3,559
Cash at bank and in hand		3,709	2,282
		<hr/>	<hr/>
		9,561	5,841
CREDITORS: amounts falling due within one year	9	(12,779)	(8,072)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(3,218)	(2,231)
		<hr/>	<hr/>
NET ASSETS		5,063	5,487
		<hr/>	<hr/>
<b>EQUITY SHARE CAPITAL AND RESERVES</b>			
Called up share capital	12	16	17
Share premium account		4,175	4,139
Capital redemption reserve		5	5
Share based payment reserve		216	159
Foreign exchange reserves		(3)	(100)
Profit and loss account		654	1,267
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS		5,063	5,487
		<hr/>	<hr/>

The financial statements were approved and authorised for issue by the Board on 31 January 2017 and are signed on its behalf by:



M Holland  
Director



P La Brooy  
Director

Company number 3672592

**Financial Express (Holdings) Limited**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the year ended 30 September 2016

	Notes	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Share-based payment £'000	Exchange Reserves £'000	Profit and loss account £'000	Total £'000
<b>GROUP</b>								
<b>Balance at 01 October 2014</b>		<b>17</b>	<b>5</b>	<b>4,082</b>	<b>101</b>	<b>8</b>	<b>1,679</b>	<b>5,892</b>
Profit for the year		-	-	-	-	-	1,732	1,732
Other comprehensive income, net of tax:-								
Currency translation differences		-	-	-	-	32	-	32
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32</b>	<b>1,732</b>	<b>1,764</b>
Transactions with owners in their capacity as owners:-								
Dividends	13	-	-	-	-	-	(1,500)	(1,500)
Repurchase of shares		-	-	-	-	-	(99)	(99)
Shares issued in year		-	-	57	-	-	-	57
Share-based payment		-	-	-	58	-	-	58
<b>Total transactions with owners in their capacity as owners</b>		<b>-</b>	<b>-</b>	<b>57</b>	<b>58</b>	<b>-</b>	<b>(1,599)</b>	<b>(1,484)</b>
<b>Balance at 30 September 2015 and 01 October 2015</b>		<b>17</b>	<b>5</b>	<b>4,139</b>	<b>159</b>	<b>40</b>	<b>1,812</b>	<b>6,172</b>
Profit for the year		-	-	-	-	-	1,750	1,750
Other comprehensive income, net of tax:-								
Currency translation differences		-	-	-	-	234	-	234
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>234</b>	<b>1,750</b>	<b>1,984</b>
Transactions with owners in their capacity as owners:-								
Dividends	13	-	-	-	-	-	(671)	(671)
Repurchase of shares	12	(1)	-	-	-	-	(1,993)	(1,994)
Shares issued in year	12	-	-	36	-	-	-	36
Share-based payment	12	-	-	-	57	-	-	57
<b>Total transactions with owners in their capacity as owners</b>		<b>-</b>	<b>-</b>	<b>57</b>	<b>58</b>	<b>-</b>	<b>(1,599)</b>	<b>(1,484)</b>
<b>Balance at 30 September 2016</b>		<b>16</b>	<b>5</b>	<b>4,175</b>	<b>216</b>	<b>274</b>	<b>898</b>	<b>5,584</b>

**Financial Express (Holdings) Limited**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
for the year ended 30 September 2016

	Notes	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Share-based payment £'000	Exchange Reserves £'000	Profit and loss account £'000	Total £'000
<b>COMPANY</b>								
<b>Balance at 01 October 2014</b>		<b>17</b>	<b>5</b>	<b>4,082</b>	<b>101</b>	<b>(16)</b>	<b>812</b>	<b>5,001</b>
Profit for the year		-	-	-	-	-	2,016	2,016
Other comprehensive income, net of tax: -								
Currency translation differences		-	-	-	-	(84)	-	(84)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(84)</b>	<b>2,016</b>	<b>1,932</b>
Transactions with owners in their capacity as owners: -								
Dividends	13	-	-	-	-	-	(1,500)	(1,500)
Repurchase of shares		-	-	-	-	-	(61)	(61)
Shares issued in year		-	-	57	-	-	-	57
Share-based payment		-	-	-	58	-	-	58
<b>Total transactions with owners in their capacity as owners</b>		<b>-</b>	<b>-</b>	<b>57</b>	<b>58</b>	<b>-</b>	<b>(1,561)</b>	<b>(1,446)</b>
<b>Balance at 30 September 2015 and 01 October 2015</b>		<b>17</b>	<b>5</b>	<b>4,139</b>	<b>159</b>	<b>(100)</b>	<b>1,267</b>	<b>5,487</b>
Profit for the year		-	-	-	-	-	2,089	2,089
Other comprehensive income, net of tax: -								
Currency translation differences		-	-	-	-	97	-	97
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>97</b>	<b>2,089</b>	<b>2,186</b>
Transactions with owners in their capacity as owners: -								
Dividends	13	-	-	-	-	-	(671)	(671)
Repurchase of shares	12	(1)	-	-	-	-	(2,031)	(2,032)
Shares issued in year	12	-	-	36	-	-	-	36
Share-based payment	12	-	-	-	57	-	-	57
<b>Total transactions with owners in their capacity as owners</b>		<b>(1)</b>	<b>-</b>	<b>36</b>	<b>57</b>	<b>-</b>	<b>(2,702)</b>	<b>(2,610)</b>
<b>Balance at 30 September 2016</b>		<b>16</b>	<b>5</b>	<b>4,175</b>	<b>216</b>	<b>(3)</b>	<b>654</b>	<b>5,063</b>

**Financial Express (Holdings) Limited**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the year ended 30 September 2016

	<i>Note</i>	2016 £'000	2015 £'000
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations	14	3,975	3,260
Interest paid		(1)	(4)
Income taxes paid		(617)	(20)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>3,357</b>	<b>3,236</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of intangible assets	6a	(814)	(771)
Acquisition of tangible fixed assets	7	(601)	(492)
Proceeds of disposal of tangible fixed assets	7	-	4
Acquisition of unlisted investment	5	(12)	(20)
Dividends received		300	300
Return of investment in associate		-	1,500
Interest received		91	23
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>		<b>(1,036)</b>	<b>544</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from the issue of new shares		35	57
Payments to acquire own shares	11	(1,993)	(99)
Repayments of obligations under finance leases		(10)	(30)
Dividends paid	13	(671)	(1,500)
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>(2,639)</b>	<b>(1,572)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(318)</b>	<b>2,208</b>
Cash and cash equivalents at beginning of year		7,197	4,989
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>6,879</b>	<b>7,197</b>
Relating to:-			
Bank balances and short term deposits included in cash at bank and in hand		6,879	7,197
		<b>6,879</b>	<b>7,197</b>



# Financial Express (Holdings) Limited

## ACCOUNTING POLICIES

for the year ended 30 September 2016

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### COMPANY INFORMATION

Financial Express (Holdings) Limited (“the company”) is a limited company incorporated in England. The registered office is 3rd Floor Hollywood House, Church Street East, Woking, Surrey GU21 6HJ.

The group consists of Financial Express (Holdings) Limited and all of its subsidiaries.

The company’s principal activity is the collection and provision of financial information and the development of related computer software applications.

### BASIS OF PREPARATION

#### FIRST TIME ADOPTION OF FRS 102

These financial statements are the first financial statements of Financial Express (Holdings) Limited prepared in accordance with Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (FRS 102). The date of transition to FRS 102 was 1 October 2014. The financial statements of Financial Express (Holdings) Limited for the period ended 30 September 2015 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 ‘Transition to this FRS’.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 ‘Transition to this FRS’. Adjustments are recognised directly in equity at the transition date.

Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported under previous UK GAAP are given in note 18.

### REDUCED DISCLOSURES

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

- Section 7 ‘Statement of Cash Flows’ – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 ‘Basic Financial Instruments’ – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument;
- Section 33 ‘Related Party Disclosures’ – Compensation for key management personnel

### GOING CONCERN

After making reasonable enquiries, the board of directors consider that the group and company has adequate resources to continue its operations for at least 12 months from the signing of the financial statements and therefore these financial statements have been prepared on a going concern basis.

### BASIS OF CONSOLIDATION

The group accounts consolidate the financial statements of the company and all its subsidiary undertakings. Intra-group profits are eliminated on consolidation. Profits and losses of companies entering or leaving the group are included from the date of acquisition or up to the date of disposal. The net assets of subsidiaries acquired are included on the basis of their fair value at the date of acquisition being the date on which control passes.

### FUNCTIONAL AND PRESENTATIONAL CURRENCIES

The financial statements are presented in sterling which is also the functional currency of the company.

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

# Financial Express (Holdings) Limited

## ACCOUNTING POLICIES

for the year ended 30 September 2016

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### FUNCTIONAL AND PRESENTATIONAL CURRENCIES (continued)

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Assets and liabilities of overseas subsidiaries (including goodwill and fair value adjustments in relation to overseas subsidiaries) are translated into the Group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as the directors consider this to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in other comprehensive income and accumulated in equity.

### TURNOVER

Revenue is derived from the provision of financial information and related software. Recurring revenues are recognised net of vat over the period the services are provided, once a signed contract is in place, the recoverability of the debt is reasonably assured and the arrangement is fixed or determinable.

### SALES RELATING TO PROVISION OF FINANCIAL DATA

Turnover from contracts for the provision of financial data is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, turnover is recognised only to the extent of the expenses recognised that are recoverable.

### SALE OF DEVELOPMENT COSTS

Turnover from contracts for the provision of development of related computer software applications is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, turnover is recognised only to the extent of the expenses recognised that are recoverable.

### LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balances.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

### ASSOCIATED UNDERTAKINGS

Undertakings in which the group has a participating interest and over which it exerts significant influence are defined as associated undertakings. The financial statements include the appropriate share of the results and reserves of these undertakings using the equity method based on audited financial statements to 30 September.

### JOINT VENTURES

Undertakings in which the group has a long term interest and shares control under a contractual arrangement are defined as joint ventures. Joint ventures are accounted for using the gross equity method.

# Financial Express (Holdings) Limited

## ACCOUNTING POLICIES

for the year ended 30 September 2016

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### TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Databases, computer equipment, fixtures, fittings and equipment	20-33% on cost
Leasehold improvements	over life of the lease

Any assets which are impaired in value, as measured by usage or by reference to the income that can be generated, are written down to their estimated impaired value.

### INTANGIBLE FIXED ASSETS – GOODWILL

Goodwill is capitalised and written off evenly over 20 years as, in the opinion of the directors, this represents the period over which the goodwill is expected to give rise to economic benefits.

### INTANGIBLE FIXED ASSETS (OTHER THAN GOODWILL)

Intangible assets comprise of product development expenditure and the development costs of internally created databases.

Product development expenditure comprises the costs of development of new products, where the product is separately identifiable, the value can be accurately calculated and is likely to generate future separate revenues in excess of its written down cost.

Internally created databases comprise of the data capture costs of new and expanded existing universes, plus performance data. All other data entry costs are classified as maintenance and are expensed in the year in which they occur.

The carrying cost of the product development and internally created databases are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the profit and loss account.

Intangible fixed assets are stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Internally Created Databases and Data Histories	20% on cost
Product Development	33% on cost

Any assets which are impaired in value, as measured by usage or by reference to the income that can be generated, are written down to their estimated impaired value.

### INVESTMENTS

Investments in the company's balance sheet are stated at cost, less any provision for impairments.

### TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable. Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements.

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

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax.

# Financial Express (Holdings) Limited

## ACCOUNTING POLICIES

for the year ended 30 September 2016

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### TAXATION (continued)

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

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

### RETIREMENT BENEFITS

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

### FINANCIAL INSTRUMENTS

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in profit or loss unless hedge accounting is applied and the hedge is a cash flow hedge.

### BASIC FINANCIAL ASSETS

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

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

### BASIC FINANCIAL LIABILITIES

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

# Financial Express (Holdings) Limited

## ACCOUNTING POLICIES

for the year ended 30 September 2016

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### SHARE BASED PAYMENTS

The Company grants share options (“equity-settled share-based payments”) to certain employees.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

#### *Cancellations, settlements and modifications*

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions (the “original fair value”) and under the modified terms and conditions (the “modified fair value”) are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

### FOREIGN EXCHANGE FORWARD CONTRACTS

The Company transfers regular monthly funds to its subsidiary, Fedby Information Services Pvt based in India to cover their general running costs. As a consequence, Indian Rupee currency forward contracts are used to limit the foreign exchange risk of future transactions and cash flows. The contracts are held at fair value based on available market data. The group does not adopt hedge accounting for forward exchange contracts, consequently fair value gains and losses are recognised in profit or loss.

### CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are the timing of software development revenue recognition, the value of intangible assets, provisions against trade debtors and Goodwill

Software development revenue recognition – The group follows the accounting policy as described above. At the yearend, management have to estimate the costs to complete each development to ascertain whether the balance sheet carrying value is both recoverable and not above its fair value.

Intangible assets - The recoverable amount of intangible assets such as internally developed software is based on value in use which requires estimates in respect of the future cash flows and expected useful life. Management have to use judgments in determining the estimated useful lives of its intangible assets. Management must also make judgements in relation to the costs to be capitalised in respect of data capture for the development of new universes and expanding of existing universes.

Provisions against trade debtors – The management has to make estimates as to the recoverability of year end debtors, the estimates being based on prior payment histories, the size of the debt, knowledge of the customer, and history of previous disputes and the service provided. Provisions are made to reduce debtors to the estimated net recoverable amount.

Goodwill – The amount of goodwill initially recognised as the result of a business combination is dependent upon the purchase price of the acquisition over the net book value of the assets acquired. The determination of the fair value of goodwill is based, to a considerable extent, on management’s judgement.

# Financial Express (Holdings) Limited

## ACCOUNTING POLICIES

for the year ended 30 September 2016

### 1 TURNOVER

Turnover is wholly attributable to the principal activity of the group.

	2016 £'000	2015 £'000
Analysis of turnover by geographical destination		
United Kingdom	23,524	21,745
Rest of Europe	554	650
Rest of World	1,238	1,241
	<u>25,316</u>	<u>23,636</u>

### 2 OPERATING PROFIT

	2016 £'000	2015 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible assets	418	461
Amortisation of intangible assets - owned	480	520
- leased	27	31
Audit Services		
- Statutory audit of parent and consolidated accounts	29	23
- Audit of subsidiaries where such services are provided by RSM or its associates	43	26
Operating leases	1,067	956
- land and buildings	70	80
- plant and equipment	(346)	(30)
Foreign exchange gain		
	<u></u>	<u></u>

### 3 DIRECTORS AND EMPLOYEES

	2016 £'000	2015 £'000
Staff costs including directors' emoluments		
Wages and salaries	12,903	12,139
Social security costs	1,214	1,169
Other pension costs	552	501
Share based payment charge	57	58
	<u>14,726</u>	<u>13,867</u>

Average number employed including executive directors

	Number	Number
Sales	44	40
Other	395	384
	<u>439</u>	<u>424</u>

	£'000	£'000
Directors' Emoluments (including pension contributions)	1,409	967
Fees paid to non-executive Directors	18	18
	<u>1,427</u>	<u>985</u>

# Financial Express (Holdings) Limited

## ACCOUNTING POLICIES

for the year ended 30 September 2016

### 3 DIRECTORS AND EMPLOYEES (continued)

The emoluments of the highest paid director were £466,642 (2015: £395,544). The amount of £45,546 (2015: £44,653) was paid as a pension payment to the defined contribution scheme on behalf of this director.

During the year, the group made pension contributions for three directors and contributions paid amounted to £57,527 (2015: three directors £56,399).

The highest paid director does not hold any share options thus none were exercised in the year (2015: Nil).

### PENSION COSTS - DEFINED CONTRIBUTION SCHEME

The group operated a defined contribution scheme and also allows more financially experienced staff to operate a SIPP on the group's own platform, Trustnet Direct. The assets of the scheme and the SIPP's are held separately from those of the company in an independently administered funds. The pension cost charge represents contributions payable by the company to the defined contribution scheme held with Scottish Widows and to the SIPP, and amounted to £551,544 (2015: £500,582).

4 TAXATION	2016 £'000	2015 £'000
<i>Analysis of charge in the period</i>		
Current tax - UK corporation tax on profits for the period	567	285
Adjustments in respect of prior periods	(9)	(208)
Foreign Taxation	308	203
	<u>866</u>	<u>280</u>
Deferred tax – origination and reversal of timing differences	(44)	96
	<u>822</u>	<u>376</u>
<i>Factors affecting tax charge in the period</i>		
Profit on ordinary activities before taxation	2,572	2,108
	<u>514</u>	<u>422</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 – 20%)	31	35
Expenses not deductible for tax purposes (primarily amortisation)	(7)	12
Differences between capital allowances and depreciation	295	202
Foreign Tax	(13)	(1)
Research and development tax credit	(28)	68
Short Term Timing differences and other deductions in period	(73)	(291)
Tax adjustment in relation of associate and joint venture	(8)	45
Accelerated capital allowances	-	(5)
Other Adjustments	111	(111)
	<u>822</u>	<u>376</u>
Current tax charge		

### *Factors that may affect future tax charges*

The only factor that may affect future tax charges is anticipated to be the potential utilisation of losses carried forward, to the extent that they have not already been recognised as deferred tax assets.

# Financial Express (Holdings) Limited

## ACCOUNTING POLICIES

for the year ended 30 September 2016

### 5 FIXED ASSET INVESTMENTS

GROUP	Joint Ventures £'000	Unlisted Investments £'000	Total £'000
Share of net assets:			
1 October 2015	227	448	675
Share of retained profit for the year	363	-	363
Dividends received	(300)	-	(300)
Investment Sprint Enterprise Ltd	-	12	12
30 September 2016	290	460	750
COMPANY	Associated Undertakings £'000	Unlisted Investments £'000	Total £'000
Cost of unlisted shares in subsidiaries, associates, joint ventures and investments:			
1 October 2015	5,749	410	6,159
Investment in EBT	-	2	2
Investment Sprint Enterprise Technology Ltd	-	12	12
30 September 2016	5,749	424	6,173

Details of the investments in which the group and company (unless indicated) holds 20% or more of the nominal value of any classes of share capital as at 30<sup>th</sup> September 2016 are as follows:

	Place of Incorporation	Percentage Holding	Principal Activity
Financial Express Limited	England & Wales	100%	Financial Information Services
Trustnet Limited	England & Wales	100%	Financial Information Services
Financial Express Investments Ltd	England & Wales	100%	Financial Information Services
Global Funds Registration Limited	England & Wales	50%	Fund Registration Services
Financial Express International Limited	Jersey	100%	Consultancy
Fedby Information Services Private Limited	India	100%	Financial Information Services
Financial Express (Czechia) s.r.o.	Czech Republic	100%	Financial Information Services
FE Advisory Asia Ltd	Hong Kong	100%	Financial Information Services
Financial Express Australia Pty Ltd	Australia	100%	Financial Information Services

The company also operates branches in Switzerland, Hong Kong and Singapore.

### JOINT VENTURE

In 2007 the company invested £5,000 for 50% of the ordinary share capital of Global Funds Registration Limited – (“GFR”) in which it shares joint control with Technical Fund Marketing Limited. GFR provides the service of registering investment funds in all countries in which they wish to operate and runs a service producing and distributing multi-lingual Key Investor Information Documents (Kiids) and Packaged Retail Investment and Insurance-based Investment Products (PRIIPS).



# Financial Express (Holdings) Limited

## ACCOUNTING POLICIES

for the year ended 30 September 2016

### 5 FIXED ASSET INVESTMENTS (Continued)

GFR generated £2,040,000 of turnover for the year to 30 September 2016 (2015: £2,073,000) of which £955,000 (2015: £974,000) has been disclosed in the group accounts. £363,000 has been recognised in the consolidated profit and loss account as Financial Express (Holdings) Limited's share of GFR's profits for the year after tax to 30 September 2016 (2015: £389,000). The group's share of GFR's tax charge is £91,000 (2015: £101,000).

The group received a dividend of £300,000 (2015: £300,000) during the year from GFR.

As at 30 September 2016, GFR had net assets of £565,000 (2015: £439,000).

### 6 GOODWILL £'000

Cost

At 30 September 2015 and 30 September 2016 4,644

Amortisation

At 30 September 2015 3,080

Charge for the year 233

At 30 September 2016 3,313

Net book value

At 30 September 2016 1,331

At 30 September 2015 1,564

### 6a OTHER INTANGIBLE ASSETS

GROUP	Data Histories £'000	Development £'000	Computer Software £'000	Total £'000
Cost				
At 30 September 2015	181	850	641	1,672
Restatement 30 September 2015	769	-	-	769
Foreign exchange rate movements	-	-	14	14
Additions	785	-	29	814
Disposals	-	-	(1)	(1)
At 30 September 2016	1,735	850	683	3,268
Amortisation				
At 30 September 2015	178	569	498	1,245
Restatement 30 September 2015	69	-	-	69
Foreign exchange rate movements	-	-	13	13
Charge for the year	229	198	80	507
Disposals	-	-	(1)	(1)
At 30 September 2016	476	767	590	1,833
Net book value				
At 30 September 2016	1,259	83	93	1,435
At 30 September 2015	703	281	143	1,127

# Financial Express (Holdings) Limited

## ACCOUNTING POLICIES

for the year ended 30 September 2016

### 6a. OTHER INTANGIBLE ASSETS (Continued)

COMPANY	Data Histories £'000	Computer Software £'000	Total £'000
Cost			
At 30 September 2015	-	550	550
Restatement 30 September 2015	769	-	769
Additions	785	29	814
Disposals	-	(1)	(1)
At 30 September 2016	1,554	578	2,132
Amortisation			
At 30 September 2015	-	412	412
Restatement 30 September 2015	69	-	69
Charge for the year	226	76	302
Disposals	-	(1)	(1)
At 30 September 2016	295	487	782
Net book value			
At 30 September 2016	1,259	91	1,350
At 30 September 2015	700	138	838

### 7 TANGIBLE FIXED ASSETS

GROUP	Computer equipment £'000	Fixtures, fittings and equipment £'000	Leasehold Improvements £'000	Total £'000
Cost				
At 30 September 2015	1,410	456	630	2,496
Foreign exchange rate movements	80	10	52	142
Additions	436	16	149	601
Disposals	(92)	(21)	-	(113)
At 30 September 2016	1,834	461	831	3,126
Depreciation				
At 30 September 2015	983	316	324	1,623
Foreign exchange rate movements	57	9	25	91
Charge for the year	216	63	139	418
On disposals	(92)	(21)	-	(113)
At 30 September 2016	1,164	367	488	2,019
Net book value				
At 30 September 2016	670	94	343	1,107
At 30 September 2015	426	140	306	872

# Financial Express (Holdings) Limited

## ACCOUNTING POLICIES

for the year ended 30 September 2016

### 7 TANGIBLE FIXED ASSETS (Continued)

COMPANY	Computer equipment £'000	Fixtures, fittings and equipment £'000	Leasehold improvements £'000	Total £'000
Cost				
At 30 September 2015	970	400	505	1,875
Foreign exchange rate movements	3	1	6	10
Additions	333	10	12	355
Disposals	(74)	(19)	-	(93)
At 30 September 2016	1,232	392	523	2,147
Depreciation				
At 30 September 2015	652	266	236	1,154
Foreign exchange rate movements	3	1	5	9
Charge for the year	155	59	104	318
Disposals	(74)	(18)	-	(92)
At 30 September 2016	736	308	345	1,389
Net book value				
At 30 September 2016	496	84	178	758
At 30 September 2015	318	134	269	721

### 8 DEBTORS: amounts falling within one year

	GROUP		COMPANY	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade debtors	5,679	5,209	138	136
Amounts due from subsidiary undertakings	-	-	4,226	1,955
Foreign currency forward contracts (note 11)	219	-	-	-
Other debtors	616	591	702	661
Prepayments and accrued income	1,422	1,277	786	807
	7,936	7,077	5,852	3,559

Included in other debtors of the group is a deferred tax asset of £34,000 (2015: liability £10,000) See note 10.

Included within other debtors are interest bearing loans of £23,000 (2015: £30,000) to staff members for the exercise of options and the purchase of shares in Financial Express (Holdings) Limited.

During the year, an impairment loss of £54,000 (2015: £53,000) was recognised in respect of trade receivables due from customers who are known to be in financial difficulty and from whom payment was overdue by more than three months.

# Financial Express (Holdings) Limited

## ACCOUNTING POLICIES

for the year ended 30 September 2016

9	CREDITORS: amounts falling due within one year	GROUP		COMPANY	
		2016 £'000	2015 £'000	2016 £'000	2015 £'000
	Trade creditors	397	276	297	185
	Amounts owed to subsidiary undertakings	-	-	9,214	5,121
	Corporation tax	574	325	9	13
	Obligations under finance lease contracts	-	10	-	10
	Other taxes and social security	975	832	296	256
	Foreign currency forward contracts (note 11)	-	2	-	-
	Other creditors	355	137	92	29
	Accruals and deferred income	11,553	10,758	2,871	2,458
		<u>13,854</u>	<u>12,340</u>	<u>12,779</u>	<u>8,072</u>

Included in the other creditors of the company is a deferred tax liability of £25,000 (2015: liability £17,000). See note 10.

In relation to the defined contribution pension scheme and included within other creditors, the group and company had outstanding contributions of £5,000 (2015: £11,000).

10	DEFERRED TAX	GROUP		COMPANY	
		2016 £'000	2015 £'000	2016 £'000	2015 £'000
	Corporation tax deferred by:				
	Accelerated capital allowances	25	19	26	19
	Other items	(59)	(9)	(1)	(2)
	Deferred tax (asset)/liability	<u>(34)</u>	<u>10</u>	<u>25</u>	<u>17</u>

The potential asset has been calculated on a corporation tax rate of 20% (2015: 20%).

Deferred tax – movement in the year

	GROUP		COMPANY	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
At 30 September 2015	10	(86)	17	(28)
Charge/(credit) to the profit and loss account	(44)	96	8	45
At 30 September 2016	<u>(34)</u>	<u>10</u>	<u>25</u>	<u>17</u>

# Financial Express (Holdings) Limited

## ACCOUNTING POLICIES

for the year ended 30 September 2016

11	FINANCIAL INSTRUMENTS	2016 £'000	2015 £'000
	Financial assets:		
	Measured at amortised cost	5,671	5,319
	Measured at fair value through profit and loss	219	-
		<u>5,890</u>	<u>5,319</u>
	Financial liabilities:		
	Measured at amortised cost	3,642	2,814
	Measured at fair value through profit and loss	-	2
		<u>3,642</u>	<u>2,816</u>

### FOREIGN EXCHANGE FORWARD CONTRACTS:

Monthly cash transfers are processed from UK to Indian subsidiary Fedby Information Services Pvt. As a consequence, the group uses foreign currency forward contracts to manage the foreign change risk of future transactions and cash flows.

The contracts are valued based on available market data. The Company does not adopt hedge accounting for forward exchange contracts and, consequently, fair value gains and losses are recognised in profit or loss.

At the year end, the total carrying amount of outstanding foreign exchange forward contracts that the Group has committed to are as follows:

	2016 £'000	2015 £'000
Indian Rupees	<u>2,510</u>	<u>1,650</u>
FAIR VALUE GAINS	2016 £'000	2015 £'000
Fair value at 1 October	(2)	54
Fair value gains/(losses) on foreign exchange contracts	221	(56)
Fair value at 30 September	<u>219</u>	<u>(2)</u>

# Financial Express (Holdings) Limited

## ACCOUNTING POLICIES

for the year ended 30 September 2016

### 12 SHARE CAPITAL & RESERVES

SHARE CAPITAL	'A'ordinary shares of £0.01 each	'B'ordinary shares of £0.01 each	'C'ordinary shares of £0.01 each
Allotted, called up and fully paid			
1 October 2015	1,499,170	150,121	4,650
Fully paid during the year	(96,325)	761	(4,650)
	<u>1,402,845</u>	<u>150,882</u>	<u>-</u>

The 'B' ordinary shareholders are not entitled to vote in general meetings but in all other respects, the shares rank pari passu with the 'A' ordinary shares. The 'C' ordinary shares are entitled to vote, but only qualify for an entitlement of one hundredth of any dividend declared and only par value in the event of a sale.

During the year 100,975 'A' shares were offered for sale. The shares were purchased by Financial Express (Holdings) Ltd for consideration of £1,993,000 with 4,650 shares being sold to existing shareholders. A further 4,650 'C' shares were also purchased for £93. Also during the year, 8,187 'B' ordinary shares were issued on the exercise of options to staff under the share option scheme.

### SHARE OPTIONS

The company had granted options over 'B' shares as follows:

#### Under an EMI Scheme

Issue Date	30 Sept 2015	Exercised in year	Number of Options Granted in year	Lapsed	30 Sept 2016	Exercise Price
22/05/07	9,787	6,887	-	-	2,900	289.04p
01/10/09	6,500	-	-	-	6,500	515.00p

#### Under an Unauthorised Scheme

01/01/13	82,554	-	-	-	82,554	1010.00p
19/02/13	8,400	1,300	-	-	7,200	1280.00p
30/09/13	6,291	-	-	-	6,291	1280.00p
30/09/13	700	-	-	-	700	1411.00p
30/09/14	22,150	-	-	750	21,400	1731.00p
01/10/14	1,000	-	-	-	1,000	1731.00p
20/05/16	-	-	5,000	-	5,000	1783.00p
20/05/16	-	-	4,250	-	4,250	1958.00p
04/08/16	-	-	3,500	-	3,500	1958.00p

The Group plan provides for a grant price equal to the average market price of the Group shares on the date of grant. The vesting period is generally 2 to 3 years. If options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Group before the options vest.

# Financial Express (Holdings) Limited

## ACCOUNTING POLICIES

for the year ended 30 September 2016

### 12 SHARE CAPITAL & RESERVES (continued)

#### SHARE OPTIONS (continued)

The inputs into the Black Scholes model were as follows:

Issue of options	Share price £	Volatility	Expected life	Dividend rate
01/01/13	10.13	35%	5 years	7.0%
19/02/13	12.80	35%	5 years	7.0%
30/09/13	14.11	35%	5 years	7.0%
30/09/14	17.31	35%	5 years	7.0%
01/10/14	17.31	35%	5 years	7.0%
20/05/16	19.58	35%	5 years	7.0%
04/08/16	19.58	35%	5 years	7.0%

Expected volatility was determined by calculating the historical volatility of the group's share price over the previous 5 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The group recognised a total expense of £57,000 (2015: £58,000) relating to equity-settled share-based payment transaction. The fair value of the options issued in the year was estimated to be in the region of £23,754 (2015 - £16,651)

#### RESERVES

Reserves of the Group represent the following:

##### Share Premium

Consideration received for shares issued above their nominal value net of transaction costs.

##### Share-based Payment Reserve

The cumulative share-based payment expense

##### Profit and loss account

Cumulative profit and loss net of distributions to owners.

13	DIVIDENDS	2016 £'000	2015 £'000
	Interim - A ordinary shares 40.6 pence per share (2015: 20.6 pence)	609	309
	- B ordinary shares 40.6 pence per share (2015: 20.6 pence)	62	29
	Special - A ordinary shares nil pence per share (2015: 70.6 pence)	-	1,058
	- B ordinary shares nil pence per share (2015: 70.6 pence)	-	104
		<u>671</u>	<u>1,500</u>

# Financial Express (Holdings) Limited

## ACCOUNTING POLICIES

for the year ended 30 September 2016

### 14 RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £'000	2015 £'000
Profit after tax	1,750	1,732
Adjustments for:		
Depreciation of tangible fixed assets	418	508
Amortisation of intangible assets	740	590
Share based payment charge	58	57
Share of profit from associates and jointly controlled entities	(363)	(389)
Fair value (gains)/losses on financial instruments	(221)	56
Foreign exchange (gains)/losses	182	30
Interest receivable	(91)	(23)
Interest payable	1	4
Taxation	822	376
Operating cash flows before movements in working capital	3,296	2,941
Decrease/(increase) in trade and other debtors	(607)	(761)
Increase/(decrease) in trade and other creditors	1,286	1,080
Cash generated from operations	3,975	3,260

### 15 COMMITMENTS UNDER OPERATING LEASES

As at 30 September 2016, the total future minimum lease payments under non-cancellable operating leases are as follows:

	GROUP		COMPANY	
	2016 Land and buildings £'000	2015 Land and buildings £'000	2016 Land and buildings £'000	2015 Land and buildings £'000
Amounts due:				
Within one year	214	184	43	18
Between one and five years	1,890	1,641	1,574	191
After five years	1,120	3,202	1,120	3,202
	3,224	5,027	2,754	3,411

  

	GROUP		COMPANY	
	2016 Plant and Equipment £'000	2015 Plant and Equipment £'000	2016 Plant and Equipment £'000	2015 Plant and Equipment £'000
Amounts due:				
Within one year	36	10	36	10
Between one and five years	40	-	40	-
	76	10	76	10



# Financial Express (Holdings) Limited

## ACCOUNTING POLICIES

for the year ended 30 September 2016

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### 15 COMMITMENTS UNDER OPERATING LEASES (continued)

During 2012 the company agreed a financing facility of £500,000 in order to fund computer hardware and software purchases, secured by a fixed and floating charge over the assets of the company. The directors believe that due to the nature of the agreement, the costs relating to hardware purchases should be treated as an operating lease. Payments totalled £70,000 for the year (2015: £80,000) and were charged directly to the profit and loss account.

### 16 GUARANTEES

The company is a member of a VAT group and the net potential liability under the group registration as of 30 September 2016 was £700,000 (2015: £686,000)

### 17 RELATED PARTY TRANSACTIONS

The group provided services totalling £40,500 (2015: £38,500) to an associate undertaking of the group, and received services of £66,000 (2015: £65,000). At 30 September 2016, £nil was owed to the group (2015: £nil).

During the year, related party transactions occurred with a joint venture of the group. Software was sold by the group totalling £300,000 (2015: £59,000), and sales were contracted on behalf of the joint venture for £100,500 (2015: £115,000). The group also provided sales support, hosting, customer support and related services totalling £165,000 (2015: £219,000). The amount outstanding at the year-end was £360,000 (2015: £nil).

During the year, dividends were paid to the directors as detailed below

	2016 £	2015 £
M Holland	186,121	418,211
A R B Ward	3,291	7,396
P W La Brooy	21,091	47,230
D Timberlake	35,920	80,713
B Graap	26,966	64,123

### REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of key management personnel, who are also directors, is as follows:

	2016 £'000	2015 £'000
Aggregate compensation	2,476	1,980

# Financial Express (Holdings) Limited

## ACCOUNTING POLICIES

for the year ended 30 September 2016

### 18 FIRST TIME ADOPTION OF FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 on: (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported, are given below;

GROUP	1 October 2014 £'000	30 September 2015 £'000
Reconciliation of equity		
Equity as previously reported under previous UK GAAP	5,838	5,564
Accrued holiday pay		(90)
Amortisation of capitalised database	-	(69)
Capitalisation of database costs	-	769
Recognition of forward buying contract	54	(2)
Equity reported under FRS 102	<u>5,892</u>	<u>6,172</u>
		Year ended 30 September 2015 £
Reconciliation of profit		
Profit as previously reported under previous UK GAAP		1,178
Accrued holiday pay		(90)
Amortisation of capitalised database		(69)
Capitalisation of database costs		769
Fair value profit / (loss) on forward buying contract		(56)
Profit reported under FRS 102		<u>1,732</u>
COMPANY	1 October 2014 £'000	30 September 2015 £'000
Reconciliation of equity		
Equity as previously reported under previous UK GAAP	5,001	4,877
Accrued holiday pay		(90)
Amortisation of capitalised database	-	(69)
Capitalisation of database costs	-	769
Equity reported under FRS 102	<u>5,001</u>	<u>5,487</u>
		Year ended 30 September 2015 £
Reconciliation of profit		
Profit as previously reported under previous UK GAAP		1,406
Accrued holiday pay		(90)
Amortisation of capitalised database		(69)
Capitalisation of database costs		769
Profit reported under FRS 102		<u>2,016</u>

# Financial Express (Holdings) Limited

## ACCOUNTING POLICIES

for the year ended 30 September 2016

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### 18 FIRST TIME ADOPTION OF FRS 102 (continued)

#### ACCRUED HOLIDAY

Under previous UK GAAP the Company was not required to account for unused employee holiday. FRS 102 S28 requires any consideration given to employees as a result of their service to be recognised. The recognition of any holiday pay owed at the year end as an accrual in the accounts has increased staff costs, thereby reducing profit in the comparative years. There was a movement of £4,000 in the accrual in the year to 30 September 2016

#### RECOGNITION OF FOREIGN EXCHANGE FORWARD CONTRACTS

Under previous UK GAAP fair value gains/losses on foreign exchange forward contracts were disclosed, but not recognised, in the financial statements. Under FRS 102, these instruments are recognised as assets or liabilities, with a total asset of £54,000 being recognised at 1 October 2015 and a corresponding adjustment to reserves. Fair value losses of £56,000 on foreign exchange forward contracts were recognised in profit or loss under FRS 102 for the year ended 30 September 2015.

#### CAPITALISED DATABASES

Upon adopting FRS 102, the directors reviewed the group's application of the reporting standard on its activities and decided that the addition of new fund universes plus the expansion of fund data collected, separate from the maintenance of existing fund databases, constituted development of the product and met the criteria for internally generated intangible assets which are on the basis that; it is probable that the future economic benefits that are attributable to the asset will flow to the entity and that the cost or value of the asset can be measured reliably.

The group had already followed this policy for internally developed new software products for sale to customers if the development costs were of a material nature.

The group have therefore recognised a new asset (net of amortisation) of £700,000 in accordance with its accounting policy for intangible asset recognition. No asset was recognised at the date of transition as the management could not reliably estimate the development time to be capitalised at that point.