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COMPANY REGISTRATION NUMBER: 01231037

Atlas Interactive Limited

Financial Statements

30 September 2016

Atlas Interactive Limited

Financial Statements

Year ended 30 September 2016

Contents | **Pages**

Atlas Interactive Limited

Officers and Professional Advisers

The board of directors	HM van der Vossen KH Short IA Mackie
Company secretary	IA Mackie
Registered office	Broadgate Tower Primrose Street London EC2A 2EW
Auditor	Anderson Anderson & Brown LLP Chartered accountant & statutory auditor Kingshill View Prime Four Business Park Kingswells Aberdeen Scotland AB15 8PU
Bankers	Lloyds Bank Plc 3 - 5 Albyn Place Aberdeen AB10 1PY
Solicitors	Dickson Minto W.S 16 Charlotte Square Edinburgh EH2 4DF

Principal activities

Atlas Knowledge Group ("Atlas") is an international e-learning provider for safety critical industries. Atlas, founded in 1995, now operates in over 116 countries which are served from its headquarters in Aberdeen and its established offices in Houston, Abu Dhabi and Kuala Lumpur.

The company's revenue is predominately delivered through the licensing of and subscriptions to its multi-media online courseware of over 2,000+ titles for its clients in safety critical sectors. We deliver our services in 20 languages, with more than half of all learning events in the year accessed internationally. So wide and deep are our relationships that someone accesses an Atlas Knowledge product every minute of every day across the globe. More information may be found in the Atlas website at www.atlasknowledge.com.

Results and business review

Revenue decreased by 28% to £5,072,869 (2015: £7,053,587). Operating costs were tightly controlled, reducing by c£500,000 from prior year. The full year benefit of our cost management initiatives was not reflected in these results but will flow through into 2016/17. Our adjusted EBITDA before exceptional costs was £239,997, down from £1,795,706 in the prior year. At the year end the company and group had cash balances in excess of £1,700,000 and no bank debt, the result of adopting a conservative financial strategy which gives us the flexibility to adapt and make judicious investments in our offer, our distribution and our people.

We remained committed to improving our business and our offer to our clients. The Group continued to invest in technology and development throughout the year, which resulted in the addition of a further 31 (2015: 25) new and refreshed content courseware to our library. Our content is tightly curated kept up to date and relevant on a three-year cycle. Accordingly, our content is legislatively correct and meets the required industry standards. Users have the benefit of knowing that the training they receive is up to date and helps them stay safe and compliant.

Another new initiative allows individual workers to access and buy our content via the new Atlas Knowledge website, which went live in January 2016, offering e-commerce functionality, incorporating the entire Atlas online courseware, thereby offering 24-hour access to our products to the individual learner.

Our people drive our results and we continued to invest in training. Over 4% (2015: 4%) of payroll cost was invested in staff training and development in the year. Atlas continued its management development programme during the year, with dedicated plans for all key personnel.

Prospects and events after the balance sheet date

It is widely understood that the collapse in oil prices has reduced exploration and production activity across the globe but particularly in the North Sea, where many of our customers operate. Our business has been able to protect itself to a degree because content renewal activity remained strong by account, however, price pressure and reduced worker numbers did impact renewal revenues. We do not see any change in this and are adapting by addressing other industry verticals, such as the process industries which share characteristics with oil and gas industry and by restructuring our cost base

Since the downturn, the Group has not made any redundancies. However, in April 2017, the Group has undertaken a reorganisation, and as a result, approximately ten roles were identified as redundant across the organisation. This has enabled the Group to align its costs with revenues so it can invest to protect the business going forward. The Group has a very loyal and dedicated workforce and has and continues to support those involved during this difficult period of transition.

The continued investment made in newer products and subscription platforms have started to gain momentum. We continue to see the benefits from the productivity and quality within the technology and operational areas, which have resulted in lower cost base and greater capacity to take on more work within our existing headcount, demonstrating the potential positive operational leverage in our business model.

We continue to promote our strategy of introducing more services and more device coverage, including courseware available on smartphones. We continue to focus on targeting global clients in new and complementary sectors which are enjoying growth with less dependency on oil price movement. Over 90% of our content library is relevant to all safety critical industries globally.

Atlas Knowledge is well positioned to serve its clients with the best content in the market, which can be consumed on any platform, across the globe and in new industry verticals. Accordingly, we remain confident that we can grow our earnings and then our revenues even in today's tough markets.

Prospects and events after the balance sheet date (continued)

On 28 April 2017, the parent company of Altas Interactive Limited changed name from Atlas Energy Group Limited to Atlas Knowledge Group Limited.

Going concern

The company is the trading subsidiary of a group that is financed through a combination of shareholder loan notes and equity share capital, in addition to the cash flow that it generates from its principal trading activities. The company nor group has no external debt financing.

The company and group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that it can operate within the conditions formally agreed with the shareholders in respect of the senior debt facilities provided by them to the group. The directors, therefore, have a reasonable expectation that the group and the company have adequate financial resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

Cash flow risk

The company's activities expose it to the financial risks of changes in foreign currency exchange rates. The company does not consider it efficient to hedge its exposure to changes in foreign currency exchange rates.

Credit risk

The company's principal financial assets are bank balances and trade debtors. The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the Statement of Financial Position are net of provisions for doubtful debts. The company has no significant concentration of credit risk, with exposure spread over a large number of customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments the group manages and monitors its cash as part of the weekly reporting cycle, and is reviewed by the Board each month as reporting is an integral part of the monthly board pack. The group has a high operating cash conversion, and the closing group cash balance stood at £1,750,000 (2015: £1,762,000).

This report was approved by the board of directors on 7/6/17 and signed on behalf of the board by:

Ian Mackie

IA Mackie
Director

Atlas Interactive Limited

Directors' Report

Year ended 30 September 2016

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

Directors

The directors who served the company during the year were as follows:

HM van der Vossen
KH Short
IA Mackie

Dividends

The directors do not recommend the payment of a dividend.

Results

The loss for the year amounted to £165,490 (2015: £1,235,663 profit).

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 7/6/17 and signed on behalf of the board by:

Ian Mackie

IA Mackie
Director

Directors' Responsibilities Statement

Year ended 30 September 2016

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

We have audited the financial statements of Atlas Interactive Limited for the year ended 30 September 2016, set out on pages 8 to 21. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

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.

Anderson Anderson & Brown LLP

James Pirrie (Senior Statutory Auditor)

For and on behalf of
Anderson Anderson & Brown LLP
Chartered accountant & statutory auditor
Kingshill View
Prime Four Business Park
Kingswells
Aberdeen
Scotland
AB15 8PU

Date: 19th June 2017

Atlas Interactive Limited

Statement of Income and Retained Earnings

Year ended 30 September 2016

	Note	2016 £	2015 £
Turnover	5	**5,072,869**	7,053,587
Cost of sales		**(2,986,873)**	(2,867,607)
Gross profit		**2,085,996**	4,185,980
Administrative expenses		**(2,498,087)**	(3,056,425)
Other operating income		**131,467**	69,047
Operating (loss)/profit	6	**(280,624)**	1,198,602
Other interest receivable and similar income		**–**	2,598
Interest payable and similar charges	10	**–**	(26,534)
(Loss)/profit on ordinary activities before taxation		**(280,624)**	1,174,666
Tax on (loss)/profit on ordinary activities	11	**115,134**	60,997
(Loss)/profit for the financial year and total comprehensive income		**(165,490)**	1,235,663
Retained earnings at the start of the year		**12,489,950**	11,254,287
Retained earnings at the end of the year		**12,324,460**	12,489,950

All the activities of the company are from continuing operations.

The company has no recognised gains and losses other than as included in the profit and loss for the current and preceding year. Accordingly, no Statement of Total Recognised Gains and Losses has been presented.

The notes on pages 10 to 21 form part of these financial statements.

Atlas Interactive Limited

Statement of Financial Position

30 September 2016

	Note	2016 £	£	2015 £
Fixed assets				
Intangible assets	12		**505,114**	746,583
Tangible assets	13		**1,251,500**	1,282,603
			1,756,614	2,029,186
Current assets				
Debtors	14	**10,274,092**		10,413,340
Cash at bank and in hand		**1,715,658**		1,728,174
		11,989,750		12,141,514
Creditors: amounts falling due within one year	15	**(1,214,655)**		(1,308,873)
Net current assets			**10,775,095**	10,832,641
Total assets less current liabilities			**12,531,709**	12,861,827
Creditors: amounts falling due after more than one year	16		**(31,359)**	(106,621)
Provisions				
Taxation including deferred tax	18		**–**	(89,366)
Net assets			**12,500,350**	12,665,840
Capital and reserves				
Share capital	20		**40,000**	40,000
Revaluation reserve			**135,890**	135,890
Profit and loss account			**12,324,460**	12,489,950
Shareholder's funds			**12,500,350**	12,665,840

These financial statements were approved by the board of directors and authorised for issue on 7/6/17 and are signed on behalf of the board by:

Ian Mackie

IA Mackie
Director

Company registration number: 01231037

The notes on pages 10 to 21 form part of these financial statements.

1. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

2. General information

Atlas Interactive Limited (the 'Company') is a limited company incorporated in the United Kingdom. The address of its registered office and principal place of business is Broadgate Tower, Primrose Street, London, EC2A 2EW.

These financial statements have been prepared in Pound Sterling as this is the currency of the primary economic environment in which the Company operates.

3. Accounting policies

Basis of preparation

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' ('FRS 102') and applicable legislation as set out in the Companies Act 2006 and Schedule 1 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

These financial statements have been prepared under historical cost convention.

Going concern

These financial statements have been prepared on a going concern basis, which assumes that the company will continue to meet its liabilities as they fall due. Hg Pooled Management Limited, on behalf of investment clients (the ultimate owners) have issued loan notes to the intermediate parent company of Atlas Interactive Limited, Atlas Energy Holdings Limited. Hg Pooled Management Limited agreed to extend the redemption date of the loan notes, which will be redeemed in full at par on 30 September 2020. In addition, the parent company, Atlas Knowledge Group Limited (Formerly Atlas Energy Group Limited), has confirmed that it shall continue to support the company to facilitate its ability to continue trading as a going concern for the foreseeable future, and for at least the next 12 months.

The current economic conditions present increased risks for all businesses. In response to such conditions, the directors have carefully considered these risks, including an assessment of uncertainty on future trading projections for a period of at least 12 months from the date of signing the financial statements, and the extent to which they might affect the preparation of the financial statements on a going concern basis.

Based on this assessment, the directors consider that the Company maintains an appropriate level of liquidity, sufficient to meet the demands of the business.

In addition, the Company's assets are assessed for recoverability on a regular basis, and the directors consider that the Company is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that lead to significant doubt upon the Company's ability to continue as a going concern. Thus the directors have continued to adopt the going concern basis of accounting in preparing these financial statements.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 October 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 25.

3. Accounting policies *(continued)*

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Atlas Knowledge Group Limited (Formerly Atlas Energy Group Limited) which can be obtained from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

(a) No cash flow statement has been presented for the company.

(b) Disclosures in respect of financial instruments have not been presented.

(c) Disclosures in respect of related party transactions with fellow group companies have not been presented.

Revenue recognition

(i) Sale of goods

Revenue arises from the sale of manufactured products and from the provision of installation and support services. Revenue is measured at the fair value of the consideration received and receivable and represents amounts for the sale of goods and the rendering of services in the normal course of business, net of discounts and other sale-related taxes.

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

(a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

(b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(c) the amount of revenue can be measured reliably;

(d) it is probable that the economic benefits associated with the transaction will flow to the Company; and

(e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is therefore recognised when the customer accepts delivery of the product and the product is installed.

(ii) Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, the Company recognises revenue associated with the transaction by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

(a) the amount of revenue can be measured reliably;

(b) it is probable that the economic benefits associated with the transaction will flow to the entity;

(c) the stage of completion of the transaction at the end of the reporting period can be measured reliably; and

(d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue for support services is therefore recognised proportionally over the performance of the service contract.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

3. Accounting policies *(continued)*

Taxation

Tax expense for the period comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future gives rise to a deferred tax liability or asset. Timing differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in in which they are recognised in the financial statements.

Deferred tax is also recognised in relation to revaluing certain assets. Income or expenses from a subsidiary, which is recognised in the financial statements will be assessed to or allowed for tax in a future period, except where the reporting entity is able to control the reversal of the timing differences, and it is probable that the timing difference will not reverse in the foreseeable future. In addition, deferred tax is recognised through fair value adjustments arising on business combinations.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Intangible assets

Intangible assets comprise goodwill, acquired software and development expenditure.

Intangible assets are initially recognised at cost, which is the purchase price plus any directly attributable costs. Subsequently intangible assets are measured at cost less any accumulated amortisation and impairment losses.

Intangible assets are tested for impairment where indication of impairment exists at the reporting date.

The company recognises an intangible asset in respect of development expenditure when it can demonstrate;

(a) the technical feasibility of completing the intangible asset so that it will be available for use of sale;

(b) its intention to complete the intangible asset and use or sell it;

(c) its ability to use or sell the intangible asset;

(d) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

All expenditure not meeting the criteria set out above is considered to form part of the 'research' phase, and is expensed in the period in which it is incurred.

3. Accounting policies *(continued)*

Amortisation

Amortisation is charged on a straight-line basis to administrative expenses in profit or loss over the shorter of the useful life of the asset or the contractual or legal rights arising on acquisition. The useful lives are as follows:

Development costs	-	33% per annum
Website development	-	33% per annum
Software	-	33% per annum

Amortisation on capitalised development expenditure does not commence until the asset is available for use.

Tangible assets

Tangible assets are recognised at cost which is the purchase price plus any directly attributable costs. Subsequently tangible assets are measured at cost less accumulated depreciation and impairment losses.

Depreciation

Depreciation is charged so as to allocate the cost of an asset, less its estimated residual value, over its estimated useful life using a straight-line basis as follows:

Buildings	-	2% per annum
Property improvements	-	33% per annum
Computer equipment	-	15% - 33% per annum
Office equipment	-	15% - 33% per annum

Impairment of fixed assets

At each reporting date the Company reviews the carrying value of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset, or cash generating unit. The present value calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset, and from its ultimate disposal, applying an appropriate discount rate to those future cash flows.

Where the recoverable amount of an asset is less than the carrying amount, an impairment loss is recognised immediately in profit or loss. An impairment loss recognised for all assets is reversed in a subsequent period if, and only if, the reasons for the impairment loss have ceased to apply. Impairment losses are charged to the profit or loss in administrative expenses.

Defined contribution plans

The amounts charged to profit and loss in respect of pension costs and other post-retirement benefits are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Leases

Lease arrangements are classified as a finance lease where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other lease arrangements are classified as an operating lease.

The Company as a lessee:

Payments made under operating lease arrangements are charged to profit or loss on a straight-line basis over the lease term. Benefits receivable as operating lease incentives are recognised within profit or loss on a straight-line basis over the lease term.

3. Accounting policies *(continued)*

Financial instruments

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. The Company holds basic financial instruments which comprise cash and cash equivalents, trade and other receivables and trade and other payables. The Company has chosen to take advantage of the financial instrument disclosure exemptions available under paragraph 1.12 of FRS 102, therefore full disclosure has not been presented.

Financial assets - classified as basic financial instruments

(i) Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

(ii) Trade and other receivables
Trade and other receivables are initially recorded at transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the cash expected to be received, net of any impairment. The amount of the provision is recognised immediately in profit or loss.

At the end of each reporting period, the Company assesses whether there is objective evidence that any receivable amount may be impaired. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate.

(iii) Trade and other payables
Trade and other payables are initially measured at transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount of cash expected to be paid.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents, along with all other foreign exchange gains and losses, are presented in the Income Statement.

4. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of 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 during the year for revenue and costs. However, the nature of estimation means that actual outcomes could differ from those estimates. 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 following judgements and estimates have had the most significant impact on amounts recognised in the financial statements:

Intangible assets

The company establishes a reliable estimate of the useful life of intangible assets. This estimate is based on a variety of factors such as the expected use of the software and website, and expected useful lives of the projects which are classed as development costs.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the useful economic lives and residual values of the assets. Useful lives and residual values are reassessed annually. They are assessed where necessary to reflect current estimates based on economic utilisation and physical condition.

Recoverability of intercompany balances

The company makes an assessment of the recoverable value of intercompany balances. When assessing impairment, management consider various factors including overall group performance and expected performance for the foreseeable future.

5. Turnover

Turnover arises from:

	2016	2015
	£	£
Rendering of services	**5,072,869**	7,053,587

In the year to 30 September 2016 43% (2015: 44%) of the company's turnover was to markets outside the United Kingdom.

The company operates as a single division and as a result, no further segmental analysis of turnover is required.

6. Operating (loss)/profit

Operating profit or loss is stated after charging/(crediting):

	2016	2015
	£	£
Amortisation of intangible assets	**401,739**	355,857
Depreciation of tangible assets	**60,487**	83,841
Loss/(gains) on disposal of tangible assets	**421**	(708)
Operating lease rentals	**46,000**	47,000
Defined contribution pension plans expense	**133,994**	100,862

7. Auditor's remuneration

	2016	2015
	£	£
Fees payable for the audit of the financial statements	**18,750**	34,000

Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	**19,332**	16,000

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2016	2015
	No.	No.
Operations	28	29
Sales	17	19
Administration	17	18
	62	66

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016	2015
	£	£
Wages and salaries	2,899,940	3,034,824
Social security costs	277,898	317,112
Other pension costs	133,994	100,862
	3,311,832	3,452,798

In addition to the staff costs noted above £58,004 (2015: £97,623) of redundancy and termination costs were incurred in the year.

Other than directors, the company does not consider there to be other key management personnel, therefore no future disclosures are required.

9. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016	2015
	£	£
Remuneration	426,071	415,718
Company contributions to defined contribution pension plans	14,533	13,753
Compensation for loss of office	–	77,250
	440,604	506,721

The number of directors who accrued benefits under company pension plans was as follows:

	2016	2015
	No.	No.
Defined contribution plans	2	3

Remuneration of the highest paid director in respect of qualifying services:

	2016	2015
	£	£
Aggregate remuneration	170,324	138,000
Company contributions to defined contribution pension plans	–	4,140
	170,324	142,140

10. Interest payable and similar charges

	2016	2015
	£	£
Other interest payable and similar charges	–	26,534

11. Tax on (loss)/profit on ordinary activities

Major components of tax income

	2016	2015
	£	£
Current tax:		
UK current tax (income)/expense	**(25,166)**	65,172
Adjustments in respect of prior periods	**(602)**	(215,535)
Total current tax	**(25,768)**	(150,363)
Deferred tax:		
Origination and reversal of timing differences	**(89,366)**	89,366
Tax on (loss)/profit on ordinary activities	**(115,134)**	(60,997)

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20.5%).

	2016	2015
	£	£
(Loss)/profit on ordinary activities before taxation	**(280,624)**	1,174,666
(Loss)/profit on ordinary activities by rate of tax	**(56,125)**	240,807
Adjustment to tax charge in respect of prior periods	**(602)**	(230,405)
Effect of expenses not deductible for tax purposes	**9,802**	18,231
Movement in short term timing differences	**(22,388)**	(4,806)
Group relief claimed	**(38,537)**	(177,115)
Transfer pricing adjustments	**7,890**	8,461
Research and development relief	**(20,893)**	(12,472)
Capital allowances less than depreciation and amortisation	**5,719**	96,302
Tax on (loss)/profit on ordinary activities	**(115,134)**	(60,997)

Factors that may affect future tax income

On 15 September 2016, the Finance Bill was updated to further reduce the main rate of UK corporation tax to 19% with effect from 1 April 2017 and to 17% with effect from 1 April 2020.

12. Intangible assets

	Development expenditure £	Website expenditure £	Software £	**Total £**
Cost				
At 1 October 2015	1,624,087	68,581	143,534	**1,836,202**
Additions	111,229	25,081	24,381	**160,691**
Disposals	–	–	(16,763)	**(16,763)**
At 30 September 2016	1,735,316	93,662	151,152	**1,980,130**
Amortisation				
At 1 October 2015	980,424	2,576	106,619	**1,089,619**
Charge for the year	348,662	23,534	29,543	**401,739**
Disposals	–	–	(16,342)	**(16,342)**
At 30 September 2016	1,329,086	26,110	119,820	**1,475,016**
Carrying amount				
At 30 September 2016	406,230	67,552	31,332	**505,114**
At 30 September 2015	643,663	66,005	36,915	746,583

13. Tangible assets

	Buildings £	Property Improvements £	Computer equipment £	Office equipment £	**Total £**
Cost or valuation					
At 1 Oct 2015	1,250,000	7,512	425,972	62,216	**1,745,700**
Additions	–	7,450	21,934	–	**29,384**
Disposals	–	–	(54,632)	–	**(54,632)**
At 30 Sep 2016	1,250,000	14,962	393,274	62,216	**1,720,452**
Depreciation					
At 1 Oct 2015	29,297	–	385,904	47,896	**463,097**
Charge for the year	29,297	4,573	21,217	5,400	**60,487**
Disposals	–	–	(54,632)	–	**(54,632)**
At 30 Sep 2016	58,594	4,573	352,489	53,296	**468,952**
Carrying amount					
At 30 Sep 2016	1,191,406	10,389	40,785	8,920	**1,251,500**
At 30 Sep 2015	1,220,703	7,512	40,068	14,320	1,282,603

The company's building was valued by FG Burnett, independent property consultants, on 31 March 2014. At that date, the open market value was assessed to be £1,250,000, with an estimated life of 50 years.

14. Debtors

	2016	2015
	£	£
Trade debtors	**478,115**	1,014,429
Amounts owed by group undertakings	**9,657,218**	9,249,278
Prepayments and accrued income	**88,707**	104,595
Corporation tax repayable	**27,858**	–
Other debtors	**22,194**	45,038
	10,274,092	10,413,340

All amounts owed by group undertakings are repayable on demand. No interest is charged on group balances.

15. Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	**150,444**	153,279
Amounts owed to group undertakings	**9,353**	9,353
Accruals and deferred income	**871,501**	885,735
Corporation tax	**–**	24,862
Social security and other taxes	**154,941**	205,266
Other creditors	**28,416**	30,378
	1,214,655	1,308,873

All amounts owed to group undertakings are repayable on demand. No interest is charged on group balances.

16. Creditors: amounts falling due after more than one year

	2016	2015
	£	£
Other creditors	**31,359**	106,621

17. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2016	2015
	£	£
Included in provisions (note 18)	**–**	89,366

The deferred tax account consists of the tax effect of timing differences in respect of:

	2016	2015
	£	£
Disclaimed capital allowances	**–**	(39,367)
Accelerated research and development relief	**–**	128,733
	–	89,366

18. Provisions

	Deferred tax (note 17) £
Accelerated research and development relief	23,300
At 30 September 2016	23,300

19. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £133,994 (2015: £100,862).

Contributions totalling £14,434 (2015: £14,364) were payable to the fund at the year end and are included in creditors.

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

20. Share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	40,000	40,000	40,000	40,000

21. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2016 £	2015 £
Not later than 1 year	35,000	35,000
Later than 1 year and not later than 5 years	140,000	140,000
Later than 5 years	3,255,000	3,290,000
	3,430,000	3,465,000

22. Contingencies

The company is a party to a cross guarantee arrangement with certain other group companies in respect of the senior debt facility in place. Total senior debt and overdraft of the group as at 30 September 2016 were £3,794,000 (2015: £3,794,000).

23. Related party transactions

Certain directors of the ultimate parent company, Atlas Knowledge Group Limited (Formerly Atlas Energy Group Limited) have charged £160,000 (2015: £195,000) in respect of services provided to the company, with one receiving a salary of £21,434 (2015: £20,600).

The company has taken advantage of the exemption contained in Section 33 of Financial Reporting Standard 102 and has not disclosed transactions or balances with entities which form part of the group.

24. Controlling party

The immediate parent company is Petrolearn Limited, a company incorporated in Scotland.

The financial statements of this entity are included in the consolidated financial statements of Atlas Knowledge Group Limited (Formerly Atlas Energy Group Limited), the ultimate parent company. Copies of the financial statements are available from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh EH3 9FF.

The directors do not consider there to be an ultimate controlling party.

25. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 October 2014.

Reconciliation of equity

	1 October 2014			30 September 2015		
	As previously stated	Effect of transition	FRS 102 (as restated)	As previously stated	Effect of transition	FRS 102 (as restated)
	£	£	£	£	£	£
Fixed assets	1,964,212	135,890	2,100,102	1,877,433	151,753	2,029,186
Current assets	10,729,436	14,870	10,744,306	12,141,514	–	12,141,514
Creditors: amounts falling due within one year	(1,346,640)	(67,591)	(1,414,231)	(1,259,971)	(48,902)	(1,308,873)
Net current assets	9,382,796	(52,721)	9,330,075	10,881,543	(48,902)	10,832,641
Total assets less current liabilities	11,347,008	83,169	11,430,177	12,758,976	102,851	12,861,827
Creditors: amounts falling due after more than one year	–	–	–	(106,621)	–	(106,621)
Provisions	–	–	–	(89,366)	–	(89,366)
Net assets	11,347,008	83,169	11,430,177	12,562,989	102,851	12,665,840
Capital and reserves	11,347,008	83,169	11,430,177	12,562,989	102,851	12,665,840

Reconciliation of profit or loss for the year

	Year ended 30 September 2015		
	As previously stated	Effect of transition	FRS 102 (as restated)
	£	£	£
Turnover	7,053,587	–	7,053,587
Cost of sales	(2,869,668)	2,061	(2,867,607)
Gross profit	4,183,919	2,061	4,185,980
Administrative expenses	(3,076,304)	19,879	(3,056,425)
Other operating income	69,047	–	69,047
Operating profit	1,176,662	21,940	1,198,602
Other interest receivable and similar income	2,598	–	2,598
Interest payable and similar charges	(26,534)	–	(26,534)
Tax on (loss)/profit on ordinary activities	63,257	(2,260)	60,997
Profit for the financial year	1,215,983	19,680	1,235,663