

Financial Statements

Newscycle Solutions UK Limited

For the year ended 31 December 2016

Registered number: 01876409

TUESDAY



L11

L6FT65QQ
26/09/2017
COMPANIES HOUSE

#19

Newscycle Solutions UK Limited

Company Information

Directors	J Cho J P McKenzie
Company secretary	J Cho
Registered number	01876409
Registered office	Offices 1 & 2, Unit 1 The Capricorn Centre Cranes Farm Road Basildon Essex SS14 3JJ
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Grant Thornton House Melton Street Euston Square London NW1 2EP
Bankers	Natwest Bank Plc PO Box 34 15 Bishopgate London EC2P 2AP
Solicitors	Payne Hicks Beach 10 New Square Lincoln's Inn London WC2A 3QC

Newscycle Solutions UK Limited

Contents

	Page
Directors' report	1 - 3
Independent auditor's report	4 - 5
Statement of comprehensive income	6
Statement of financial position	7
Notes to the financial statements	8 - 16

Newscycle Solutions UK Limited

Directors' report

For the year ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and 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'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and small companies exemption. 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.

Principal activities

Newscycle Solutions UK Ltd, as a part of Newscycle Solution group, markets software and services to the media industry. The product range primarily consists of enterprise level digital and print systems for multi channel publishing, audience management, and advertising and circulation, all available as managed hosted solutions.

The principal activity of the company during the year continued to be the marketing of a range of computer based publishing systems for the UK newspaper and related publishing and printing industries.

Results and dividends

The profit for the year, after taxation, amounted to £10,189 (2015 - loss £62,633).

Directors

The directors who served during the year were:

J Cho
J P McKenzie

Directors' report (continued)

For the year ended 31 December 2016

Principal risks and uncertainties

Financial risk management objectives and policies

The company uses various financial instruments which include cash, trade debtors, trade creditors and amounts due to group undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Currency risk

The company is exposed to translation and transaction foreign exchange risk. The company does not adopt a prescribed policy to eliminate currency exposures but does purchase US dollars to hold for the purpose of settling these liabilities from time to time when rates are favourable.

Foreign exchange differences on retranslation of liabilities in currencies other than sterling are taken to the profit and loss account of the company.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The company's policy throughout the year has been to achieve this objective through management's day to day involvement in business decisions rather than through setting maximum or minimum liquidity ratios.

Interest rate risk

The interest rate exposure of the financial assets and liabilities of the company as at 31 December 2016 is shown in the balance sheet. The balance sheet includes trade debtors and creditors as these do not attract interest and are therefore subject to fair value interest rate risk.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises, therefore, from trade debtors.

In order to manage credit risk management set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the financial controller on a regular basis in conjunction with debt ageing and collection history.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Newscycle Solutions UK Limited

Directors' report (continued)

For the year ended 31 December 2016

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Going concern

The Directors have adopted the going concern basis in preparing the financial statements as they have received confirmation of continued support from an intermediate parent undertaking, Newscycle Solutions Americas, LLC to enable the company to meet its liabilities as they fall due.

The Directors are of the opinion that the necessary financing is in place and that the Company will be a going concern for a period of at least 12 months from the date of signing these financial statements.

Small company provision

This report has been prepared in accordance with the special provisions for small companies under part 15 of the Companies Act 2006.

This report was approved by the board on 19 September 2017 and signed on its behalf.


J Cho
Director



Independent auditor's report to the members of Newscycle Solutions UK Limited

We have audited the financial statements of Newscycle Solutions UK Limited for the year ended 31 December 2016, which comprise the Statement of comprehensive income, the Statement of financial position and the related notes. The financial reporting framework that has been applied in their preparation is the 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 on page 1, 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

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



Independent auditor's report to the members of Newscycle Solutions UK Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Directors' report.

Grant Thornton UK LLP

Richard Hagley (Senior statutory auditor)
for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

London

Date: 20 September 2017

Statement of comprehensive income

For the year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	4	2,736,649	1,697,216
Cost of sales		(1,669,646)	(872,214)
Gross profit		1,067,003	825,002
Administrative expenses		(1,006,654)	(887,635)
Operating profit/(loss)	5	60,349	(62,633)
Interest receivable and similar income		103	-
Interest payable and similar charges	7	(50,263)	-
Profit/(loss) before tax		10,189	(62,633)
Tax on profit/(loss)		-	-
Profit/(loss) for the year		10,189	(62,633)
Other comprehensive income for the year			
Total comprehensive income for the year		10,189	(62,633)

The notes on pages 8 to 16 form part of these financial statements.

Statement of financial position

As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	8	10,019	11,042
		<u>10,019</u>	<u>11,042</u>
Current assets			
Debtors: amounts falling due within one year	9	5,309,477	3,680,149
Cash at bank and in hand	10	494,980	749,529
		<u>5,804,457</u>	<u>4,429,678</u>
Creditors: amounts falling due within one year	11	(9,786,746)	(8,391,100)
Net current liabilities		<u>(3,982,289)</u>	<u>(3,961,422)</u>
Total assets less current liabilities		<u>(3,972,270)</u>	<u>(3,950,380)</u>
Provisions for liabilities			
Other provisions	13	-	(32,079)
		<u>-</u>	<u>(32,079)</u>
Net assets		<u><u>(3,972,270)</u></u>	<u><u>(3,982,459)</u></u>
Capital and reserves			
Called up share capital	14	324,160	324,160
Share premium account	15	491,837	491,837
Profit and loss account	15	(4,788,267)	(4,798,456)
Shareholders' deficit		<u><u>(3,972,270)</u></u>	<u><u>(3,982,459)</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on


J. Cho
 Director

19 September 2017

The notes on pages 8 to 16 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2016

1. General information

The company is a private company limited by share capital incorporated and domiciled in the United Kingdom. The address of the registered office is contained within the Company Information.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with FRS 102 Section 1A - The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 may require the use of certain critical accounting estimates. It may also require management to exercise judgment in applying the Company's accounting policies (see note 3).

The individual accounts of the company have adopted the following disclosure exemptions: the requirement to present a statement of cash flows and related notes financial instrument disclosures, including:

- categories of financial instruments,
- items of income, expenses, gains or losses relating to financial instruments, and
- exposure to and management of financial risks.

The following principal accounting policies have been applied:

2.2 Going concern

The Directors have adopted the going concern basis in preparing the financial statements as they have received confirmation of continued support from an intermediate parent undertaking, Newscycle Solutions Americas, LLC to enable the company to meet its liabilities as they fall due.

The Directors are of the opinion that the necessary financing is in place and that the Company will be a going concern for a period of at least 12 months from the date of signing these financial statements.

Notes to the financial statements

For the year ended 31 December 2016

2. Accounting policies (continued)

2.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

The company derives revenue from licensing its software products and providing related services including consulting, installation, training, development and maintenance, consisting of product support and periodic updates.

When the arrangement includes services that are essential to the functionality of the other elements of the arrangement or if the software arrangement includes significant production, modification or customization of the software, the company recognizes both the software license revenue and services revenue under the percentage of completion method using the input method based upon direct labour hours incurred to date to total projected labour hours.

Maintenance and cloud revenue is recognised as earned over the period of the contract.

The asset "Accrued Income" represents revenue earned in excess of amounts billed when applying the revenue recognition policy above. The liability "Deferred income" represents billings in excess of revenue earned when applying the revenue recognition policy above and deferred maintenance revenue.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

2.4 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	-	15%
Computer equipment	-	25%

2.5 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Notes to the financial statements

For the year ended 31 December 2016

2. Accounting policies (continued)

2.6 Taxation and deferred taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

2.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Income statement.

2.8 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes to the financial statements

For the year ended 31 December 2016

2. Accounting policies (continued)

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.14 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Judgement has been applied in not recognising a deferred tax asset in respect of surplus tax losses available for carry forward due to uncertainty over the timing of future taxable profits. There are no other material judgments or estimates in preparation of these financial statement.

4. Turnover

The turnover and loss before tax are attributable to the one principal activity of the company which arose in the United Kingdom only.

Notes to the financial statements

For the year ended 31 December 2016

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets	4,185	7,574
Fees payable to the Company's auditor and its associates for the audit of the company's annual financial statements	23,000	18,500
Difference on foreign exchange	63,766	(10,550)
Other operating lease rentals	35,501	33,473
Defined contribution pension cost	21,368	24,948

During the year, no director received any emoluments (2015 - £NIL).

6. Employees

The average monthly number of employees, including directors, during the year was 9 (2015 - 12).

7. Interest payable and similar charges

	2016	2015
	£	£
Loans from group undertakings	50,263	-

Notes to the financial statements

For the year ended 31 December 2016

8. Tangible fixed assets

	Fixtures & fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2016	144,032	377,366	521,398
Additions	-	3,162	3,162
Disposals	(82,697)	(339,702)	(422,399)
At 31 December 2016	61,335	40,826	102,161
Depreciation			
At 1 January 2016	140,228	370,128	510,356
Charge for the period on owned assets	1,006	3,179	4,185
Disposals	(82,697)	(339,702)	(422,399)
At 31 December 2016	58,537	33,605	92,142
Net book value			
At 31 December 2016	2,798	7,221	10,019
At 31 December 2015	3,804	7,238	11,042

9. Debtors

	2016 £	2015 £
Trade debtors	386,235	396,606
Amounts owed by group undertakings	4,724,881	2,893,611
Prepayments and accrued income	198,361	389,932
	5,309,477	3,680,149

10. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	494,980	749,529

Notes to the financial statements

For the year ended 31 December 2016

11. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	111,647	-
Trade creditors	3,856	8,721
Amounts owed to group undertakings	8,929,396	6,819,257
Taxation and social security	83,827	84,584
Other creditors	19,035	-
Accruals and deferred income	638,985	1,478,538
	<u>9,786,746</u>	<u>8,391,100</u>

12. Deferred taxation

No provision has been made in the financial statements for a potential deferred tax asset and the asset amounts not recognised at the end of the year.

13. Provisions

	Onerous contracts £	Leasehold dilapidations £	Total £
At 1 January 2016	-	32,079	32,079
Utilised in year	-	(32,079)	(32,079)
At 31 December 2016	<u>-</u>	<u>-</u>	<u>-</u>

Onerous contracts

An onerous contract is a contract where costs to fulfill the terms of the contract are higher than the financial and economic benefit that is received. This relates to a previously vacated office premise. Inherent uncertainties are reduced because the contract terms have been previously agreed and will expire in 2016.

Notes to the financial statements

For the year ended 31 December 2016

14. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
1,620,800 Ordinary Shares shares of £0.20 each	324,160	324,160

15. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit & loss account

Includes all current and prior period retained profit and losses.

16. Contingent liabilities

There were no contingent liabilities at 31 December 2016 or 31 December 2015.

17. Capital commitments

The company had no capital commitments at 31 December 2016 or 31 December 2015.

18. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Within 1 year	25,303	30,500
Later than 1 year and not later than 5 years	-	13,500
Total	25,303	44,000

19. Related party transactions

The company has taken advantage of the exemption available in accordance with FRS 102 not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of Newscycle Intermediate Holdings, LLC registered in Delaware, USA.

Newscycle Solutions UK Limited

Notes to the financial statements

For the year ended 31 December 2016

20. Ultimate parent undertaking and controlling party

The immediate parent company is Newscycle Solutions UK (Holdings) Limited and the ultimate parent in the group is Colonnade TopCo, Inc. a Delaware Corporation owned 85.45% by Vista Equity Partners and 14.55% by Verdane NVP Seed SPV K/S and Verdane NVP 1 SPV K/S.