Financial Statements
Newscycle Solutions UK Limited
(formerly Digital Technology International Ltd)

For the year ended 31 December 2013

Registered number: 01876409

Company Information

Directors	J Cho (appointed 10 July 2013) J P McKenzie (appointed 22 May 2014)
Company secretary	J Cho
Registered number	01876409
Registered office	Jubilee House 3 The Drive Great Warley Brentwood Essex CM13 3FR
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

Directors' Report
For the year ended 31 December 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that 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.

Principal activities

Newscycle Solutions 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

The loss for the year, after taxation, amounted to £554,792 (2012 - £365,123).

Directors

The directors who served during the period were:

P Gillogaley (resigned 10 July 2013)
J Cho (appointed 10 July 2013)
J P McKenzie (appointed 22 May 2014)

Directors' Report
For the year ended 31 December 2013

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 company finances its operations through retained profits and funding from its parent undertaking.

The interest rate exposure of the financial assets and liabilities of the company as at 31 December 2012 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.

Directors' Report

For the year ended 31 December 2013

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

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 29 September 2014 and signed on its behalf.

J Cho
Director

Grant Thornton

Independent Auditor's Report to the Members of Newscycle Solutions UK Limited (formerly Digital Technology International Ltd)

We have audited the financial statements of Newscycle Solutions UK Limited (formerly Digital Technology International Ltd) for the year ended 31 December 2013, which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Auditing Practices Board's (APB'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/apb/scope/private.cfm.

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 2013 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

GrantThornton

Independent Auditor's Report to the Members of Newscycle Solutions UK Limited (formerly Digital Technology International Ltd)

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.

Grant Thornton UK LLP

David Miller (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
London
Date: 3 September 2014

Profit and Loss Account

For the year ended 31 December 2013

	Note	2013 £	2012 £
Turnover	1,2	1,890,423	2,364,301
Cost of sales		(820,158)	(1,072,334)
Gross profit		1,070,265	1,291,967
Administrative expenses		(1,226,992)	(1,657,071)
Operating loss	3	(156,727)	(365,104)
Exceptional items			
Other exceptional items	6	(407,063)	-
Loss on ordinary activities before interest		(563,790)	(365,104)
Interest receivable and similar income		9,000	-
Interest payable and similar charges		(2)	(19)
Loss on ordinary activities before taxation		(554,792)	(365,123)
Tax on loss on ordinary activities		-	-
Loss for the financial year	13	(554,792)	(365,123)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account.

The notes on pages 8 to 14 form part of these financial statements.

Balance Sheet
As at 31 December 2013

	Note	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Tangible assets	7		**30,628**		52,728
Current assets					
Debtors	8	**3,097,566**		3,054,887	
Cash at bank and in hand		**120,575**		37,362	
		3,218,141		3,092,249	
Creditors: amounts falling due within one year	9	**(1,162,879)**		(1,278,900)	
Net current assets			**2,055,262**		1,813,349
Total assets less current liabilities			**2,085,890**		1,866,077
Creditors: amounts falling due after more than one year	10		**(5,931,747)**		(5,157,142)
Net liabilities			**(3,845,857)**		(3,291,065)
Capital and reserves					
Called up share capital	12		**324,160**		324,160
Share premium account	13		**491,837**		491,837
Profit and loss account	13		**(4,661,854)**		(4,107,062)
Shareholders' deficit	14		**(3,845,857)**		(3,291,065)

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

J Cho
Director

The notes on pages 8 to 14 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2013

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 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.

1.3 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.

Software licence and services revenue - the company derives revenue from licensing its software products and providing related services including consulting, installation, training, development and maintenance, consisting of product support services 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.

1.4 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%

Notes to the Financial Statements
For the year ended 31 December 2013

1. Accounting Policies (continued)

1.5 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.

1.6 Deferred taxation

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.

1.7 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 profit and loss account..

1.8 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.

1.9 Exceptional items

Material and exceptional items of income and expense are disclosed on the face of the profit and loss account. Examples of items which may give rise to disclosure as exceptional include inter alia gains or losses on the disposal of businesses, investments and property, plant and equipment, costs of restructuring and reorganisation of existing businesses and asset impairments.

2. 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 2013

3. Operating loss

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

	2013	2012
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	**34,286**	25,800
Auditor's remuneration	**17,000**	17,000
Operating lease rentals:		
- Others	**49,561**	73,577
- Land and buildings	**70,588**	71,079
Difference on foreign exchange	**6,427**	(148,807)

4. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2013	2012
	£	£
Wages and salaries	**654,148**	1,222,187
Social security costs	**144,528**	236,186
Other pension costs	**40,612**	59,221
	839,288	1,517,594

The average monthly number of employees, including the directors, during the year was as follows:

	2013	2012
	No.	No.
Sales	**3**	5
Support	**10**	17
Administration	**2**	3
	15	25

5. Directors' remuneration

	2013	2012
	£	£
Remuneration	**63,544**	161,890

Notes to the Financial Statements
For the year ended 31 December 2013

6. Exceptional items

	2013	2012
	£	£
Redundancy costs	407,063	-

7. Tangible fixed assets

	Fixtures & fittings	Computer equipment	Total
	£	£	£
Cost			
At 1 January 2013	141,482	412,916	554,398
Additions	-	12,186	12,186
At 31 December 2013	141,482	425,102	566,584
Depreciation			
At 1 January 2013	100,845	400,825	501,670
Charge for the year	18,118	16,168	34,286
At 31 December 2013	118,963	416,993	535,956
Net book value			
At 31 December 2013	22,519	8,109	30,628
At 31 December 2012	40,637	12,091	52,728

8. Debtors

	2013	2012
	£	£
Trade debtors	377,798	257,124
Amounts owed by group undertakings	2,333,392	2,338,443
Prepayments and accrued income	386,376	459,320
	3,097,566	3,054,887

Notes to the Financial Statements
For the year ended 31 December 2013

9. Creditors:
Amounts falling due within one year

	2013	2012
	£	£
Trade creditors	**79,714**	109,363
Other taxation and social security (see below)	**64,460**	111,666
Other creditors	**50,650**	22,843
Accruals and deferred income	**968,055**	1,035,028
	1,162,879	1,278,900

Other taxation and social security

	2013	2012
	£	£
PAYE/NI control	**15,445**	42,682
VAT control	**49,015**	68,984
	64,460	111,666

10. Creditors:
Amounts falling due after more than one year

	2013	2012
	£	£
Amounts owed to group undertakings	**5,931,747**	5,157,142

11. 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 are as follows:

	2013	2012
	£	£
Depreciation in excess of capital allowances	**29,646**	33,910
Tax losses available	**1,234,403**	1,334,640
Other timing differences	**-**	-
Total	**1,264,049**	1,368,550

12. Share capital

	2013	2012
	£	£
Allotted, called up and fully paid		
1,620,798 (2012 - 1,620,798) Ordinary Shares shares of £0.20 each	**324,160**	324,160

Notes to the Financial Statements
For the year ended 31 December 2013

13. Reserves

	Share premium account £	Profit and loss account £
At 1 January 2013	491,837	(4,107,062)
Loss for the financial year		(554,792)
At 31 December 2013	491,837	(4,661,854)

14. Reconciliation of movement in shareholders' deficit

	2013 £	2012 £
Opening shareholders' deficit	(3,291,065)	(2,925,942)
Loss for the financial year	(554,792)	(365,123)
Closing shareholders' deficit	(3,845,857)	(3,291,065)

15. Contingent liabilities

There were no contingent liabilities at 31 December 2013 or 31 December 2012.

16. Capital commitments

The company had no capital commitments at 31 December 2013 or 31 December 2012.

17. Operating lease commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2013 £	2012 £	2013 £	2012 £
Expiry date:				
Within 1 year	-	65,000	-	44,112
Between 2 and 5 years	-	-	-	12,221

18. Related party transactions

No transactions with related parties were undertaken such as required to be disclosed under Financial Reporting Standards for Smaller Entities (effective April 2008).