(aq) Limited

Annual report and consolidated financial statements

Registered number 03663860

31 December 2015

Company information

Directors
Dr AJ Beaumont
L R Cowley

Secretary
SM Neale

Registered office
13-15 Hunslet Road
Leeds
West Yorkshire
LS10 1JQ

Auditor
KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Contents

Strategic Report

The directors present their strategic report for the year ended 31 December 2015 for (aq) Limited ("the Company"). The strategic report provides a review of the business for the financial year and describes how the directors manage risks. The report outlines the developments and performance of the Company during the financial year, the position at the end of the year and discusses the main trends and factors that could affect the future.

The comparative results for 2014 are for the 17-month period ended 31 December 2014.

Principal activities and business review

The Company is an Ofcom-regulated telecommunications operator providing wholesale integrated communications services, including mobile messaging, IP telephony, secure datacentre hosting, fibre and wireless leased line and also machine-to-machine (m2m) services for the growing demand of the Internet of Things (IoT) marketplace.

During the year, the Group acquired 100% of the share capital of Bluewave Communications Limited for £1.

The results of the Group show a turnover of £10,626,315 *(2014: £10,916,859)* and profit before tax of £972,833 *(2014: £774,553)*. At 31 December 2015, the Group had net assets of £3,991,666 (2014: £3,076,098).

Business strategy and objectives

The Company continues its expansion in wholesale services capable of supporting exponential growth in communications software partners. Its focus on application programming interface access to services will remain at the fore.

Outlook

The Company is continuing to focus on growth in scalable telecommunications services and will continue to reinvest in research and innovation and also in supporting infrastructure, including networks and datacentres.

The key capabilities gained in the fixed and mobile regulated space are centred on managing supply costs.

Key performance indicators

	2015	**2014**
Turnover	10,626,315	10,916,859
Gross profit	4,524,240	4,155,098
Gross profit percentage	42.6%	38.1%
Administrative expenses	3,533,947	3,381,596
Administrative expenses / turnover %	33.3%	31.0%
Number of employees	53	41

Principal risks and uncertainties

The key risks within the business are maintaining ongoing regulatory compliance (the Company has a longstanding track record of compliance and has a dedicated team to manage and mitigate this). Another significant risk factor is the cost of power, which is mitigated by granular automated analysis and onwards billing to end customers.

By order of the board

Dr A J Beaumont
Director
5 October 2016

Directors' report

Following the acquisition of Bluewave Communications Limited during the year, (aq) Limited is now required to prepare consolidated financial statements for the year to 31 December 2015. The comparative information provided within the enclosed financial statements relates to the 17 month period ended 31 December 2014.

Research and development

The company has continued to invest in research and development activity during the year with a view to enhancing infrastructure to drive efficiencies and new opportunities to generate revenue.

Directors

The directors who held office during the year were as follows:

Dr A J Beaumont
L R Cowley
P J Greaves (resigned 26th August 2015)

Dividends

The director does not recommend the payment of a dividend (*17 months ended 31 December 2014: £nil*).

Political contributions

Neither the Company nor any of its subsidiary made any political donations during the year.

Disclosure of information to auditor

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

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

Dr A J Beaumont
Director
5 October 2016

Statement of directors' responsibilities in respect of the annual report, strategic report, and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

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

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

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
United Kingdom

Independent auditor's report to the members of (aq) Limited

We have audited the financial statements of (aq) Limited for the year ended 31 December 2015 set out on pages 6 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *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 set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Acccpted 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.

Matters on which we are required to report by exception

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

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

KL'Estrange

Katharine L'Estrange
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
6 October 2016

Consolidated Profit and Loss Account and Other Comprehensive Income

for the year ended 31 December 2015

	Note	**2015**	2014
		£	**£**
Turnover	*3*	**10,626,315**	10,916,859
Cost of sales		**(6,102,075)**	(6,761,761)
Gross profit		**4,524,240**	4,155,098
Administrative expenses		**(3,533,947)**	(3,381,596)
Operating profit		**990,293**	773,502
Other interest receivable and similar income		**-**	1,051
Interest payable and similar charges		**(17,460)**	-
Profit on ordinary activities before taxation		**972,833**	774,553
Tax (charge)/credit on profit on ordinary activities	*7*	**(57,265)**	217,760
Profit for the financial year		**915,568**	992,313

There are no recognised gains or losses other than those stated above and therefore no separate statement of other comprehensive income has been prepared.

The notes on pages 12 to 24 form part of these financial statements.

Consolidated Balance Sheet
at 31 December 2015

	Note	**2015**		2014	
		£	**£**	£	£
Fixed assets					
Goodwill	*8*	**151,718**		-	
Tangible assets	*9*	**673,830**		551,370	
Other investments	*8*	**2,417**		3,416	
			827,965		554,786
Current assets					
Stocks		**250**		-	
Debtors	*10*	**5,566,799**		4,369,715	
Cash at bank and in hand		**353,161**		413,238	
		5,920,210		4,782,953	
Creditors: amounts falling due within one year	*11*	**(2,756,509)**		(2,136,131)	
Net current assets			**3,163,701**		2,646,822
Total assets less current liabilities			**3,991,666**		3,201,608
Creditors: amounts falling due after more than one year	*12*		**-**		(125,510)
Net assets			**3,991,666**		3,076,098
Capital and reserves					
Called up share capital	*14*		**12**		12
Profit and loss account			**3,991,654**		3,076,086
Shareholders' funds			**3,991,666**		3,076,098

The notes on pages 12 to 24 form part of these financial statements.

These financial statements were approved by the board of directors on 5 October 2016 and were signed on its behalf by:

Dr A J Beaumont
Director
Company registered number: 03663860

Company Balance Sheet
at 31 December 2015

	Note	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Tangible assets	9	**631,074**		551,370	
Investments	8	**2,417**		3,416	
			633,491		554,786
Current assets					
Debtors	10	**5,686,281**		4,369,715	
Cash at bank and in hand		**305,054**		413,238	
		5,991,335		4,782,953	
Creditors: amounts falling due within one year	11	**(2,531,842)**		(2,136,131)	
Net current assets			**3,459,493**		2,646,822
Total assets less current liabilities			**4,092,984**		3,201,608
Creditors: amounts falling due after more than one year	12		**-**		(125,510)
Net assets			**4,092,984**		3,076,098
Capital and reserves					
Called up share capital	14		**12**		12
Profit and loss account			**4,092,972**		3,076,086
Shareholders' funds			**4,092,984**		3,076,098

The notes on pages 12 to 24 form part of these financial statements.

These financial statements were approved by the board of directors on 5 October 2016 and were signed on its behalf by:

Dr A J Beaumont
Director

Company registered number: 03663860

Consolidated Statement of Changes in Equity

	Called up Share capital	Profit & loss account	Total equity
	£	£	£
Balance at 31 July 2013	12	2,083,773	2.083.785
Total comprehensive income for the period			
Profit for the period	-	992,313	992,313
Total comprehensive income for the period	-	992,313	992,313
Balance at 31 December 2014	**12**	**3,076,086**	**3,076,098**

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2015	12	3,076,086	3,076,098
Total comprehensive income for the year			
Profit for the year	-	915,568	915,568
Total comprehensive income for the period		915,568	915,568
Balance at 31 December 2015	**12**	**3,991,654**	**3,991,666**

The notes on pages 12 to 24 form part of these financial statements.

Company Statement of Changes in Equity

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 31 July 2013	12	2,083,773	2,083,785
Total comprehensive income for the period			
Profit for the period	-	992,313	992,313
Total comprehensive income for the period	-	992,313	992,313
Balance at 31 December 2014	**12**	**3,076,086**	**3,076,098**

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2015	12	3,076,086	3,076,098
Total comprehensive income for the year			
Profit for the year	-	1,016,886	1,016,886
Total comprehensive income for the period	-	1,016,886	1,016,886
Balance at 31 December 2015	**12**	**4,092,972**	**4,092,984**

The notes on pages 12 to 24 form part of these financial statements.

Consolidated Cash Flow Statement
for year ended 31 December 2015

	Note	2015 £	2014 £
Cash flows from operating activities			
Profit for the year		**915,568**	992,313
Adjustments for:			
Depreciation, amortisation and impairment		**330,404**	307,576
Interest receivable and similar income		**-**	(1,051)
Interest payable and similar charges		**17,460**	-
Taxation		**57,265**	(217,760)
		1,320,697	1,081,078
(Increase)/decrease in trade and other debtors		**(1,197,184)**	(2,356,400)
(Increase)/decrease in stocks		**(250)**	-
(Decrease)/increase in trade and other creditors		**209,274**	465,508
Net cash from operating activities		**332,537**	(809,814)
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		**-**	1,633
Acquisition of tangible fixed assets	9	**(392,613)**	(232,871)
Acquisition of other intangible assets	8	**-**	(4,000)
Acquisition of a business		**(1)**	-
Net cash from investing activities		**(392,614)**	(235,238)
Net increase/(decrease) in cash and cash equivalents		**(60,077)**	(1,045,052)
Cash and cash equivalents at 1 January 2015		**413,238**	1,458,290
Cash and cash equivalents at 31 December 2015		**353,161**	413,238

The notes on pages 12 to 24 form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

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

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

In the transition to FRS 102 from old UK GAAP, the Group has made no measurement and recognition adjustments.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.

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

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

These accounts are prepared on a going concern basis. The directors have reviewed the cash position and prepared performance forecasts which indicate that it expects to be able to meet its working capital requirements for the foreseeable future. On this basis the directors are satisfied that it is appropriate to prepare the accounts on a going concern basis.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2015. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, the investment in the subsidiary is carried at cost less impairment with changes recognised in other comprehensive income in accordance with FRS 102.17.15E-F, Property, Plant and Equipment, with net revaluation gains recognised in OCI and net revaluation losses in profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and

(b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.6 Basic financial instruments

Trade and other debtors / creditors

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

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes *(continued)*

1 Accounting policies *(continued)*

1.7 Tangible fixed assets

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

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

- motor vehicles 20% on cost
- computer equipment 33% on cost
- fixtures and fittings between 10 and 25% on cost, depending on the estimated useful life

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

1.8 Business combinations

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

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

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

1.9 Goodwill

Goodwill
Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 years

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

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

1.10 Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

Notes *(continued)*

1 Accounting policies *(continued)*

1.11 Employee benefits

Defined contribution plans and other long term employee benefits

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

1.12 Provisions

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

1.13 Turnover

Turnover consists primarily of recurring monthly fees from hosting services which is recognised as the services are provided. Hosting service contracts range from one month to five years. Payments received and billings in advance of providing services are deferred until services are provided. Unbilled revenue for services provided are accrued at the end of each period.

1.14 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable and finance charges. Other interest receivable and similar income include interest receivable on funds invested.

1.15 Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Notes *(continued)*

2 Acquisitions and disposal of businesses

Acquisitions in the current period

On 1 August 2015, the Group acquired all of the shares of Bluewave Communications Limited for £1. The company is a specialist telecommunications provider. The business contributed revenue of £82,605 and net loss of £94,722. The business is still in its early stages of development and has been acquired to enhance the assets of (aq) Limited over time.

The acquisition had the following effect on the Group's assets and liabilities.

	Book values £
Acquiree's net assets at the acquisition date:	
Tangible fixed assets	51,184
Stock	250
Trade and other debtors	5,342
Trade and other creditors	(214,991)
Net identifiable assets and liabilities	**(158,215)**
Total cost of business combination:	
Consideration paid:	**1**
Initial cash price paid	**1**
Goodwill on acquisition	**158,214**

The expected useful life of goodwill stemming from this acquisition is 10 years.

The Company has no other subsidiaries other than Bluewave Communications Limited.

Notes *(continued)*

3 Turnover

Turnover is derived predominantly from within the UK from the rendering of the company's services.

4 Expenses and auditors' remuneration

Auditor's remuneration:

	2015	2014
	£	£
Audit of these financial statements	**16,500**	20,450
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	**2,000**	-
Taxation compliance services	**2,700**	-

5 Staff numbers and costs

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

	Number of employees	
	2015	2014
Management	**9**	7
Administration	**44**	34
	53	41

The aggregate payroll costs of these persons were as follows:

	2015	2014
	£	£
Wages and salaries	**1,309,173**	1,443,754
Social security costs	**121,760**	142,933
	1,430,933	1,586,687

6 Directors' remuneration

	2015	2014
	£	£
Directors' remuneration	**35,074**	20,435

The aggregate of remuneration of the highest paid director was £24,000 *(2014 : £20,435)*.

Notes *(continued)*

7 Taxation

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

	Year ended 31 December 2015	17 month period ended 31 December 2014
	£	£
UK Corporation tax		
UK corporation tax charge at 20.25% *(2014: 21.94%)* on the profit for the period	-	104
Adjustments in respect of prior years	-	(143,928)
Total current tax	-	(143,824)
Deferred tax		
Origination/reversal of timing differences	**68,575**	34,798
Adjustments in respect of prior periods	**(21,785)**	(108,734)
Effect of decreased tax rate	**10,474**	-
Total deferred tax	**57,264**	(73,936)
Tax on profit on ordinary activities	**57,264**	(217,760)

The current tax charge for the period of £203,175 *(2014: £239,633)* is lower *(2014: lower)* than the standard rate of corporation tax in the UK 20.25% *(2014: 21.94%)*. The differences are explained below:

	Year ended 31 December 2015	17 month period ended 31 December 2014
	£	£
Total tax reconciliation		
Profit on ordinary activities before tax	**972,833**	774,553
Total tax at 20.25% *(2014: 21.94 %)*	**196,999**	169,937
Effects of:		
Permanent adjustments	**4,632**	93
Expenses not deductible for tax purposes	**5,808**	23,368
Losses not recognised	**19,137**	-
Tax credits	-	(9)
Additional deduction for R&D expenditure	**(149,442)**	(153,304)
Adjustments to current tax charge in respect of previous periods	-	(143,928)
Impact of change in tax rate on DT balances	**10,474**	-
Adjustments to deferred tax charge in respect of previous periods	**(21,785)**	(108,734)
Difference in CT rate versus DT rate	**(8,559)**	(5,183)
Total tax charge/(credit) *(see above)*	**57,264**	(217,760)

Notes *(continued)*

8 Intangible assets and goodwill

Goodwill

Group	Goodwill
	£
Cost	
Balance at 1 January 2015	-
Acquisitions through business combinations	158,314
Balance at 31 December 2015	158,314
Amortisation and impairment	
Balance at 1 January 2015	-
Amortisation for the year	6,596
Balance at 31 December 2015	6,596
Net book value	
At 1 January 2015	-
At 31 December 2015	**151,718**

The amortisation charge is recognised in admin expenses.

Other investments

Group & Company	Investment in subsidiaries	Other investments	Total
	£	£	
Cost			
Balance at 1 January 2015	-	4,000	4,000
Additions	1	-	1
Balance at 31 December 2015	1	4,001	4,001
Amortisation and impairment			
Balance at 1 January 2015	-	584	584
Amortisation for the year	-	1,000	1,000
Balance at 31 December 2015	1	1,584	1,584
Net book value			
At 1 January 2015	-	3,416	3,416
At 31 December 2015	**1**	**2,416**	**2,417**

Subsidiary undertakings:

100% ownership of Bluewave Communications Limited.

Notes *(continued)*

9 Tangible fixed assets

Group	Fixtures & fittings £
Cost	
Balance at 1 January 2015	1,653,696
Acquisitions through business combinations	53,654
Other acquisitions	392,613
Balance at 31 December 2015	2,099,963
Depreciation and impairment	
Balance at 1 January 2015	1,102,325
Depreciation charge for the year	323,808
Balance at 31 December 2015	1,426,133
Net book value	
At 1 January 2015	551,370
At 31 December 2015	**673,830**

Company	Fixtures & fittings £
Cost	
Balance at 1 January 2015	1,653,695
Other acquisitions	392,614
Balance at 31 December 2015	2,046,309
Depreciation and impairment	
Balance at 1 January 2015	1,102,325
Depreciation charge for the year	312,910
Balance at 31 December 2015	1,415,235
Net book value	
At 1 January 2015	551,370
At 31 December 2015	**631,074**

Notes *(continued)*

10 Debtors

	Group 2015 £	2014 £0	Company 2015 £	2014 £
Trade debtors	**1,035,400**	1,060,867	**1,025,774**	1,060,867
Amounts owed by group undertakings	**2,777,514**	1,876,048	**2,910,548**	1,876,048
Other debtors	**71,911**	68,380	**70,098**	68,380
Deferred tax assets (see note 13)	**25,686**	82,950	**25,686**	82,950
Prepayments and accrued income	**824,130**	644,579	**823,383**	644,579
Directors loan account (see note 15)	**696,432**	566,906	**696,432**	566,906
Corporation tax	**69,984**	69,985	**69,984**	69,985
VAT	**65,742**	-	**64,376**	-
	5,566,799	4,369,715	**5,686,281**	4,369,715

All debtors are due within one year.

The amounts owed by group undertakings are receivable on demand. No interest is charged on outstanding balances.

11 Creditors: amounts falling due within one year

	Group 2015 £	2014 £	Company 2015 £	2014 £
Trade creditors	**201,748**	615,509	**150,128**	615,509
Taxation and social security	**38,560**	34,104	**36,387**	34,104
Other creditors	**337,926**	40,916	**169,377**	40,916
VAT	-	237,736	-	237,736
Accruals and deferred income	**591,451**	1,207,866	**589,126**	1,207,866
Amounts owed to undertakings in which the entity has a participating interest	**1,504,785**	-	**1,504,785**	-
Amounts owed to associated companies	**82,039**	-	**82,039**	-
	2,756,509	2,136,131	**2,531,842**	2,136,131

All creditors are due within one year.

The amounts owed to undertakings in which the entity has a participating interest are repayable on demand. No interest is charged on the outstanding balances.

12 Creditors: amounts falling after more than one year

	Group 2015 £	2014 £	Company 2015 £	2014 £
Amounts owed to undertakings in which the entity has a participating interest	-	125,510	-	125,510
	-	125,510	-	125,510

Notes *(continued)*

13 Deferred taxation

The movement in the deferred tax asset during the year was as follows:

	Deferred taxation Group and Company 2015 £000	2014 £000
Asset brought forward	**(82,950)**	(9,014)
Origination and reversal of timing differences	**68,575**	34,798
Adjustment in respect of prior periods	**(21,785)**	(108,734)
Effect of change in tax rate on opening balance	**10,474**	-
Asset carried forward	**(25,686)**	(82,950)

The provision for deferred tax consists of the tax effect of the following:

	Group and Company 2015 £000	2014 £000
Accelerated capital allowances	**(9,959)**	(12,616)
Short term timing differences	**(15,727)**	(16,718)
Tax losses carried forward and other deductions	**-**	(53,616)
Total	**(25,686)**	(82,950)

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax asset at the balance sheet date has been calculated based on these rates. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

Notes *(continued)*

14 Share capital

Share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
112 ordinary shares of £1 each	**12**	12
	12	12

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

15 Transactions with directors

	Group and Company	
	2015	2014
	£	£
Dr A J Beaumont		
Balance outstanding at start of period	**566,906**	78,264
Amounts advanced	**129,526**	488,642
Balance outstanding at end of period	**696,432**	566,906

16 Related parties

Group

Transactions with key management personnel

Total compensation of key management personnel in the year amounted to £11,075 *(2014:£Nil)*.

Other related party transactions

	Recharges from	
	2015	2014
	£000	£000
Entities over which Group has control, joint control or significant influence (subject to wholly owned exemption)	**1,320,000**	-
	1,320,000	-

Notes *(continued)*

16 Related parties *(continued)*

	Receivables outstanding 2015 £000	2014 £000	Creditors outstanding 2015 £000	2014 £000
Entities over which Group has control, joint control or significant influence (subject to wholly owned exemption)	**2,777,514**	1,876,048	**1,586,824**	125,510
Key management personnel of the company and its group	**696,432**	566,906	**-**	-
	3,473,946	2,442,954	**1,586,824**	125,510

Company

Identity of related parties with which the Company has transacted

	Receivables outstanding 2015 £000	2014 £000	Creditors outstanding 2015 £000	2014 £000
Entities with control, joint control or significant influence over the Company				
Entities over which Company has control, joint control or significant influence (subject to wholly owned exemption)	**2,910,548**	1,876,048	**1,586,824**	125,510
Other related parties (subject to wholly owned exemption)	**696,432**	566,906	**-**	-
	3,606,980	2,442,954	**1,586,824**	125,510

17 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Group's and Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the 17 month period ended 31 December 2014.

In preparing its FRS 102 balance sheet, the Group and the Company have not needed to adjust amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP).