

(aq) Limited

**Annual report and consolidated
financial statements**

Registered number 03663860

31 December 2016



Company information

Directors

Prof 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

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Strategic Report

The directors present their strategic report for the year ended 31 December 2016 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 2015 are for the year ended 31 December 2015.

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.

The results of the Group show a turnover of £9,835,056 (2015: £10,626,315) and profit before tax of £780,616 (2015: £972,833). At 31 December 2016, the Group had net assets of £4,750,276 (2015: £3,991,666).

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

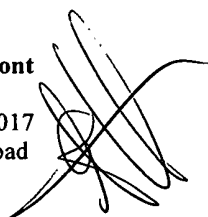
	2016	2015
Turnover	9,835,056	10,626,315
Gross profit	3,804,003	4,524,240
Gross profit percentage	38.7%	42.6%
Administrative expenses	3,023,260	3,533,947
Administrative expenses / turnover %	30.7%	33.3%
Number of employees	63	53

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

Prof A J Beaumont
Director
25 September 2017
13-15 Hunslet Road
Leeds
LS10 1JQ



Directors' report

The Director's present the consolidated financial statements for (aq) Limited for the year to 31 December 2016. The comparative information provided within the enclosed financial statements relates to the year ended 31 December 2015.

Results

The results of the Group show a turnover of £9,835,056 (2015: £10,626,315) and profit before tax of £780,616 (2015: £972,833). At 31 December 2016, the Group had net assets of £4,750,276 (2015: £3,991,666).

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:

Prof A J Beaumont
L R Cowley

Dividends

The Directors do not recommend the payment of a dividend (2015: £nil).

Political contributions

Neither the Company nor 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.

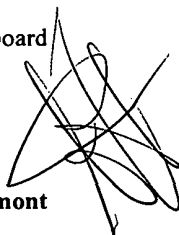
Other information

There have been no significant events since the year end.

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



Prof A J Beaumont
Director

25 September 2017
13-15 Hunslet Road
Leeds
LS10 1JQ

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

The directors are responsible for preparing the Directors' 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 2016 set out on pages 6 to 23. 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 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK 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 (aq) Limited *(continued)*

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 is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006

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.



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

28 September 2017

Consolidated Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2016

	<i>Note</i>	2016	2015
		£	£
Turnover	2	9,835,056	10,626,315
Cost of sales		(6,031,053)	(6,102,075)
		<hr/>	<hr/>
Gross profit		3,804,003	4,524,240
Administrative expenses		(3,023,260)	(3,533,947)
		<hr/>	<hr/>
Operating profit		780,743	990,293
Other interest receivable and similar income		(127)	-
Interest payable and similar charges		-	(17,460)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		780,616	972,833
Tax charge on profit on ordinary activities	6	(22,006)	(57,265)
		<hr/>	<hr/>
Profit for the financial year		758,610	915,568
		<hr/>	<hr/>

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

The notes on pages 12 to 23 form part of these financial statements.

Consolidated Balance Sheet at 31 December 2016

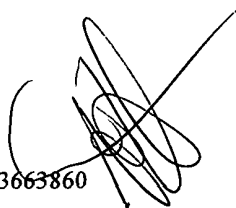
	Note	2016 £	£	2015 £	£
Fixed assets					
Goodwill	7	135,886		151,718	
Tangible assets	8	704,164		673,830	
Other investments	7	5,417		2,417	
			<u>845,467</u>		<u>827,965</u>
Current assets					
Stocks		250		250	
Debtors	9	6,948,084		5,566,799	
Cash at bank and in hand		584,969		353,161	
		<u>7,533,303</u>		<u>5,920,210</u>	
Creditors: amounts falling due within one year	10	<u>(3,628,494)</u>		<u>(2,756,509)</u>	
Net current assets			<u>3,904,809</u>		<u>3,163,701</u>
Net assets			<u>4,750,276</u>		<u>3,991,666</u>
Capital and reserves					
Called up share capital	12		12		12
Profit and loss account			4,750,264		3,991,654
Shareholders' funds			<u>4,750,264</u>		<u>3,991,666</u>

The notes on pages 12 to 23 form part of these financial statements.

These financial statements were approved by the board of directors on 25 September 2017 and were signed on its behalf by:

Prof A J Beaumont
Director

Company registered number: 03663860



Company Balance Sheet
at 31 December 2016

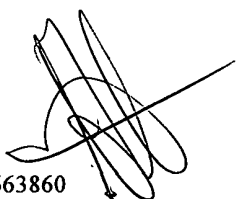
	Note	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	8		674,821	631,074	
Investments	7		5,416	2,417	
			<u>680,237</u>		<u>633,491</u>
Current assets					
Debtors	9	7,252,427		5,686,281	
Cash at bank and in hand		524,611		305,054	
		<u>7,777,038</u>		<u>5,991,335</u>	
Creditors: amounts falling due within one year	10	<u>(3,435,638)</u>		<u>(2,531,842)</u>	
Net current assets		4,341,400			3,459,493
Net assets			<u>5,021,637</u>		<u>4,092,984</u>
Capital and reserves					
Called up share capital	12		12		12
Profit and loss account			5,021,625		4,092,972
Shareholders' funds			<u>5,021,637</u>		<u>4,092,984</u>

The notes on pages 12 to 23 form part of these financial statements.

These financial statements were approved by the board of directors on 25 September 2017 and were signed on its behalf by:

Prof 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 1 January 2015	12	3,076,086	3,076,098
Total comprehensive income for the period			
Profit for the period	-	915,568	915,568
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	915,568	915,568
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	12	3,991,654	3,991,666
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2016	12	3,991,654	3,991,666
Total comprehensive income for the year			
Profit for the year	-	758,610	758,610
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	758,610	758,610
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	12	4,750,264	4,750,276
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 12 to 23 form part of these financial statements.

Company Statement of Changes in Equity

	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 period			
Profit for the period	-	1,016,886	1,016,886
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	1,016,886	1,016,886
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	12	4,092,972	4,092,984
	<hr/>	<hr/>	<hr/>

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2016	12	4,092,972	4,092,984
Total comprehensive income for the year			
Profit for the year	-	928,653	928,653
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	928,653	928,653
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	12	5,021,625	5,021,637
	<hr/>	<hr/>	<hr/>

The notes on pages 12 to 23 form part of these financial statements.

Consolidated Cash Flow Statement
for year ended 31 December 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Profit for the year		758,610	915,568
Adjustments for:			
Depreciation, amortisation and impairment		282,838	330,404
Interest receivable and similar income			-
Interest payable and similar charges			17,460
Taxation		22,006	57,265
		<hr/> 1,063,454	<hr/> 1,320,697
(Increase)/decrease in trade and other debtors		(1,326,467)	(1,197,184)
(Increase)/decrease in stocks		-	(250)
(Decrease)/increase in trade and other creditors		871,985	209,274
Corporation tax paid		(76,824)	-
		<hr/> 532,148	<hr/> 332,537
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		-	-
Acquisition of tangible fixed assets	8	(295,540)	(392,613)
Acquisition of other intangible assets	7	(4,800)	-
Acquisition of a business		-	(1)
		<hr/> (300,340)	<hr/> (392,614)
Net cash from investing activities			
Net increase/(decrease) in cash and cash equivalents		231,808	(60,077)
Cash and cash equivalents at 1 January 2016		353,161	413,238
		<hr/> 584,969	<hr/> 353,161
Cash and cash equivalents at 31 December 2016		<hr/> <hr/> 584,969	<hr/> <hr/> 353,161

The notes on pages 12 to 23 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.

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 2016. 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)

1.4 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.

1.5 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)

1.6 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.

1.7 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.

1.8 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.

1.9 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)

1.10 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.

1.11 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.

1.12 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.

1.13 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.

1.14 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 Turnover

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

3 Expenses and auditors' remuneration

Auditor's remuneration:

	2016 £	2015 £
Audit of these financial statements	12,000	16,500
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	2,000	2,000
Taxation compliance services	-	2,700
	<u> </u>	<u> </u>

4 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	
	2016	2015
Management		
Administration	13	9
	50	44
	<u> </u>	<u> </u>
	63	53
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	2016 £	2015 £
Wages and salaries	1,490,259	1,309,173
Social security costs	159,464	121,760
	<u> </u>	<u> </u>
	1,649,723	1,430,933
	<u> </u>	<u> </u>

5 Directors' remuneration

	2016 £	2015 £
Directors' remuneration	33,151	35,074
	<u> </u>	<u> </u>

The aggregate of remuneration of the highest paid director was £24,000 (2015: £24,000).

Notes (continued)

6 Taxation

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

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
<i>UK Corporation tax</i>		
UK corporation tax charge at 20.00% (2015: 20.25%) on the profit for the period	-	-
Adjustments in respect of prior years	13,842	-
Total current tax	13,842	-
<i>Deferred tax</i>		
Origination/reversal of timing differences	20,482	68,575
Adjustments in respect of prior periods	(14,490)	(21,785)
Effect of decreased tax rate	2,232	10,474
Total deferred tax	8,224	57,264
Tax on profit on ordinary activities	22,066	57,264

The current tax charge for the period of £10,820 (2015: nil) is lower (2015: lower) than the standard rate of corporation tax in the UK 20% (2015: 20.25%). The differences are explained below:

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
<i>Total tax reconciliation</i>		
Profit on ordinary activities before tax	780,616	972,833
Total tax at 20.00% (2015: 20.25%)	156,123	196,999
<i>Effects of:</i>		
Permanent adjustments		4,632
Fixed asset differences	13,113	
Expenses not deductible for tax purposes	4,431	5,808
Losses not recognised	34,009	19,137
Tax credits		-
Additional deduction for R&D expenditure	(180,618)	(149,442)
Adjustments to current tax charge in respect of previous periods	10,820	-
Impact of change in tax rate on DT balances		10,474
Adjustments to deferred tax charge in respect of previous periods	(14,490)	(21,785)
Difference in CT rate versus DT rate	(1,382)	(8,559)
Total tax charge/(credit) (see above)	22,006	57,264

Notes (continued)

7 Intangible assets and goodwill

Goodwill

<i>Group</i>	Goodwill £
Cost	
Balance at 1 January 2016	158,314
Balance at 31 December 2016	<u>158,314</u>
Amortisation and impairment	
Balance at 1 January 2016	6,596
Amortisation for the year	15,832
Balance at 31 December 2016	<u>22,428</u>
Net book value	
At 1 January 2016	<u>151,718</u>
At 31 December 2016	<u><u>135,886</u></u>

The amortisation charge is recognised in admin expenses.

Other investments

<i>Group & Company</i>	Investment in subsidiaries £	Other investments £	Total
Cost			
Balance at 1 January 2016	1	4,000	4,001
Additions	-	4,800	4,800
Balance at 31 December 2016	<u>1</u>	<u>8,800</u>	<u>8,801</u>
Amortisation and impairment			
Balance at 1 January 2016	-	1,584	1,584
Amortisation for the year	-	1,800	1,800
Balance at 31 December 2016	<u>-</u>	<u>3,384</u>	<u>3,384</u>
Net book value			
At 1 January 2016	<u>1</u>	<u>2,416</u>	<u>2,417</u>
At 31 December 2016	<u><u>1</u></u>	<u><u>5,416</u></u>	<u><u>5,417</u></u>

Subsidiary undertakings:

100% ownership of Bluewave Communications Limited (Tower House, Castle Street, Douglas, Isle of Man). Bluewave Communications Limited is registered in the Isle of Man, with company number 119598C. The principal activity of the company is that of telecom supplies and the provision of media services.

Notes (continued)

8 Tangible fixed assets

<i>Group</i>	Fixtures & fittings £
Cost	
Balance at 1 January 2016	2,099,963
Additions	295,540
	<hr/>
Balance at 31 December 2016	2,395,503
	<hr/>
Depreciation and impairment	
Balance at 1 January 2016	1,426,133
Depreciation charge for the year	265,206
	<hr/>
Balance at 31 December 2016	1,691,339
	<hr/>
Net book value	
At 1 January 2016	673,830
	<hr/>
At 31 December 2016	704,164
	<hr/>
 <i>Company</i>	
	Fixtures & fittings £
Cost	
Balance at 1 January 2016	2,046,309
Additions	294,725
	<hr/>
Balance at 31 December 2016	2,341,034
	<hr/>
Depreciation and impairment	
Balance at 1 January 2016	1,415,235
Depreciation charge for the year	250,978
	<hr/>
Balance at 31 December 2016	1,666,213
	<hr/>
Net book value	
At 1 January 2016	631,074
	<hr/>
At 31 December 2016	674,821
	<hr/>

Notes (continued)

9 Debtors

	Group 2016 £	2015 £0	Company 2016 £	2015 £
Trade debtors	1,031,057	1,035,400	997,537	1,025,774
Amounts owed by group undertakings	4,193,547	2,777,514	4,533,388	2,910,548
Other debtors	2,292	71,911	314	70,098
Deferred tax assets (see note 12)	17,462	25,686	17,462	25,686
Prepayments and accrued income	707,260	824,130	707,260	823,383
Directors loan account (see note 15)	871,664	696,432	871,664	696,432
Corporation tax	124,802	69,984	124,802	69,984
VAT	-	65,742	-	64,376
	<u>6,948,084</u>	<u>5,566,799</u>	<u>7,252,427</u>	<u>5,686,281</u>

All debtors are due within one year.

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

10 Creditors: amounts falling due within one year

	Group 2016 £	2015 £	Company 2016 £	2015 £
Trade creditors	578,123	201,748	541,985	150,128
Taxation and social security	45,975	38,560	42,497	36,387
Other creditors	180,071	337,926	14,524	169,377
VAT	87,734	-	102,173	-
Accruals and deferred income	344,672	591,451	342,257	589,126
Amounts owed to undertakings in which the entity has a participating interest	2,247,150	1,504,785	2,247,150	1,504,785
Amounts owed to associated companies	144,769	82,039	145,052	82,039
	<u>3,628,494</u>	<u>2,756,509</u>	<u>3,435,638</u>	<u>2,531,842</u>

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.

Notes (continued)

11 Deferred taxation

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

	Deferred taxation	
	Group and Company	
	2016	2015
	£000	£000
Asset brought forward	25,686	82,950
Origination and reversal of timing differences	(20,482)	(68,575)
Adjustment in respect of prior periods	14,490	21,785
Effect of change in tax rate on opening balance	(2,232)	(10,474)
	<hr/>	<hr/>
Asset carried forward	17,462	25,686
	<hr/>	<hr/>

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

	Group and Company	
	2016	2015
	£000	£000
Accelerated capital allowances	12,298	9,959
Short term timing differences	5,164	15,727
Tax losses carried forward and other deductions	-	-
	<hr/>	<hr/>
Total	17,462	25,686
	<hr/>	<hr/>

Reductions in the corporation tax rate to 19% from 1 April 2017 and 17% from 1 April 2020 were substantively enacted on 26 October 2015 and 6 September 2016 respectively. Deferred tax assets in respect of timing differences are expected to be recoverable against future taxable profits and are recognised according to the rate when the timing differences are expected to reverse.

Notes (continued)

12 Share capital

Share capital

	2016 £	2015 £
<i>Allotted, called up and fully paid</i>		
12 ordinary shares of £1 each	12	12
	<u>12</u>	<u>12</u>

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.

13 Transactions with directors

	Group and Company 2016 £	2015 £
Prof A J Beaumont		
Balance outstanding at start of period	696,432	566,906
Amounts advanced	175,233	129,526
	<u>871,665</u>	<u>696,432</u>
Balance receivable at end of period		

14 Related parties

Group

Transactions with key management personnel

Total compensation of key management personnel in the year amounted to £8,247 (2015: £11,075).

Other related party transactions

	Recharges from 2016 £000	2015 £000
Entities over which Group has control, joint control or significant influence (subject to wholly owned exemption)	1,320,000	1,320,000
Entity over which Group has an interest	<u>68,225</u>	<u>-</u>
	<u>1,388,225</u>	<u>1,320,000</u>

Notes (continued)

15 Related parties (continued)

	Receivables outstanding 2016 £000	2015 £000	Creditors outstanding 2016 £000	2015 £000
Entities over which Group has control, joint control or significant influence (subject to wholly owned exemption)	4,193,547	2,777,514	2,392,202	1,586,824
Entity in which Group has an interest	-	-	41,918	-
Key management personnel of the company and its group	871,665	696,432	-	-
	<u>5,065,212</u>	<u>3,473,946</u>	<u>2,434,120</u>	<u>1,586,824</u>

Company

Identity of related parties with which the Company has transacted

	Receivables outstanding 2016 £000	2015 £000	Creditors outstanding 2016 £000	2015 £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)	4,533,388	2,910,548	2,392,202	1,586,824
Entity in which Company has an interest	-	-	41,918	-
Other related parties (subject to wholly owned exemption)	871,665	696,432	-	-
	<u>5,405,053</u>	<u>3,606,980</u>	<u>2,434,120</u>	<u>1,586,824</u>