

Alphanumeric Limited
Financial statements
For the year ended 31 March 2014

COMPANIES HOUSE

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COMPANIES HOUSE

Company no 03749871

Company information

Company registration number:	03749871
Registered office:	Players House 300 Attercliffe Common SHEFFIELD S9 2AG
Directors:	M Boddy A R Gardner A Lingard M Sprot
Secretary:	M Sprot
Bankers:	Barclays Bank plc 1 Princes Street IPSWICH IP1 1PB
Auditor:	Grant Thornton UK LLP Statutory Auditor Chartered Accountants 2 Broadfield Court SHEFFIELD S8 0XF

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 March 2014.

Principal activity

The company is principally engaged in information strategy.

Results and dividends

There was a profit for the year after taxation amounting to £1,766,000 (2013: £2,441,000).

The company has paid the following dividends during the year:

	2014 £'000	2013 £'000
Dividends paid	2,000	-

Directors

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

M Boddy
A R Gardner
A Lingard
M Sprot (appointed 25 March 2014)

Statement of directors' responsibilities

The directors are responsible for preparing the report of the directors 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the directors must not approve the financial statements unless 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Report of the directors

Statement of directors' responsibilities (continued)

The directors confirm that:

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

The company's articles require annual reappointment of the auditors. Grant Thornton UK LLP have expressed willingness to continue in office. In accordance with s485(4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP as auditors will be proposed at the Annual General Meeting.

ON BEHALF OF THE BOARD



A R Gardner
Director
7 July 2014

Strategic report

Key performance indicators

Key performance indicators of the company include gross profit margin (2014: 29%, 2013: 38%), contribution margin (2014: 71%, 2013: 71%) which is defined as gross margin less direct labour costs and net operating margin before share based payment charges (2014: 19%, 2013: 28%). These are monitored and reviewed on a regular basis by the directors, and the company has performed to expected levels during the year.

Business review

During the year under review, Alphanumeric Limited continued to trade in difficult economic times and have placed emphasis on diversification and expansion of the client base in order to create a stable foundation for the future business. Considerable investment has been made both in this financial year and the previous one to establish a wider pipeline which has resulted in generating a substantial number of new clients and projects during the period.

Principal risks and uncertainties

The management of the business and the nature of the company's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business. The directors are of the opinion that a risk management process is adopted which includes the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks.

Financial risk management objectives and policies

The company uses financial instruments, other than derivatives, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company financial instruments are liquidity risk and currency risk. The directors review and agree policies for managing these risks and they are summarised below. The policies have remained unchanged from previous periods.

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. Primarily this is achieved through maintaining control over debtors and creditors. Short term flexibility is achieved by overdraft facilities.

Currency risk

The company is exposed to transaction and translation foreign exchange risk. This is not significant and not considered a major risk. Exchange rate movements are monitored on a regular basis and pricing contracts take into account potential fluctuations.

ON BEHALF OF THE BOARD



A R Gardner
Director
7 July 2014



Independent auditor's report to the members of Alphanumeric Limited

We have audited the financial statements of Alphanumeric Limited for the year ended 31 March 2014 which comprise the principal accounting policies, 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 auditors

As explained more fully in the Statement of directors' responsibilities, 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 March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Report of the directors 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, 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

Donna Steel

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

SHEFFIELD

7 July 2014

Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with United Kingdom accounting standards and under the historical cost convention.

The principal accounting policies of the company are set out below. The policies have remained unchanged from the previous year.

Going concern

The financial statements have been prepared on the going concern basis. The directors have assessed the going concern position of the company and have no reason to believe that there is a material uncertainty that would affect the ability of the company to continue as a going concern for the foreseeable future. The directors consider the foreseeable future to be 12 months from the date the financial statements are signed.

Cash flow statement

The company is a wholly owned subsidiary and the cash flows of the company are included in the consolidated cash flow statement. Consequently, the company is exempt under the terms of FRS 1 "Cash Flow Statements" from publishing a cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts in relation to work undertaken during the year.

Turnover is the revenue arising from the sale of services. It is stated at the fair value of the consideration receivable, net of value added tax, rebates and discounts.

Revenue is recognised in accordance with the stage of completion of contractual obligations to the customer. The stage of completion is ascertained by assessing the fair value of the services provided to the balance sheet date as a proportion of the total fair value of the contract. Losses on contracts are recognised in the period in which the loss first becomes foreseeable.

Fixed assets

All fixed assets are stated at cost, net of depreciation and any provision for impairment.

Pension costs

Defined Contribution Pension Scheme

The pensions costs charged against operating profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, on a straight line basis, over the useful economic life of that asset as follows:

Fixtures and Fittings	- 20 - 33%
Equipment	- 33%

Principal accounting policies

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Profit and loss account

	Note	2014 £'000	2013 £'000
Turnover	1	9,398	10,301
Cost of sales		(6,698)	(6,438)
Gross profit		<u>2,700</u>	<u>3,863</u>
Administrative expenses		(944)	(1,007)
Operating profit	2	<u>1,756</u>	<u>2,856</u>
Other income		30	72
Profit on ordinary activities before taxation		<u>1,786</u>	<u>2,928</u>
Tax on profit on ordinary activities	5	<u>(20)</u>	<u>(487)</u>
Profit for the financial year after taxation	14	<u><u>1,766</u></u>	<u><u>2,441</u></u>

All of the activities of the company are classed as continuing.

There are no recognised gains or losses other than the result for the year.

The accompanying accounting policies and notes form an integral part of these financial statements.

Balance sheet

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	6	<u>26</u>	<u>56</u>
Current assets			
Debtors	7	5,862	6,047
Cash at bank and in hand		<u>1,336</u>	<u>958</u>
		7,198	7,005
Creditors: amounts falling due within one year	8	<u>(2,464)</u>	<u>(2,067)</u>
Net current assets		<u>4,734</u>	<u>4,938</u>
Total assets less current liabilities		<u>4,760</u>	<u>4,994</u>
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account	13	<u>4,760</u>	<u>4,994</u>
Shareholders' funds	14	<u>4,760</u>	<u>4,994</u>

The financial statements were approved and authorised by the director on 7 July 2014.



A R Gardner
Director

Company number: 03749871

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company and originates in the United Kingdom.

2 Operating profit

Operating profit is stated after charging:

	2014 £'000	2013 £'000
Depreciation of owned fixed assets	36	65
Operating lease costs: Land and buildings	<u>30</u>	<u>33</u>

The audit fee for the company is being met by Jaywing plc.

3 Directors and employees

The average number of staff employed by the company during the financial year amounted to:

	2014 Number	2013 Number
Information strategists	39	40
Management and administration staff	<u>7</u>	<u>8</u>
	<u>46</u>	<u>48</u>

The aggregate payroll costs of the above were:

	2014 £'000	2013 £'000
Wages and salaries	3,768	3,329
Social security costs	449	454
Pension costs	<u>78</u>	<u>91</u>
	<u>4,295</u>	<u>3,874</u>

Notes to the financial statements

4 Directors

Remuneration in respect of directors was as follows:

	2014 £'000	2013 £'000
Emoluments receivable	192	44
Company pension contributions to money purchase pension schemes	5	2
	<u>197</u>	<u>46</u>

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

	2014 Number	2013 Number
Money purchase schemes	<u>1</u>	<u>1</u>

5 Tax on ordinary activities

(a) Analysis of charge in the year

	2014 £'000	2013 £'000
Current tax:		
In respect of the year:		
UK corporation tax based on the results for the year at 23% (2013: 24%)	413	708
Adjustment in respect of the prior year	(382)	(218)
Total current tax	<u>31</u>	<u>490</u>

Deferred tax:

Origination and reversal of timing differences	-	(4)
Adjustments in respect of rate differences	-	1
Prior year adjustment	(11)	-
Tax on profit on ordinary activities	<u>20</u>	<u>487</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 23% (2013: 24%).

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	<u>1,786</u>	<u>2,928</u>
Profit on ordinary activities by rate of tax	411	703
Expenses not deductible for tax purposes	3	1
Depreciation for period in excess of capital allowances	(1)	4
Adjustment in respect of the prior year	(382)	(218)
Total current tax (note 5 (a))	<u>31</u>	<u>490</u>

Notes to the financial statements

6 Tangible fixed assets

	Fixtures & fittings £'000	Equipment £'000	Total £'000
Cost			
At 1 April 2013	31	738	769
Additions	-	6	6
Disposals	(21)	(206)	(227)
At 31 March 2014	10	538	548
Depreciation			
At 1 April 2013	31	682	713
Charge for the year	-	36	36
Disposals	(21)	(206)	(227)
At 31 March 2014	10	512	522
Net book amount			
At 31 March 2014	-	26	26
At 31 March 2013	-	56	56

7 Debtors

	2014 £'000	2013 £'000
Trade debtors	1,034	1,203
Amounts owed by group undertakings	4,377	4,714
Prepayments and accrued income	412	102
Deferred tax asset (see note 9)	39	28
	<u>5,862</u>	<u>6,047</u>

8 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	346	66
Amounts owed to group undertakings	12	152
Corporation tax	413	604
Other taxation and social security	598	430
Other creditors	13	21
Accruals and deferred income	1,082	794
	<u>2,464</u>	<u>2,067</u>

Notes to the financial statements

9 Deferred taxation

The movement in the deferred taxation provision during the year was:

	2014 £'000	2013 £'000
Asset brought forward	28	25
Profit and loss account movement arising during the year	11	3
Asset carried forward (note 7)	<u>39</u>	<u>28</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2014 £'000	2013 £'000
Excess of depreciation over taxation allowances on fixed assets	27	28
Other timing differences	12	-
	<u>39</u>	<u>28</u>

10 Leasing commitments

At 31 March 2014 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2014 £'000	2013 £'000
Operating leases which expire:		
Less than 1 year	<u>2</u>	<u>30</u>

11 Dividends

Dividends paid during the year comprised:

	2014 £'000	2013 £'000
Dividends on ordinary shares	<u>2,000</u>	<u>-</u>

12 Share capital

Authorised share capital:

	2014 £'000	2013 £'000
1,196,934 Ordinary shares of £1 each	<u>1,197</u>	<u>1,197</u>

Allotted, called up and fully paid:

	2014		2013	
	No	£'000	No	£'000
Ordinary shares of £1 each	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>

Notes to the financial statements

13 Profit and loss account

	Profit and loss account £'000
At 1 April 2013	4,994
Profit for the year	1,766
Dividends paid	(2,000)
At 31 March 2014	<u>4,760</u>

14 Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Profit for the financial year	1,766	2,441
Dividends paid (note 11)	(2,000)	-
Net (decrease)/addition to shareholders' funds	<u>(234)</u>	<u>2,441</u>
Opening shareholders' funds	4,994	2,553
Closing shareholders' funds	<u>4,760</u>	<u>4,994</u>

15 Performance share plan

The parent company, Jaywing plc, grants share options under the Digital Marketing Group Performance Share Plan and has granted share options to employees of the Company.

Details of the share options granted during and outstanding at the end of the year are as follows:

	Number of share options	2014 Weighted average exercise price (pence)	Number of share options	2013 Weighted average exercise price (pence)
At 1 April 2013	107,200	37.0	107,200	37.0
Granted during year	-		-	0.0
Lapsed during the year	(107,200)		-	0.0
Exercised during year	-		-	0.0
At 31 March 2014	<u>-</u>		<u>107,200</u>	<u>37.0</u>
Exercisable at 31 March 2014	<u>-</u>		<u>107,200</u>	

There are no share options outstanding at 31 March 2014.

Notes to the financial statements

15 Performance share plan (continued)

Charge to profit and loss account

Under FRS 20 the company is required to recognise as an expense in their financial statements apportioned over the vesting period based upon the number of options which are expected to vest and the fair value of those options at the date of grant.

In considering the appropriate expense in respect of options granted prior to 1 April 2009 the parent company commissioned an independent valuation from American Appraisal UK Limited and have fully adopted their findings.

The weighted average fair value of the options granted prior to 1 April 2009 was £1.07.

In respect of options granted after 1 April 2009, the directors prepared a valuation using the Black Scholes model with the following inputs:

Share price at date of grant	53.00p
Exercise prices	0.00p
Expected volatility	30.20%
Dividend yield	0.00%
Risk free rate	4.07%
Option life	3 years

The weighted average fair value of the options granted after 1 April 2009 was 53.00p.

Accordingly a charge of £nil (2013: £nil) has been made in the accounts of the company.

16 Transactions with related parties

As a wholly owned subsidiary of Jaywing plc, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by that company.

17 Capital commitments

There were no capital commitments at 31 March 2014 or 31 March 2013.

18 Contingent liabilities

There is a cross guarantee between members of the Jaywing plc group of companies on all bank overdrafts and borrowings with Barclays Bank plc. At 31 March 2014 the amount thus guaranteed by the company was £10,273,000 (2013: £4,729,000).

19 Ultimate parent undertaking

The ultimate parent undertaking and controlling related party of this company is its parent company, Jaywing plc, by virtue of its 100% shareholding in the company.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Jaywing plc. Copies of the group accounts can be obtained at Players House, 300 Attercliffe Common, Sheffield, South Yorkshire, S9 2AG.