MeetingZone Limited

Report and Financial Statements

Year Ended

31 December 2018

Company Number 04300344

MeetingZone Limited

Report and financial statements
for the year ended 31 December 2018

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Directors

E Cooper
S Healey
S Flavell
T Hughes

Registered office

78 Kingsland Road, First Floor, London, E2 8DP

Company number

04300344

Auditors

Grant Thornton UK LLP, Chartered Accountants & Senior Statutory Auditor, 30 Finsbury Square, London, EC2A 1AG

MeetingZone Limited

Strategic report
for the year ended 31 December 2018

Principal activities and business review

MeetingZone Limited is the UK trading business of the MeetingZone Group which supplies workplace conferencing and collaboration services that help business people connect, communicate and collaborate more productively.

Review of the business

The result for the company for the year ended 31 December 2018 was an operating profit of £1,391,762 (9 months to 31 December 2017: £1,477,745) on turnover of £17,845,459 (9 months to 31 December 2017: £13,366,684). Cost of sales of £7,255,717 (9 months to 31 December 2017: £4,775,763) led to gross profit of £10,589,742, a gross profit margin of 59% (2017: £8,590,921, a gross profit margin of 64%). Administrative expenses were £7,439,371 (2017: £6,719,777). The Group has approximately 6,000 active business customers.

In June 2018, Warwick Holdco Limited (MeetingZone Limited's ultimate parent company) was acquired by LoopUp Group plc. LoopUp will seek to leverage the material increase in scale to amplify the established network effect of its core product and improved the retention attributes of that business.

Principal risks and uncertainties

The Board considers the following to be the key risks and uncertainties faced by the business: continued partnership with key suppliers; the retention of key employees; and the retention of key clients although it should be noted that no single client accounts for more than 5% of the company's revenue.

Whilst the directors consider it is too early to assess the long-term impact of the UK's decision to leave the European Union, there has been no immediate impact on the company's day-to-day operations. Fluctuations in currency markets may impact the company's non-UK operations and the directors will continue to review this position.

Financial risk management objectives and policies

The directors regularly review the financial requirements of the company and the principal risks and uncertainties that face the company and the Group. Company operations are primarily financed from retained earnings and current cash facilities. The directors regularly monitor risk and discuss their likelihood and impact on a monthly basis.

Credit risk

The company's credit risk is managed by the application of credit checks on potential customers before sales are made, the imposition of credit limits when accepted, and effective credit control procedures.

Liquidity risk

Liquidity risk is managed through detailed cash forecasting and the application of strict cash management practices to ensure the company has sufficient funds for operations. The enlarged LoopUp group has a strong balance sheet and is expected to generate positive cash flows from trading for the foreseeable future.

Approval

This strategic report was approved by the board and signed on its behalf by:

S Healey
Director

Date: 30th September 2019

The directors present their report together with the audited financial statements for the year ended 31 December 2018.

Results and dividends

The profit for the year ended 31 December 2018, after taxation, amounted to £1,557,924 (9 months ended 31 December 2017: £1,494,837). No dividend was paid in the period (9 months ended 31 December 2017: £Nil).

Future developments

Information on likely future developments in the business has been included in the strategic report.

Information included in strategic report

The strategic report includes a review of the performance of the business, principal risks and uncertainties, financial risk management objectives and policies, and future developments.

Post balance sheet events

In June 2018 the entire share capital of Warwick Holdco Limited, the ultimate parent company of MeetingZone Limited, was acquired by LoopUp Group plc.

Directors

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

T Duffy	(resigned 4 June 2018)
S Gandy	(resigned 31 August 2018)
N Birks	(resigned 18 October 2018)
I McKenzie	(resigned 4 June 2018)
V Krishna	(resigned 4 June 2018)
S Healey	(appointed 4 June 2018)
T Hughes	(appointed 4 June 2018)
S Flavell	(appointed 4 June 2018)
E Cooper	(appointed 4 June 2019)

Employment of disabled persons

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it.

The company's HR procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the company, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the company. Retraining of employees who become disabled whilst employed by the company is offered where appropriate.

Employee involvement

Employees are encouraged to discuss with management any matters about which they are concerned and factors affecting the company. In addition, the management take account of employees' interests when making decisions and the employees are informed of the company's performance on a regular basis. Suggestions from employees aimed at improving the company's performance are welcome.

Indemnity provisions for directors

The company has put in place qualifying third party indemnity provisions for all the directors of MeetingZone Limited.

Key Performance Indicators

2018 saw the Company's core revenue grow to £17.8m from £13.4m for the 9 months to 31 December 2017. Gross profit margin decreased to 59% from 64% for the 9-month period to December 2017.

The Company achieved operating profit before acquisition and redundancy expenses of £3.2m (9 months to 31 December 2017: £1.9m).

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, 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 and 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;
- 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.

The directors confirm that:

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

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Following the acquisition by LoopUp Group plc Grant Thornton replaced BDO LLP for the year ending 31 December 2018.

In accordance with section 489 of the Companies Act 2006, a resolution to reappoint Grant Thornton UK LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Approval

This Directors' report was approved and signed on its behalf by:

S Healey
Director

Date: 30th September 2019

TO MEMBERS OF MEETINGZONE LIMITED

Opinion

We have audited the financial statements of MeetingZone Limited (the 'company') for the year ended 31 December 2018, which comprise Statement of comprehensive income, Balance sheet, Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic report and Directors' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Paul Naylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

30th September 2019

MeetingZone Limited

Statement of comprehensive income
for the year ended 31 December 2018

	Note	12 months ended 31 December 2018 £	9 months ended 31 December 2017 £
Turnover	3	17,845,459	**13,366,684**
Cost of sales		(7,255,717)	**4,775,763**
Gross profit		10,589,742	**8,590,921**
Administrative expenses		(7,439,372)	**(6,719,777)**
Operating profit before acquisition and redundancy expenses		3,150,370	**1,871,144**
Refinancing and redundancy expenses included in administrative expenses	4	(1,758,608)	**(393,399)**
Operating profit	4	1,391,762	**1,477,745**
Interest receivable and similar income		209	**4,287**
Income from investments	7	165,953	**-**
Interest payable and similar charges	8	-	**-**
Profit on ordinary activities before taxation		1,557,924	**1,482,032**
Taxation on profit on ordinary activities	9	-	**12,805**
Profit for the financial year/period		1,557,924	**1,494,837**
Total comprehensive income for the year/period		1,557,924	**1,494,837**

All amounts relate to continuing activities.

The notes on pages 12 to 27 form part of these financial statements

MeetingZone Limited

Balance sheet
at 31 December 2018

Company Number: 04300344	Note	31 December 2018 £	31 December 2018 £	31 December 2017 £	31 December 2017 £
Fixed assets					
Intangible assets	10		3,119,489		3,880,308
Tangible assets	11		1,695,746		1,872,644
Investments	12		3,570,399		3,570,399
			8,385,634		9,323,351
Current assets					
Stocks	13	18,188		21,076	
Debtors	14	45,865,741		24,098,315	
Cash at bank and in hand		2,445,328		1,394,848	
		48,329,257		25,514,239	
Creditors: amounts falling due within one year	15	28,393,545		8,073,039	
Net current assets			19,935,712		17,441,200
Total assets less current liabilities			28,321,346		26,764,551
Provisions for liabilities					
Deferred taxation	16		76,536		77,664
Net assets			28,244,810		26,686,887
Capital and reserves					
Called-up share capital	17		1,438,940		1,438,940
Share premium account			1,906,416		1,906,416
Other reserves			14,854		14,854
Profit and loss account			24,884,600		23,326,677
Shareholders' funds			28,244,810		26,686,887

The financial statements were approved by the board and authorised for issue on 30th September 2019

S Healey
Director

The notes on pages 12 to 27 form part of these financial statements

MeetingZone Limited

Statement of changes in equity
for the year ended 31 December 2018

	Share capital £	Share premium £	Other Reserves	Profit and loss account £	Total equity £
1 January 2018	**1,438,940**	**1,906,416**	**14,854**	**23,326,677**	**26,686,887**
Comprehensive income for the year:					
Profit for the year	-	-	-	**1,557,924**	**1,557,924**
Total comprehensive income for the year	-	-	-	**1,557,924**	**1,557,924**
31 December 2018	**1,438,940**	**1,906,416**	**14,854**	**24,884,601**	**28,244,811**
1 April 2017	1,438,940	1,906,416	14,854	21,911,500	25,271,710
Comprehensive income for the period:					
Profit for the period	-	-	-	1,415,177	1,415,177
Total comprehensive income for the period	-	-	-	1,415,177	1,415,177
31 December 2017	1,438,940	1,906,416	14,854	23,326,677	26,686,887

The notes on pages 12 to 27 form part of these financial statements

1 Accounting policies

MeetingZone Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing the company financial statements, as permitted by FRS102 for qualifying entities:

- Section 3 Financial Statement Presentation paragraph 3.17(d) and Section 7 Statement of Cash Flows not to prepare a statement of cash flows for the company only;
- Section 4 Statement of Financial Position paragraph 4.12(a)(iv) not to prepare a reconciliation of the number of shares outstanding at the beginning and end of the year as this is identical to the reconciliation prepared for the group;
- Section 11 Basic Financial Instruments paragraph 11.41(b) and 11.41(e) not to disclose the carrying amounts of financial assets that are debt instruments measured at amortised costs and financial liabilities measured at amortised cost; and
- Section 33 Related Party Disclosures paragraph 33.7 not to disclose key management personnel compensation of the parent company in total as this is included in the totals for the group as a whole.

True and fair override

On 27 February 2015, the trade and net assets of the subsidiary Atia Solutions Limited were transferred into MeetingZone Limited at their book value. This resulted in the value of the investment in the financial statements of MeetingZone Limited being carried at an apparent overvalue compared to the net asset position of Atia Solutions Limited at 31 March 2015, although there has been no overall loss to the Group. Schedule 1 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 requires that, where such an over-valuation is considered to be permanent, the investment should be written down accordingly and recognised as a loss in the Company's profit and loss account. The directors consider that, as the transaction was merely to reorganise the Group's operations and there has been no overall loss to the Group, it would fail to give a true and fair view to charge the diminution to the Company's profit and loss account and it should instead be reallocated to goodwill and the identifiable net assets transferred, so as to recognise in the Company's individual balance sheet the effective cost to the Company of those net assets and goodwill.

The effect on the company's balance sheet of this departure was to recognise goodwill of £4,979,169 as at 31 March 2015.

The directors consider the useful economic life of the resulting intangible to be in line with that of goodwill on an acquisition of a subsidiary undertaking, being 8 years from the point of acquisition. In line with the accounting policies described below, the asset will also be reviewed annually for impairment and the review as at 31 December 2018 indicated that no such impairment had arisen.

Period of account

The results of these statements are shown for the 12 month period ended 31 December 2018. The prior period of account was 9 months in order to bring the reporting period in line with the new ultimate parent company. As such, results are not entirely comparable with comparative period.

1 Accounting policies *(continued)*

The following principal accounting policies have been applied:

Consolidation

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it is included in the consolidated financial statements of its ultimate parent company, LoopUp Group plc, a company incorporated in the United Kingdom. These financial statements present information about the company as an individual undertaking, and not about its group.

Intangible fixed assets

(a) Goodwill and acquisition accounting

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and is included in 'intangible assets'. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. Goodwill is being amortised to 'administrative expenses' over the directors' estimate of its useful life, which is 8 to 10 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

(b) Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised to 'administrative expenses' on a straight line basis over their expected useful economic lives, being a period not exceeding 3 years commencing in the year the company starts to benefit from the expenditure.

The expected useful economic life of development costs are estimated based on business plans which set out the development plan and time to market for the associated project.

If it is not possible to distinguish between the research phase and the development phase of an internal project the expenditure is treated as if it were all incurred in the research phase only.

Expenditure on pure and applied research is charged to the profit and loss account in the year in which it is incurred.

Development costs are also charged to the profit and loss account in the year of expenditure unless individual projects satisfy all of the following criteria:

- the project is clearly defined and related expenditure is separately identifiable;
- the project is technically feasible and commercially viable;
- current and future costs are expected to be exceeded by future sales; and
- adequate resources exist for the project to be completed.

In such circumstances the costs are carried forward and amortised.

1 Accounting policies *(continued)*

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax. Turnover is recognised when the services are provided to the customer. Amounts not yet invoiced are included in accrued revenue. Amounts invoiced but not yet delivered are included in deferred income.

Valuation of investments

Investments in subsidiaries are stated at cost less any provision for impairment.

Tangible fixed assets

Tangible fixed assets, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, over their expected useful lives. It is calculated at the following rates:

Leasehold buildings	-	straight line over the life of the lease
Fixtures and fittings	-	25% reducing balance
Computer equipment and software	-	over useful economic life less estimated residual value, either 36 month straight line or 20% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the statement of comprehensive income

Stocks

Stocks are valued at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable. The assets of the scheme are held separately in an independently administered fund.

1 Accounting policies *(continued)*

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Foreign currency

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'sterling', which is the company's functional presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income or expense'.

Termination benefits

Termination benefits are payable when employment is terminated by the company before the normal retirement date. The company recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal.

Website Development Costs

Where the company's websites are expected to generate future revenues in excess of the costs of developing those websites, expenditure on the functionality of the website is capitalised and treated as a tangible fixed asset. Expenditure incurred on maintaining websites and expenditure incurred on developing websites used only for advertising and promotional purposes is written off as incurred.

1 Accounting policies *(continued)*

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of the estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the finance lease liability.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Dividends

Equity dividends are recognised when they become legally payable. Final equity dividends are recognised only when approved by the shareholders at an annual general meeting.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Exceptional Items

Administrative expenses are split into recurring and exceptional items. Exceptional items are of a non-recurring non-operational nature and include items such as redundancy costs and the costs of merger and acquisition activity.

Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs).

1 Accounting policies *(continued)*

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Reserves

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- Other reserves represents a capital redemption reserve.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 11)*

  Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Intangible fixed assets (see note 10)*

  Intangible fixed assets including goodwill are amortised over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Intangible asset recognition (see note 10)*

  Research and development costs are charged to administrative expenses as incurred unless individual projects satisfy certain criteria (see accounting policies). Costs are typically made up of salaries and benefits, infrastructure costs and third-party service fees. When assessing whether development costs meet the asset recognition criteria, management considers factors including the related sales and profit projections, market forecasts and historical experience.

- *Impairment of debtors (see note 14)*

  The company makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of the debtors and associated impairment provision.

3 Turnover

Turnover arises solely from the rendering of services and within the United Kingdom.

4 Operating profit

	12 months ended 31 December 2018 £	9 months ended 31 December 2017 £
Operating profit is stated after charging:		
Research and development	-	435,960
Amortisation of intangibles, including goodwill	892,382	716,926
Depreciation - owned fixed assets	427,623	336,680
Operating lease expense	221,134	214,459
Auditor's remuneration:		
- audit services to the company	56,100	35,000
- tax services	-	3,000
Exceptional items	1,758,608	393,399
Defined contribution pension cost	95,067	73,934
Foreign exchange differences	3,656	5,922

Exceptional items include reorganisation costs of £1,379,800 (9 months ended 31 December 2017 - £125,132), incurred in relation to the reorganisation of the Company following the acquisition and £290,800 of acquisition fees (9 months ended 31 December 2017 - £Nil).

5 Employees

	12 months ended 31 December 2018 £	9 months ended 31 December 2017 £
Staff costs (including directors) consist of:		
Wages and salaries	3,991,967	3,801,355
Social security costs	480,719	449,186
Pension costs	95,067	73,934
	4,567,753	4,324,475

5 Employees *(continued)*

The average monthly number of employees, including 5 directors (31 March 2017 - 4), during the period/year was:

	12 months ended 31 December 2018 Number	9 months ended 31 December 2017 Number
Administrative staff	10	19
Management staff	4	6
Other staff	82	62
	96	87

A defined contribution pension scheme is operated by the company on behalf of the employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to £90,210 (31 Dec 2017 - £73,934). Contributions amounting to £13,702 (31 December 2017 - £18,697) were payable to the fund at period-end and are included in creditors.

6 Directors

	12 months ended 31 December 2018 £	9 months ended 31 December 2017 £
Directors' remuneration consists of:		
Directors' emoluments	527,734	319,986
Company contributions to money purchase pension schemes	3,076	2,813

7 Income from investments

	12 months ended 31 December 2018 £	9 months ended 31 December 2017 £
Dividend received from subsidiary undertakings	165,953	-

8 Interest payable and similar charges

	12 months ended 31 December 2018 £	9 months ended 31 December 2017 £
Other similar charges payable	-	

9 Taxation on profit on ordinary activities

	12 months Ended 31 December 2018 £	9 months Ended 31 December 2017 £
Current tax		
UK corporation tax on profits of the period/year	-	-
Adjustment in respect of previous periods	-	(13,933)
Total current tax	-	(13,933)
Deferred taxation		
Origination and reversal of timing differences	-	3,179
Adjustments in respect of prior periods	-	(2,051)
Effect on tax rate change on opening balance	-	-
Deferred taxation (see note 16)	-	1,128
Taxation credit on profit on ordinary activities	-	(12,805)

9 Taxation on profit on ordinary activities *(continued)*

The tax assessed for the year is different to the standard rate of corporation tax in the UK. The differences are explained below:

	12 months ended 31 December 2018 £	9 months ended 31 December 2017 £
Profit on ordinary activities before tax	**1,557,924**	1,482,032
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (31 December 2017 - 19%)	**296,006**	281,856
Effects of:		
Fixed asset differences	**(10,837)**	417
Expenses not deductible	**121**	6,782
R & D relief adjustment	-	(108,384)
Adjustments to tax charge in respect of previous periods	-	(13,933)
Group relief claimed	**(285,290)**	(176,848)
Adjustments to tax charge in respect of previous periods - deferred tax	-	(2,051)
Adjustments due to average rate change	-	(374)
Total tax credit for the year	-	(12,805)

Factors that may affect future tax charges
The company has unutilised tax losses of approximately £535,000 (31 December 2017 - £535,000) available for offset against future income generated from the trade and assets hived-up from Atia Solutions Limited in a prior year, subject to agreement by HM Revenue and Customs.

10 Intangible fixed assets

	Purchased goodwill £	Other intangibles £	Total £
Cost			
At 1 Jan 2018	7,450,258	1,448,746	8,978,664
Additions	-	131,564	
At 31 December 2018	**7,450,258**	**1,580,310**	**8,978,664**
Amortisation			
At 1 Jan 2018	3,849,912	1,168,784	5,018,696
Charge for the period	668,451	223,931	892,382
At 31 December 2018	**4,518,363**	**1,392,715**	**5,911,078**
Net book value			
At 1 January 2018	3,600,346	279,962	3,880,308
At 31 December 2018	2,931,895	187,594	3,119,489

Within Purchased Goodwill is an amount of £4,979,169 arising on the hive-up of the trade and assets of Atia Solutions Limited to MeetingZone Limited. This balance is being amortised over the directors' estimate of its useful economic life of 8 years. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

11 Tangible fixed assets

	Leasehold property £	Fixtures and fittings £	Computer equipment and software £	Total £
Cost				
At 1 January 2018	173,969	23,297	6,381,763	6,579,029
Additions	137,778	-	112,948	250,727
At 31 December 2018	**311,747**	**23,297**	**6,494,711**	**6,829,756**
Depreciation				
At 1 January 2018	139,116	23,297	4,543,972	4,706,385
Charge for the period	33,491	-	394,132	427,623
At 31 December 2018	**172,607**	**23,297**	**4,938,104**	**5,134,008**
Net book value				
At 1 January 2018	34,853	-	1,837,791	1,872,644
At 31 December 2018	**139,140**	**-**	**1,556,607**	**1,695,748**

12 Fixed asset investments

	Subsidiary undertakings £
Cost	
At 1 January 2018	3,572,580
Additions	-
At 31 December 2018	**3,572,580**
Accumulated impairment	
At 1 January 2018 and at 31 December 2018	**2,181**
Net book value	
At 31 December 2018	**3,570,399**
At 31 December 2017	3,570,399

12 Fixed asset investments *(continued)*

Subsidiary undertakings

The principal undertakings in which the company's interest at the year ended 31 December 2018 is 20% or more are as follows:

Subsidiary undertakings	Registered office	Proportion of voting rights and ordinary share capital held	Nature of business
MeetingZone GmbH	Knesebeckstraße 3 D-10623 Berlin, Germany	100%	Provision of conferencing and collaboration services
MeetingZone Inc.	Corporation Trust Centre 1209 Orange St, Wilmington Newcastle, USA	100%	Provision of conferencing and collaboration services
MeetingZone Canada Limited*	1155 North Service Road West, Unit 11 Oakville, Ontario L6M 3E3, Canada	100%	Provision of conferencing and collaboration services
Confy MeetingZone AB	Södra Förstadsgatan 40a, 211 43 Malmö, Sweden	100%	Provision of conferencing and collaboration services
Confy MeetingZone AS*	Karenslyst Allé 8B, 0278 Oslo, Norway	100%	Provision of conferencing and collaboration services
MeetingZone (Hong Kong) Limited*	20th Floor,One International Finance Centre, 1 Harbour View St. Central, Hong Kong	100%	Provision of conferencing and collaboration services

*held indirectly

13 Stocks

	31 December 2018 £	31 December 2017 £
Finished goods and goods for resale	18,188	21,076

14 Debtors

	31 December 2018 £	31 December 2017 £
Trade debtors	1,852,824	2,505,746
Amounts owed by parent undertakings	40,442,936	18,328,434
Amounts owed by subsidiary undertakings	1,888,709	1,445,752
Corporation tax	69,331	44,145
Other debtors	39,737	72,337
Prepayments, accrued income	1,572,274	1,701,901
	45,865,811	24,098,315

All amounts fall due within one year

15 Creditors: amounts falling due within one year

	31 December 2018 £	31 December 2017 £
Trade creditors	1,152,935	1,183,424
Amounts owed to parent undertakings	24,126,556	4,110,042
Amounts owed to subsidiary undertakings	1,701,454	926,874
Taxation and social security	453,876	601,088
Accruals, deferred income, other creditors	958,724	1,251,611
	28,393,545	8,073,039

16 Deferred taxation

	£
At 1 January 2018	77,664
Credit to the statement of comprehensive income	-
As at 31 December 2018	77,664

	31 December 2018 £	31 December 2017 £
Accelerated capital allowances	77,664	86,027
Other short term timing differences	-	(8,363)
	77,664	77,664

17 Share capital

	31 December 2018 £	31 December 2017 £
Allotted, called up and fully paid		
2,877,880 ordinary shares of 50p each	1,438,940	1,438,940

18 Commitments under operating leases

As at 31 December 2018, the company had minimum lease payments under non-cancellable operating leases as set out below:

	31 December 2018 £	31 December 2017 £
Operating leases which expire:		
Not later than 1 year	89,146	294,385
Later than 1 year and not later than 5 years	480,197	170,076
	569,343	**464,461**

19 Contingent liability

There were no contingent assets or liabilities as at 31 December 2018.

On 26 July 2011 the company entered into a cross guarantee with Warwick Holdco Limited, the ultimate parent of the group in favour of a secured creditor covering all assets of the company. At 31 December 2017 the amount owing to the secured creditor by the group was £21,563,997. This was paid off in full following the acquisition by LoopUp Group plc.

20 Related party disclosures

The company is a 100% subsidiary of LoopUp Group plc. which is the ultimate controlling party. It therefore utilises the exemption contained in paragraph 3(c) of FRS 102 Related Party Disclosures not to disclose any transactions with any entities for which 100% of the voting rights are controlled as part of the group.

21 Parent company and ultimate controlling party

The company is a wholly owned subsidiary of Warwick Bidco Limited. The ultimate parent undertaking is LoopUp Group plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of LoopUp Group plc consolidated financial statements for the year ended 31 December 2018 are available and can be obtained from the Company Secretary at First Floor, 78 Kingsland Road, London E2 8DP.

LoopUp Group plc became the ultimate controlling party following its acquisition of Warwick Holdco Limited in June 2018.

22 Events after reporting period

There have been no substantial events since the period that require disclosure.