

Arkadin (UK) Limited

Arkadin (UK) Limited

Annual report and financial statements

Registered number 4349238

31 March 2017



Arkadin (UK) Limited

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Arkadin (UK) Limited

Officers and Professional Advisers

Directors

Olivier De Puymorin
Odile De Puymorin
Christophe Reyes

Secretary

Paul Willmott

Registered Office

3rd Floor
26-28 Hammersmith Grove
Hammersmith
London
W6 7PE

Banker

BNP Paribas
10 Harewood Avenue
London
NW1 6AA

Solicitor

SGH Martineau LLP
One America Square
Crosswall
London
EC3N 3SG

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Arkadin (UK) Limited

Strategic Report

The directors present their Strategic report and the affairs of Arkadin (UK) Limited (“Arkadin” or “the Company”) for the period ended 31 March 2017.

Business Review

The principal activity of Arkadin is to provide a complete range of integrated audio, web, video and Unified Communications solutions to businesses.

In July 2016, Arkadin International SAS (the Group parent company based in Paris and which Arkadin UK is a wholly owned subsidiary) acquired Applicable Ltd, a leading provider of Cloud Unified Communications and enterprise voice services with offices in Bristol (UK), Singapore, (SG), Brisbane (AUS) and Houston (USA). This key acquisition will enable Arkadin UK to grow its existing customer base more quickly (than at present) into the large enterprise market and bring the value of Unified Communications services to large and global companies going forward.

The directors are pleased to report that the profit before tax of the Company for the twelve month period ending 31 March 2017 was £4,302,470 (2016: £3,521,894) which they consider to be encouraging in the current economic conditions. The position of the company at the year-end is set out in the balance sheet on page 11 and in the related notes from page 13.

The Company showed revenue decline of 15% for the 12 months ended March 2017 compared to the 15 months ended March 2016. However, operating profit increased for the same period due to an introduction of new products in a growing segment of the market.

Key Performance Indicators

Key Performance Indicators (KPIs) are in place and reviewed regularly. This includes monthly reporting of the Company’s results to senior management, during a meeting at which further KPI’s such as turnover, gross profit, operating profit and other performance matters are discussed and reviewed.

The Company’s key financial and other performance indicators during the year were as follows:

	12 Months ended March 2017	15 Months ended March 2016	Change
	£	£	%
Turnover	21,366,382	25,183,919	(15%)
Gross profit	15,913,906	18,021,437	(12%)
Operating profit	4,274,119	3,532,769	21%
Average number of employees	116	100	10%

Principal risks and uncertainties

Arkadin operates in a competitive market which is a continuing risk to the Company. However, Arkadin manages this risk by constantly developing its services, delivering high quality products to its customers and focusing on careful cost management. The risk of losing key staff is mitigated by performance related incentives and regular personnel reviews.

Financial risk management objectives and policies

The Company’s activities expose it to a number of financial risks including cash flow, credit, liquidity and price risk, as noted below:

Arkadin (UK) Limited

Cash flow risk

Cash flow risk is the risk that the company's available cash is not sufficient to meet its financial obligations.

Arkadin mitigates its cash flow risk with careful cash management and forecasting.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due.

Arkadin customers are mostly large blue chip companies, and Arkadin limits its risk exposure by conducting a credit review of potential clients. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

Liquidity risk is the risk that a counterparty will encounter difficulty in meeting obligations associated with financial liabilities.

Arkadin aims to mitigate liquidity risk by managing cash generation by its operations, applying cash collection targets throughout the Company and by performing regular cash forecasting analysis.

Price risk

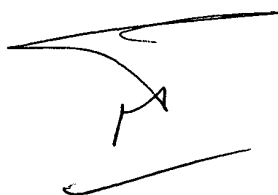
The company manages its price risk by negotiating long term contracts for its telecommunication and other product contract costs. This is managed by a specialised team based in London and Paris. Foreign exchange currency exposure risk is also minimised as the majority of transactions are based in GBP.

Future Developments

Arkadin expects to achieve revenue growth for the upcoming year. Drivers for the growth include continued development of new services, and an encouraging sales performance to date.

The directors have not presented a separate analysis of the strategy, objectives and business model of Arkadin as this is disclosed as part of the consolidated financial statements of Arkadin SAS which are publicly available.

Approved by the Board of Directors and signed on behalf of the Board by:



Olivier De Puymorin
Director

3rd Floor, 26-28 Hammersmith Grove
Hammersmith
London
W6 7PE

Arkadin (UK) Limited

Directors' Report

The Directors present their report and the financial statements for the twelve month period ended 31 March 2017.

Proposed Dividends

The directors have proposed a final ordinary dividend in respect of the current financial year of £3,930,977. This has not been included within creditors as it was not approved before the year end.

Dividends paid during the year comprise a final dividend of £2,982,780 in respect of the year ended 31 March 2016.

Directors

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

O Puymorin
O Puymorin Mme
C Reyes

Political Contributions

The Company made no political donations or incurred any political expenditure 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 ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

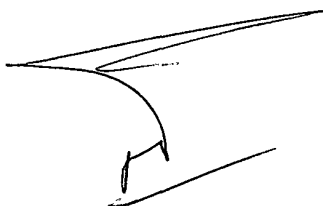
Other Information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 4 and 5.

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



Oliver De Puymorin
Director

3rd Floor, 26-28 Hammersmith Grove
Hammersmith
London
W6 7PE

Arkadin (UK) Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARKADIN (UK) LIMITED

We have audited the financial statements of Arkadin (UK) Ltd for the year ended 31 March 2017 set out on pages 10 to 21. 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 101 *Reduced Disclosure Framework*.

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 7, 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 company's affairs as at 31 March 2017 and of its 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.

Opinion on other matters 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 the 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.

S. Richardson

Simon Richardson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

29th November 2017

Arkadin (UK) Limited

Profit and Loss account and Other Comprehensive Income

for the period ended 31 March 2017

	<i>Note</i>	12 Months ended 31 March 2017	15 Months ended 31 March 2016
		£	£
Turnover	2	21,366,382	25,183,919
Cost of sales		(5,452,476)	(7,162,482)
Gross profit		15,913,906	18,021,437
Administrative expenses		(11,639,787)	(14,488,668)
Operating Profit		4,274,119	3,532,769
Interest receivable and similar income	6	28,426	1,619
Interest payable and similar expenses	7	(75)	(12,494)
Profit Before Taxation	3	4,302,470	3,521,894
Tax on profit	8	(990,700)	(781,691)
Profit After Taxation		3,311,770	2,740,203

All figures relate to continuing operations.

There is no other comprehensive income hence a statement has not been presented.

The accompanying notes on pages 13 to 21 form an integral part of these financial statements.

Arkadin (UK) Limited

Balance Sheet

as at 31 March 2017

	Note	2017 £	2016 £
Fixed Assets			
Tangible assets	10	342,602	422,463
Current Assets			
Debtors: amounts falling due within one year	11	8,129,756	6,436,979
Cash at bank and in hand		102,296	32,499
		<u>8,232,052</u>	<u>6,469,478</u>
Creditors: amounts falling due within one year	13	(4,543,677)	(3,809,161)
Net Current Assets		<u>3,688,375</u>	<u>2,660,317</u>
Net Assets		<u>4,030,977</u>	<u>3,082,780</u>
Capital And reserves			
Called up share capital	16	100,000	100,000
Profit and loss account		3,930,977	2,982,780
Total Shareholders' Funds		<u>4,030,977</u>	<u>3,082,780</u>

The accompanying notes on pages 13 to 21 form an integral part of these financial statements.

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



Olivier De Puymorin
Director

Company registered number: 04349238

Arkadin (UK) Limited

Statement of Changes in Equity

	Called up Share Capital	Profit and loss account	Total Equity
Balance at 1 January 2015	<u>100,000</u>	<u>1,170,434</u>	<u>1,270,434</u>
Profit and loss for the financial year	-	2,740,203	2,740,203
Other comprehensive income	-	-	-
Total comprehensive income for the period	<u>-</u>	<u>2,740,203</u>	<u>2,740,203</u>
Equity-settled share based payment transactions	-	242,577	242,577
Dividends paid	-	(1,170,434)	(1,170,434)
Total contributions by and distributions to owners	<u>-</u>	<u>(927,857)</u>	<u>(927,857)</u>
Balance at 31 March 2016	<u>100,000</u>	<u>2,982,780</u>	<u>3,082,780</u>
Balance at 1 April 2016	<u>100,000</u>	<u>2,982,780</u>	<u>3,082,780</u>
Profit and loss for the financial year	-	3,311,770	3,311,770
Other comprehensive income	-	-	-
Total comprehensive income for the period	<u>-</u>	<u>3,311,770</u>	<u>3,311,770</u>
Equity-settled share based payment transactions	-	619,207	619,207
Dividends paid	-	(2,982,780)	(2,982,780)
Total contributions by and distributions to owners	<u>-</u>	<u>(2,363,573)</u>	<u>(2,363,573)</u>
Balance at 31 March 2017	<u>100,000</u>	<u>3,930,977</u>	<u>4,030,977</u>

The accompanying notes on pages 13 to 21 form an integral part of these financial statements.

Arkadin (UK) Limited

Notes to the financial statements

1. Accounting Policies

Arkadin (UK) Limited (the “Company”) is a company incorporated and domiciled in the UK.

The comparative figures for 2016 represent a 15 month period and are not fully comparable with 2017.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”) and on a historical cost basis. The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures and they apply for all the periods presented:

- a Cash Flow Statement and related notes;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of transactions with wholly owned subsidiaries
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

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

Going concern

The Company has net assets and net current assets as set out in the balance sheet on page 11. The Company is also strongly profitable, and trading performance to the date of approval of these financial statements has continued to be profitable. The directors, therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Accounting estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised proactively.

There were no critical accounting estimates or judgements that were identified by management during the year.

Arkadin (UK) Limited

Basic financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

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.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Foreign currency impact

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

A large proportion of the company's external revenue and costs arise within the UK and are denominated in Sterling. Any foreign currency hedging activities are undertaken by Group Finance and Treasury based in Paris.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its useful economic life, as follows:

Fixtures, fittings, tools and equipment	33%
Leasehold improvements	20%

Employee benefits

Defined contribution plans

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.

Share-based payment transactions

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The grant date fair value of share-based payments awarded to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model such as Black Scholes option pricing model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Share-based payment transactions in which the Company receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Company's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is re-measured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

Where a member of the Group grants cash settled awards to the Company's employees, and the Company has no obligation to settle the award, the Company accounts for these share based payments as equity settled.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover is recognised when the related service is provided to the customer under agreed contractual terms.

Arkadin (UK) Limited

Leases

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

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 temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2. Turnover	2017	2016
	£	£
Rendering of services	20,970,456	24,794,891
Sales of goods	395,926	389,028
Total turnover	21,366,382	25,183,919

The turnover is attributable to the provision and implementation of audio, web, unified communications and video conferencing services and the delivery of complementary hardware products.

3. Profit on ordinary activities before taxation	2017	2016
	£	£
Depreciation of owned tangible fixed assets	205,101	214,309
Rental under operating leases:		
Other operating leases	372,377	467,817
Auditor's remuneration:		
Audit of the financial statements	40,000	57,620

Arkadin (UK) Limited

4. Staff numbers and costs

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

	2017	2016
	No	No
Sales	25	25
Customer Service	36	32
Administration and Marketing	55	43
	<u>116</u>	<u>100</u>

Staff numbers and costs

The aggregate payroll costs of these persons were as follows:

	2017	2016
	£	£
Wages and salaries	8,527,484	8,378,654
Social security costs	1,095,132	972,800
Pension defined contributions (see note 14)	166,877	181,080
Share based payments (see note 15)	619,207	242,577
	<u>10,408,700</u>	<u>9,775,111</u>

5. Directors' remuneration

Remuneration paid to the directors during the year in respect of services rendered to the company totalled £589,562. The highest remuneration paid to a director was £472,308. The directors of the company are also directors or employees of other Arkadin S.A.S group companies.

6. Interest receivable and similar income

	2017	2016
	£	£
Interest on amounts due from group companies	<u>28,426</u>	<u>1,619</u>

7. Interest payable and similar income

	2017	2016
	£	£
Interest on amounts due to group companies	<u>(75)</u>	<u>(12,494)</u>

Arkadin (UK) Limited

8. Taxation

Recognised in the profit and loss account	2017 £	£	2016 £	£
<i>UK corporation tax</i>				
Current year tax		1,028,378		812,654
Adjustments in respect of prior periods		(43,364)		(1,076)
Total current tax		985,014		811,578
<i>Deferred tax</i>				
Origination and reversal of temporary differences	(10,242)		(28,086)	
Adjustments in respect of prior periods	17,417		988	
Effect of tax rate change on opening balance	(1,489)		(2,789)	
Total deferred tax		5,687		(29,887)
Tax on profit on ordinary activities		990,700		781,691

9. Reconciliation of effective tax rate	2017 £	2016 £
Profit before taxation for the year	4,302,470	3,521,894
Tax using the UK corporation tax rate of 20% (PY 20.20%)	860,494	711,423
Non-deductible expenses	155,834	54,595
Adjustments to tax charge in respect of previous periods - deferred tax	17,417	988
Difference in tax rates	320	15,761
Under / (over) provided in prior years	(43,365)	(1,076)
Total tax expense	990,700	781,691

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 March 2017 has been calculated based on these rates.

Arkadin (UK) Limited

10. Tangible Fixed Assets

	Leasehold Improvements	Fixtures, fittings, tools and equipment	Total
	£	£	£
Cost			
At 1 April 2016	448,266	383,055	831,321
Additions	18,720	106,520	125,240
Disposals	-	-	-
At 31 March 2017	<u>466,986</u>	<u>489,575</u>	<u>956,561</u>
Accumulated depreciation			
At 1 April 2016	(147,496)	(261,362)	(408,858)
Charge for the year	(114,560)	(90,541)	(205,101)
Disposals	-	-	-
At 31 March 2017	<u>(262,056)</u>	<u>(351,903)</u>	<u>(613,959)</u>
Net book value			
At 31 March 2016	<u>300,770</u>	<u>121,693</u>	<u>422,463</u>
At 31 March 2017	<u>204,930</u>	<u>137,672</u>	<u>342,602</u>

11. Debtors	2017	2016
	£	£
Trade debtors	4,256,920	3,787,665
Amounts owed by parent undertakings	2,598,784	7,029
Amounts owed by fellow group undertakings	307,283	1,939,275
Prepayments and accrued income	<u>966,769</u>	<u>703,010</u>
	<u>8,129,756</u>	<u>6,436,979</u>
Due within one year	<u>8,129,756</u>	<u>6,436,979</u>

There are no debtors due after more than one year.

Arkadin (UK) Limited

12. Financial Commitments

Non-cancellable operating lease rentals are payable as follows:

Land and buildings	31 March 2017 £	31 March 2016 £
Less than one year	380,250	380,250
Between two and five years	507,000	887,250
More than five years	-	-
	<u>887,250</u>	<u>1,267,500</u>

There were no capital commitments at the financial year end.

13. Creditors	2017 £	2016 £
Trade creditors	246,579	541,825
Amounts owed to group undertakings	18,939	7,243
Deferred tax liability	15,059	26,901
Corporation tax	620,896	442,148
Other taxes and social security	606,639	503,037
Accruals and deferred income	<u>3,035,565</u>	<u>2,288,007</u>
Total Creditors due within one year	<u>4,543,677</u>	<u>3,809,161</u>

14. Defined Contribution Plans

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £166,877 (2016: £181,080). Contributions of £38,714 were outstanding at 31 March 2017 (2016: £28,365).

15. Share Based Payments

At the balance sheet date, the Company's ultimate parent company Arkadin International SAS (which is incorporated in France) operated a share option scheme. The scheme permits the grant of share options to employees of the Group for up to 140,000 class B preference shares.

The purpose of the scheme is to provide financial incentives to the directors and employees of the Group whose entrepreneurial and management talents and commitments will contribute to the continued growth and expansion of the Group's business.

Option awards are generally granted with an exercise price equal to the market price of Arkadin International's class A common shares at the date of grant; those option awards vest after 4 years from the date awarded and have a 10 year contractual term. Options provide for accelerated vesting in the event of a total or partial sale (as defined in the scheme). In the event of a total sale and at its sole discretion, the Compensation Committee of Arkadin International SAS' Board of Directors can require the redemption of unexercised options.

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Movements in the number of share options outstanding to employees of the Company and their related weighted average exercise prices are presented below.

	2017	2017	2016	2016
	Weighted average exercise prices (€)	No. of share options	Weighted average exercise prices (€)	No. of share options
Outstanding at beginning of the period	257.15	8,600	256.57	10,000
Granted during the period	326.47	5,500	-	-
Forfeited during the period	-	-	(249.66)	(1,400)
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Outstanding at end of period	283.21	14,100	257.15	8,600
Exercisable at the end of the period	-	-	-	-

No options were exercised in this period. The options outstanding at the year-end have an exercise price in the range of €249.66 to €326.47.

The expected volatility was based on an analysis of the average volatility exhibited in companies representing the global collaboration service provider industry. These volatilities have been calculated over a 6 year period, in conjunction with the expected term of the options.

The contractual life of the options is in accordance with the scheme rules / Options issued since 17th February 2014, have a 10 year original contract term and vest after 4 years resulting in an expected term of 6 years.

The risk-free rate is based on the yield on 10 year FR Treasury Notes as of the grant date.

16. Called Up Share Capital	2017	2016
	£	£
<i>Called up, allotted and fully paid</i>		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</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.

17. Ultimate Parent Company

The Company is a wholly-owned subsidiary of Arkadin International SAS, a company registered in France.

The smallest group in which the results of the Company are consolidated is the one headed by Arkadin International SAS. The consolidated accounts of Arkadin International SAS can be obtained from 153, rue de Courcelles, 75017, Paris, France.

The ultimate parent of the Company is Nippon Telegraph and Telephone Corporation, registered and incorporated in Japan, which is also the largest group in which the results of the Company are consolidated. The consolidated accounts of Nippon Telegraph and Telephone Corporation can be obtained from 5-1 Otemachi 1-chome, Chiyoda-ku, Tokyo, 100-816, Japan.