

Company Registration No. 05653869

CONTENT GURU LIMITED

Report and Financial Statements

Year ended 31 May 2013

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CONTENT GURU LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

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CONTENT GURU LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S Z Taylor (Chairman)
P M Taylor
J P Taylor
M Fung (resigned 31 January 2013)
R Perry (resigned 17 August 2012)

SECRETARY

P M Taylor

REGISTERED OFFICE

Radius Court
Eastern Road-
Bracknell
Berkshire
RG12 2UP

BANKERS

Barclays Bank
Crowthorne Branch
Bracknell Group
PO Box 61
Bracknell
Berkshire
RG12 1GS

SOLICITORS

Osborne Clarke
Apex Plaza
Forbury Road
Reading
Berkshire
RG1 1AX

AUDITOR

Deloitte LLP
Reading

CONTENT GURU LIMITED

CHAIRMAN'S STATEMENT

The Past Year

2012/13 was a strong year for Content Guru. We now have our **storm**[®] cloud infrastructure in the UK, Ireland and the Netherlands and have limited service availability in India. During 2013/14 we will deploy infrastructure in the USA and are investigating further countries in mainland Europe, across Asia and in Africa. This expansion will strengthen our service offerings with multi-national corporations and allow us to generate new revenue streams in each territory.

All growth is self-funded from accrued profits and this has restricted the pace at which we have been able to expand. We will continue to monitor this situation and evaluate whether to seek additional funding sources if this becomes a significant issue.

Summarising the accounts

- Turnover – This increased by approximately 43% to £7,761,376 from 5,416,124
- Gross profit – This increased by approximately 87% from £1,232,618 to £2,303,959
- Retained profit – Retained profit transferred to reserves is £438,525 after including the effects of the share buy-back referred to in Note 16
- Administrative costs – These have increased from £1,004,246 to £1,607,196 as we continue to invest in the business

The Year Ahead

We will aim to increase revenues by 40-50% during 2013/14. The Company has recurring revenues from existing contracts that will form a good base to build from.

New infrastructure will be deployed in the territories mentioned above and additional staff will be hired to support business expansion. There will be a difficult balancing act between achieving strong profitability and ensuring that we take advantage of the strong growth opportunities that the cloud services market is currently enjoying.

Overall 2013/14 should provide us with our strongest year to date and is one I'm looking forward to.

CONTENT GURU LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year to 31 May 2013. This Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the provision of cloud-based communications integration services for use by clients in enterprise and public services sectors.

REVIEW OF THE BUSINESS

The Company continues to make good progress, as detailed more fully in the Chairman's statement. The directors are confident that the Company will continue to build on its success in the coming year.

SHARE BUY BACK

The Company purchased the shares held by two directors, Mr R Perry and Mr M Fung on 31 August 2012 and 31st January 2013 respectively under a share buy-back agreement for a total consideration of £85,000.

DIRECTORS

The directors who have held office during the period under review, and to the date of this report, are detailed on page 1.

GOING CONCERN

The Company has strong net assets and is profit making, as noted in the Chairman's statement. Having considered the risks and the uncertainties in the current economic environment, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual report and accounts.

AUDITORS

Each person who is a director at the date of approval of this report confirms that

- so far as each of the directors is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- each of the directors 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the special provisions of s418 of the Companies Act 2006.

Deloitte LLP has expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
And signed on behalf of the Board



S Z Taylor
Chairman
19 September 2013

CONTENT GURU LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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). 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 judgments and accounting estimates that are reasonable and prudent, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONTENT GURU LIMITED

We have audited the financial statements of Content Guru Limited for the year ended 31 May 2013 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 16. 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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 May 2013 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

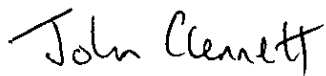
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONTENT GURU LIMITED (continued)

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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report



John Clennett (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, UK
19 September 2013

CONTENT GURU LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 May 2013

	Note	2013 £	2012 £
TURNOVER	2	7,761,376	5,416,124
Cost of sales		(5,457,417)	(4,183,506)
GROSS PROFIT		2,303,959	1,232,618
Administrative expenses		(1,607,196)	(1,004,246)
OPERATING PROFIT		696,763	228,372
Interest payable and similar expenses		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	696,763	228,372
Tax charge on profit on ordinary activities	5	(173,488)	(55,942)
PROFIT AFTER TAX, TRANSFERRED TO RESERVES		523,275	172,430

All results are from continuing operations

There are no other gains or losses recognised in either period other than those shown in the profit and loss account, accordingly no statement of total recognised gains and losses has been prepared

CONTENT GURU LIMITED

BALANCE SHEET 31 May 2013

	Note	2013 £	2012 £
FIXED ASSETS			
Tangible assets	6	734,057	593,396
Intangible assets	7	57,426	78,312
		<u>791,483</u>	<u>671,708</u>
CURRENT ASSETS			
Debtors	8	2,088,242	1,303,787
Inventory	9	37,739	81,318
Cash at bank and in hand		645,003	331,177
		<u>2,770,984</u>	<u>1,716,282</u>
CREDITORS: amounts falling due within one year	10	<u>(2,711,549)</u>	<u>(1,975,347)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>59,435</u>	<u>(259,065)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>850,918</u>	<u>412,643</u>
CAPITAL AND RESERVES			
Called up share capital	12	750	1,000
Capital redemption reserve	13	250	-
Profit and loss account	13	849,918	411,643
SHAREHOLDERS' FUNDS		<u>850,918</u>	<u>412,643</u>

These financial statements of Content Guru Limited, registered number 05653869, were approved by the Board of Directors and authorised for issue on 19 September 2013

Signed on behalf of the Board of Directors



S Z Taylor
Director

CONTENT GURU LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 May 2013

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. They have been applied consistently throughout the current and preceding period.

Going concern

The Company has made good progress in the year ended 31 May 2013, and the directors expect this to continue in the coming year.

Having considered the risks and the uncertainties in the current economic environment, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated 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 life, as follows:

Computer equipment	20% straight line
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Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation and any provision for impairment. Amortisation is provided on all intangible 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 life, as follows:

Licences	20% straight line
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Turnover

Turnover represents amounts receivable for services net of VAT. Turnover is derived from four main sources: provision of professional services, hosting fees, transaction fees and the sale of hardware.

Professional services fees are typically consultancy and development fees associated with the provision of services. Professional services fees are charged on a per-day basis and recognised as work is performed.

Hosting fees represent licence fees to access a service feature such as a management information reporting interface and are typically charged and recognised over the hosting period.

Transaction fees represent fees received for the use of a service such as making a payment by phone and are typically charged and recognised on a per-time or per-use basis.

Hardware sales represent ad hoc sales of hardware such as servers that are installed at a customer site or data centre as part of the delivery of a service. These sales are recognised on the delivery of the hardware to customers' requested delivery locations.

CONTENT GURU LIMITED

NOTES TO THE ACCOUNTS (continued)

For the year ended 31 May 2013

1. ACCOUNTING POLICIES (continued)

Inventory

Inventory and work-in-progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs. Provision is made for obsolete, slow-moving or defective items where appropriate.

Foreign currencies

Transactions in foreign currencies are recorded using the average rate of exchange for the month at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Cash flow statement

The company qualifies as a small company within the definition set out in the Companies Act 2006 and has taken advantage of the exemption provided by paragraph 5f of FRS 1 Cash Flow Statements in not providing a cash flow statement as part of these financial statements.

Taxation

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

Deferred taxation is provided on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. TURNOVER

The Company's entire turnover is attributable to the principal activity of the provision of cloud-based communications services for use by clients in enterprise and public services sectors.

Turnover attributable to geographical markets outside the United Kingdom amounted to £259,490 for the year ended 31 May 2013 (2012 £277,912). All other turnover (£7,501,886, 2012 £5,138,212) was derived wholly within the United Kingdom.

CONTENT GURU LIMITED

NOTES TO THE ACCOUNTS (continued) For the year ended 31 May 2013

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging

	2013 £	2012 £
Depreciation of tangible owned assets	270,641	184,392
Amortisation of intangible owned assets	20,886	18,276
Auditors' remuneration	14,750	13,500

None of the directors received any emoluments from the Company during the year

The directors were remunerated by Redwood Technologies Limited, a related party. Professional and license fees of £2,203,200 (2012 £2,000,000) were paid to Redwood Technologies Limited in the year. It is impractical to split these fees further and apportion a charge to represent directors' emoluments.

4. STAFF COSTS

Staff costs incurred during the year were made up as follows

	2013 £	2012 £
Salaries and wages	847,101	464,072
Social security costs	84,950	45,667
Pension costs	1,410	1,598
	<u>933,461</u>	<u>511,337</u>

Average number of persons employed

	No	No.
Administration and Finance	2	2
Sales and Marketing	7	4
Technical Support	14	5
	<u>23</u>	<u>11</u>

Additional employee services have been supplied and remunerated by Redwood Technologies Limited, a related company.

CONTENT GURU LIMITED

NOTES TO THE ACCOUNTS (continued)

For the year ended 31 May 2013

5. TAXATION

The tax charge on the profit on ordinary activities for the period was as follows

	2013 £	2012 £
Current taxation.		
UK Corporation tax on profits for the period	189,060	53,614
Adjustment for previous year	(504)	2,182
Total current tax	188,556	55,796
Deferred taxation		
(Reversal)/Origination of timing differences	(15,068)	146
Tax on profit on ordinary activities	173,488	55,942

The actual tax charge differs from the standard rate for the reasons set out in the following reconciliation

	2013 £	2012 £
Current taxation reconciliation:		
Profit on ordinary activities before tax	696,763	228,372
Current tax at 23.87% (2012: 25.67%)	166,059	58,614
Effects of:		
Capital allowances for period below depreciation and amortisation	18,757	(2,718)
Marginal rate relief	-	(3,908)
Expenses not eligible for tax purposes	4,244	1,626
Adjustment for previous year	(504)	2,182
Total current tax charge	188,556	55,796

CONTENT GURU LIMITED

NOTES TO THE ACCOUNTS (continued) For the year ended 31 May 2013

6. TANGIBLE FIXED ASSETS

	Computer equipment Total £
Cost	
At 1 June 2012	1,109,367
Additions	411,302
	<hr/> 1,520,669
At 31 May 2013	
Accumulated depreciation	
At 1 June 2012	515,971
Charge for the year	270,641
	<hr/> 786,612
At 31 May 2013	
Net book value	
At 31 May 2013	<hr/> 734,057
At 31 May 2012	<hr/> <hr/> 593,396

7. INTANGIBLE FIXED ASSETS

	Licenses Total £
Cost	
At 1 June 2012	104,429
Additions	-
	<hr/> 104,429
At 31 May 2013	
Accumulated amortisation	
At 1 June 2012	26,117
Charge for the year	20,886
	<hr/> 47,003
At 31 May 2013	
Net book value	
At 31 May 2013	<hr/> 57,426
At 31 May 2012	<hr/> <hr/> 78,312

CONTENT GURU LIMITED

NOTES TO THE ACCOUNTS (continued)

For the year ended 31 May 2013

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Trade debtors	1,354,874	564,659
Amounts receivable from related companies	276,789	-
Prepayments and accrued income	456,579	739,128
	<u>2,088,242</u>	<u>1,303,787</u>

9 INVENTORY

	2013 £	2012 £
Finished goods and goods for resale	<u>37,739</u>	<u>81,318</u>

There is no material difference between the balance sheet value of the inventory and its replacement cost

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Trade creditors	238,554	197,186
Amount owed to related company	1,042,939	1,172,162
Corporation tax (note 5)	186,171	53,615
Deferred tax (note 11)	12,606	27,673
Other creditors including taxation and social security	218,406	136,323
Accruals and deferred income	1,012,873	388,388
	<u>2,711,549</u>	<u>1,975,347</u>

CONTENT GURU LIMITED

NOTES TO THE ACCOUNTS (continued) For the year ended 31 May 2013

11. PROVISION FOR DEFERRED TAXATION

	2013 £	2012 £
At 1 June	27,674	27,528
Deferred tax (credit)/charge for the period	(15,068)	146
At 31 May	<u>12,606</u>	<u>27,674</u>

	2013 £	2012 £
Deferred tax is provided as follows		
Accelerated capital allowances	<u>12,606</u>	<u>27,674</u>
At 31 May	<u>12,606</u>	<u>27,674</u>

12. SHARE CAPITAL

	2013 £	2012 £
Called up, allotted and fully paid Ordinary shares of £1 each	<u>750</u>	<u>1,000</u>

During the year, the Company entered into share buy-back agreements to purchase the shares held by two directors, Messrs R Perry and M Fung. The bought-back shares were cancelled (see Note 16).

13. RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Called up share capital £	Capital redemption reserve	Profit and loss account £	Total 2013 £	Total 2012 £
Balance at 1 June	1,000		411,643	412,643	240,213
Profit for the financial period	-		523,275	523,275	172,430
Shares buy back and cancellation	(250)	250	(85,000)	(85,000)	-
Balance at 31 May	<u>750</u>	<u>250</u>	<u>849,918</u>	<u>850,918</u>	<u>412,643</u>

CONTENT GURU LIMITED

NOTES TO THE ACCOUNTS (continued)

For the year ended 31 May 2013

14. RELATED PARTY TRANSACTIONS

At 31 May 2013, the Company owed an amount of £861,677 to Redwood Technologies Limited, a company which has the same directors and shareholders as Content Guru Limited (2012 £1,172,162)

Redwood Technologies Limited provided equipment amounting to £1,033,564 (2012 £737,792) and professional services and licenses amounting to £2,203,200 (2012 £2,000,000) to the Company during the period

The Company has guaranteed facilities provided by Barclays Bank to Redwood Technologies Limited

The Company is owed an amount of £95,527 at 31st May 2013 (2012 £nil) by Content Guru BV, a related company and £181,262 by Redwood Technologies Ltd (2012 £nil)

15. CONTROLLING PARTY

It is the opinion of the directors that the Company is controlled by the Board of Directors in accordance with the voting rights applicable to the equity shareholdings

16. SHARE BUY BACK

The Company purchased the 125 shares held by each of two directors, Mr R Perry and Mr M Fung on 31st August 2012 and 31st January 2013 respectively under a share buy-back agreement for a total consideration of £85,000 following their retirement from the business