Company Registration No. 05653869

Content Guru Limited

Annual report and financial statements

for the year ended 31 December 2016

Issued 24 March 2017

Content Guru Limited

Contents

Content Guru Limited

Company information

Directors	S Z Taylor (Chairman) P M Taylor
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 Abbots House Abbey Street Reading Berkshire RG1 3BD

Content Guru Limited

Strategic report

The directors present their Strategic report and the affairs of the Company for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

As of 1st January 2016 the Company came under the control of a new parent company, Redwood Technologies Group Limited ("the Group").

The principal activity of the Company continues to be the provision of Cloud Communications Integration™ services, which are services that connect people or internet-enabled devices to information systems using Cloud platforms.

Its core Communications Integration product is its Cloud Contact Centre portfolio, which it sells predominantly in the UK to both enterprise and public sector customers. Services are run on its storm® Cloud platforms. The Company sells its services both through an indirect channel of resellers and directly. There has not been any significant change in the principal activity during the year.

REVIEW OF THE BUSINESS

The directors are pleased to be able to report a profit before tax of £1,073,127 for the year ended 31 December 2016 (2015: £980,422). As always profits have been balanced against continued investment to ensure the Company continues to invest for the future. Details of the profit for the year are stated in the Statement of Income and Retained Earnings on page 10, together with the Notes on pages 16 to 18. The position of the Company at the year end is set out in the Balance Sheet on page 11 and in the related Notes on pages 19 to 22.

The directors are pleased to report that revenues from recurring Cloud seat fees increased by 37% compared with the previous fiscal year. This is the result of both new business and the expansion of services to existing customers.

Following a focus on higher margin contracts gross profit margin levels remain consistent at 49% (2015: 51%), whilst increasing turnover by 29% (2015: 4%). Administrative expenses increased by 30% during the year (2015: 32%). The Company is increasing the number of indirect channels-to-market to increase revenues and provide additional resilience in its sales plus focusing on a small number of more complex direct customer projects. It continues to increase the global scale and capability of its storm platforms, with storm USA now live and storm Asia planned for 2017. Continued expansion activity has resulted in increased administrative expenses. For the coming fiscal year it is envisaged that administrative expenses will rise again, to cope with sales growth and to build the pipeline for further sales growth.

Summarising the accounts:

Turnover – this increased by 29% to £11,638,786 (2015: £9,005,657).

Gross profit – this ended 26% higher at £5,731,068 (2015: £4,564,334).

Profit for the year – profit for the year amounted to £851,737 (2015: £780,617).

Dividends - a dividend of £300,000 was proposed and paid on 13 January 2017 (2015: £200,000).

The Company has a number of sister companies, which were financially independent, but are owned by the same group holding company. These include a Dutch entity, Content Guru BV, with its own storm Netherlands platform and a local sales and marketing team and engineering services team. On 1st January 2016, the Company and its sister companies in the UK, the USA, the Netherlands and Germany were moved to sit under the control of a new holding company – Redwood Technologies Group Limited (formerly Redwood Solutions Limited). This has made the management of the group more efficient. The company has advanced plans to expand into further new territories in the coming financial year.

Strategic report (continued)

KEY PERFORMANCE INDICATORS

The Company's Key Performance Indicator for its operations is the growth achieved in recurring seat and usage fees for its Cloud products. An example of a seat fee is a contact centre agent paying a monthly licence charge to use storm's CONTACT product. Seat fees have increased 37% to £4.36m from a combination of new customers and expanding service provision to existing customers.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company feels the Cloud Contact Centre marketplace offers significant growth opportunities (due to the low percentage of customers that have currently moved to cloud deployments) and this will be supplemented with complementary services, such as payments services, that can be cross- and up-sold into that marketplace.

Last year there were concerns that one of the Company's key UK partners, Vodafone, lacked focus on the cloud contact centre marketplace. A new 5-year contract has been signed by Vodafone and it has started to significantly increase its cloud contact centre sales activity, meaning a good pipeline of mid- to long-term projects is being established. In parallel the Company has established contracts with other partners and managed to win new direct deals providing more complex solutions.

A major internal focus will be on ensuring that the organisation is able to manage its growth carefully. Much good infrastructure is already in place to enable this to occur. A good Quality Management System (QMS) is in place and the Company is certified to both ISO9001 (quality) and ISO27001 (security), as well as receiving ISO14001 (environmental) accreditation in early 2016. The QMS covers security as well as knowledge credentials for new hires and formal training processes. The Company needs to ensure that it continues to hire high-calibre colleagues and does not compromise its standards because of growth pressures.

CORPORATE AND SOCIAL RESPONSIBILITY

The Company aims to ensure that its colleagues work in a happy and secure environment. It manages work-skills and Health and Safety training through its Quality Management System. Weekly team leader updates and quarterly all-company updates in conjunction with internal newsletters are designed to ensure that colleagues are informed about the status of the Company and can provide feedback on suggested business improvements or areas of concern either directly with line managers and directors or anonymously through a suggestions box.

Externally the Company is involved with a number of organisations to ensure it has good general input regarding business or environmental matters. It contributes to a number of local and international charities and is a founder member and organiser of Berkshire Community Foundation's Business Philanthropy Club. One of its directors, Sean Taylor, is a Trustee of Berkshire Community Foundation. The Company is a member of the CBI (Confederation of British Industry) and has directors sitting on the CBI's Enterprise Forum and Intellectual Property committees. Within the education environment the Company also sponsors the annual King's College, University of London, Content Guru Prize for Best Performance in Strategic Management.

Strategic report (continued)

CHARITABLE CONTRIBUTIONS

During the year the company made donations amounting to £5,941 (2015: £27,195) to charitable causes. Other charitable activities involving the time of directors and staff do not appear as charitable contributions.

DIRECTORS INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

POLITICAL CONTRIBUTIONS

No political donations were made during the year (2015: none).

FUTURE DEVELOPMENTS

The Company has built considerable financial resources through a policy of measured and profitable expansion and the directors believe that the Company is well prepared for the coming financial year.

The Company will continue to invest in its storm platforms and looks forward to launching new Cloud Contact Centre products during the year.

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

S Z Taylor

Chairman
24 March 2017

Radius Court
Eastern Road
Bracknell
Berkshire
RG12 2UP

Directors' report

The directors present their annual report on the affairs of the Company, together with the audited financial statements and auditor's report, for the year ended 31 December 2016.

RESULTS AND DIVIDENDS

The company continues to make good progress, as detailed more fully in the Strategic Report. The directors are confident that the Company will continue to build on its success in the coming year.

Profit after tax for the financial year amounted to £851,737 (2015: £780,617). The directors proposed and paid on 13 January 2017 a dividend be paid to Redwood Technologies Group Limited in respect of the year of £400.00 per ordinary share, amounting to £300,000 (2015: £266.67 per ordinary share, amounting to £200,000).

Future developments

Details of future developments can be found in the Strategic Report on page 2.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a number of financial risks including in relation to technological development, price, credit, and liquidity risk. The Company's primary goal is to continue a policy of sustainable and controlled growth allied to an acceptable level of profitability. The Company believes these objectives can best be met by securing long-term relationships with customers who recognise the high value added nature of the Company's products and services.

Technological risk

Sister companies within the Group carry out a significant amount of research and development in the technological development of Group products and therefore faces the risk that occasionally this research effort may not lead to immediately marketable products. This risk is mitigated by ensuring that research projects are chosen according to clearly defined criteria and ensuring close attention is paid to market requirements at all times.

Price risk

The Company has to manage a degree of risk in order to maintain the margin earned on equipment sales during periods when equipment purchase prices fluctuate due to market and currency movements. The Company mitigates this risk by maintaining relationships with alternative suppliers and evaluating forward currency purchases as necessary.

Credit risk

The Company's principal financial assets are bank balances and trade receivables. Bank balances are held only with major banks and bad debt risk is minimised by dealing mainly with blue-chip companies and following rigorous credit management procedures.

Liquidity risk

The Company continues to invest in infrastructure and staff resources and ensures it has sufficient liquidity for operational and capital requirements by way of regular cash flow projections.

Directors' report (continued)

GOING CONCERN

The company has strong net assets and is profit making, as noted in the Strategic Report. 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.

The Company is in a net current assets position of £2,753,544 at 31 December 2016 (2015: £2,297,977)

DIRECTORS

The directors, who served throughout the year, were as follows:

S Z Taylor (Chairman)
P M Taylor
J P Taylor

AUDITOR

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

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

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

Deloitte LLP have been deemed re-appointed under section 487 of the 2006 Act.

Approved by the Board and signed on its behalf by:

S Z Taylor

Chairman
24 March 2017

Radius Court
Eastern Road
Bracknell
Berkshire
RG12 2UP

Directors' responsibilities statement

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Content Guru Limited

We have audited the company financial statements of Content Guru Limited for the year ended 31 December 2016 which comprise the company Statement of Income and Retained Earnings, the company Balance Sheet, the company Statement of Changes in Equity and the related notes 1 to 15. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 December 2016 and of the company's 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audi, 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.

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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.

John Clennett

John Clennett (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Reading, UK

24 March 2017

Statement of income and retained earnings
For the year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	3	11,638,786	9,005,657
Cost of sales		(5,907,718)	(4,441,323)
Gross profit		5,731,068	4,564,334
Administrative expenses		(4,657,941)	(3,583,912)
Operating profit		1,073,127	980,422
Profit on ordinary activities before taxation	4	1,073,127	980,422
Tax on profit on ordinary activities	6	(221,390)	(199,805)
Profit for the financial year		851,737	780,617

All results are from continuing operations.

The company has no recognised gains or losses during either the current or preceding year other than those reflected in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

Content Guru Limited

Balance sheet
At 31 December 2016

	Note	31 December 2016 £	31 December 2015 £
Fixed assets			
Tangible assets	7	759,466	572,283
Intangible assets	8	5,659	17,252
		765,125	589,535
Current assets			
Stocks	9	25,444	42,677
Debtors	10	4,886,111	3,624,857
Cash at bank and in hand		1,716,773	1,254,124
		6,628,328	4,921,658
Creditors: amounts falling due within one year	11	(3,874,784)	(2,623,681)
Net Current Assets		2,753,544	2,297,977
Total assets less current liabilities		3,518,669	2,887,512
Creditors: amounts falling due after more than one year	12	(41,774)	(62,354)
Net assets		3,476,895	2,825,158
Capital and reserves			
Called up share capital	13	750	750
Capital redemption reserve	14	250	250
Profit and loss account	14	3,475,895	2,824,158
Shareholders' funds		3,476,895	2,825,158

The financial statements of Content Guru Limited (registered number 05653869) were approved by the board of directors and authorised for issue on 24 March 2017. They were signed on its behalf by:

S Z Taylor

Chairman

Content Guru Limited

Statement of changes in equity
At 31 December 2016

	Called-up share Capital	Capital redemption reserve	Profit and loss account	Total
	£	£	£	£
At 1 January 2015	750	250	2,143,541	2,144,541
Profit for the financial year	-	-	780,617	780,617
Total comprehensive income	**750**	**250**	**2,924,158**	**2,925,158**
Dividends paid on equity shares	-	-	(100,000)	(100,000)
At 31 December 2015	**750**	**250**	**2,824,158**	**2,825,158**
Profit for the financial year	-	-	851,737	851,737
Total comprehensive income	**750**	**250**	**3,675,895**	**3,676,895**
Dividends paid on equity shares	-	-	(200,000)	(200,000)
At 31 December 2016	**750**	**250**	**3,475,895**	**3,476,895**

Notes to the financial statements
For the year ended 31 December 2016

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and in the preceding year.

a. General information and basis of accounting

Content Guru Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

Content Guru Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Content Guru Limited is consolidated in the financial statements of its ultimate parent, Redwood Technologies Group Limited, which may be obtained at the registered office. Exemptions have been taken in these separate Company financial statements in relation to presentation of a cash flow statement, financial instruments, intra-group transactions and remuneration of key management personnel.

The functional currency of Content Guru Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

b. Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The directors' report further describes the financial position of the Company; its cash flows, liquidity position and borrowing facilities; the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Company is in a strong net assets position and is profit making, as noted in the Strategic Report. 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.

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 of accounting in preparing the annual financial statements.

c. Intangible fixed assets

The intangible fixed assets are stated at cost and consist of development software, which is amortised on a straight line basis over its expected useful life. Provision is made for any impairment and the expected useful life is four years, reflecting the point at which the Company directors would estimate the technology to become redundant and require replacing.

d. 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 or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Computer equipment 20% straight line

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

1. Accounting policies (continued)

e. *Financial instruments*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs).

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

f. *Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

g. *Impairment of assets*

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Notes to the financial statements
For the year ended 31 December 2016

1. Accounting policies (continued)

h. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

i. Turnover

Turnover represents amounts receivable for services net of VAT. Turnover is derived from four main sources: provision of professional services, licence and 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.

Seat licence fees represent charges to access a service feature such as a management information reporting interface and are typically charged and recognised over the seat licence 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 as part of the delivery of a service. These sales are recognised on the delivery of the hardware to customers' requested delivery locations.

j. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

Notes to the financial statements
For the year ended 31 December 2016

1. Accounting policies (continued)

k. Pensions

Contributions made by the Company to money purchase pension schemes are charged to the profit and loss as they arise. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2. Critical Accounting Judgements

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Unbundling of Revenue Contracts

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in FRS 102 Section 23 Revenue and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods. Where customer orders consist of multiple revenue sources, as defined in note 1i above, contract values are distinctly segregated and revenue recognition separately accounted for according to the Company's revenue recognition policies.

3. Turnover

Turnover represents amounts invoiced (excluding VAT) to customers, and is generated by the Company's principal activity.

Turnover attributable to geographical markets outside the United Kingdom amounted to £266,875 for the year ended 31 December 2016 (2015: £634,359).

Sales to related parties in the year ended 31 December 2016 were £221,215 (2015: £600,021).

An analysis of the Company's revenue is as follows:

	2016 £	2015 £
Professional services	2,223,076	1,668,823
Seat license fees	4,379,077	3,181,821
Transaction fees	4,285,268	4,039,333
Equipment sales	751,365	115,680
Total revenue	11,638,786	9,005,657

Notes to the financial statements
For the year ended 31 December 2016

4. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2016 £	2015 £
Depreciation of tangible fixed assets (note 7)	223,758	227,591
Amortisation of intangible fixed assets (note 8)	11,593	18,118
Auditor's remuneration		
- Audit	21,975	17,174
- Tax	3,840	5,000
Foreign Exchange (Gains)/Losses	(62,668)	42,812

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 licence fees of £3,079,506 (2015: £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.

5. Staff numbers and costs

The average monthly number of employees was:

	2016 Number	2015 Number
Sales, Marketing, Finance and Administration	27	17
Research, Development and Professional Services	33	27
	60	44

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	2,462,244	1,848,020
Social security costs	265,993	201,703
Pension contributions	29,828	8,235
	2,758,065	2,057,958

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

Notes to the financial statements
For the year ended 31 December 2016

6. Tax on profit on ordinary activities

The tax charge comprises:

	2016	2015
	£	£
Current tax on profit on ordinary activities		
UK corporation tax	241,970	180,267
Adjustments in respect of prior years		
UK corporation tax	-	-
Total current tax	241,970	180,267
Deferred tax		
Origination and reversal of timing differences	(20,580)	19,538
Total deferred tax (see note 12)	(20,580)	19,538
Total tax on result on ordinary activities	221,390	199,805

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016. These rate reductions have been reflected in the calculation of the deferred tax at the balance sheet date.

During the year beginning 1 January 2017, the reversal of deferred tax liabilities is expected to reduce the corporation tax charge for the year by £40,000. This is due to the expectation that depreciation will be in excess of capital allowances through continuing capital investment. There is no expiry date on timing differences.

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2016	2015
	£	£
Profit on ordinary activities before tax	1,073,127	980,422
Tax on profit on ordinary activities at standard UK corporation tax rate of 20 per cent (2015: 20.25 per cent)	214,625	198,535
Effects of:		
- Expenses not deductible for tax purposes	6,765	1,330
- Change in unrecognised deferred tax liabilities	-	146
- Difference in actual corporation tax rate and deferred tax provision	-	(206)
Total tax charge for year	221,390	199,805

Notes to the financial statements
For the year ended 31 December 2016

7. Tangible fixed assets

	Computer equipment Total
	£
Cost	
At 1 January 2016	1,849,239
Additions	410,941
At 31 December 2016	2,260,180
Accumulated depreciation	
At 1 January 2016	1,276,956
Charge for the year	223,758
At 31 December 2016	1,500,714
Net book value	
At 31 December 2016	759,466
At 31 December 2015	572,283

8. Intangible fixed assets

	Licenses Total
	£
Cost	
At 1 January 2016	116,726
Additions	-
At 31 December 2016	116,726
Accumulated depreciation	
At 1 January 2016	99,474
Charge for the year	11,593
At 31 December 2016	111,067
Net book value	
At 31 December 2016	5,659
At 31 December 2015	17,252

Notes to the financial statements
For the year ended 31 December 2016

9. Stocks

	2016 £	2015 £
Finished goods and goods for resale	25,444	42,677

There is no material difference between the balance sheet value of stocks and their replacement cost. The cost of stock recognised as an expense during the year in respect of continuing operations was £751,364 (2015: £106,768).

10. Debtors: Amounts falling due within one year

	2016 £	2015 £
Trade debtors	1,904,238	965,804
Amounts receivable from related companies	2,302,081	2,216,561
Prepayments	78,164	102,887
Accrued income	601,628	339,605
	4,886,111	3,624,857

11. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	579,065	458,481
Amounts owed to related companies	1,142,677	1,054,376
Corporation tax	181,999	31,546
Other creditors including taxation and social security	435,347	422,866
Accruals	725,409	450,102
Deferred income	810,287	206,310
	3,874,784	2,623,681

Notes to the financial statements
For the year ended 31 December 2016

12. Deferred taxation

	2016 £	2015 £
The movement in the deferred taxation balances during the year was:		
Deferred tax liabilities brought forward at 1 January	(62,354)	(42,816)
(Charge)/credit for the year	20,580	(19,538)
At 31 December	(41,774)	(62,354)

	2016 £	2015 £
Deferred tax is provided as follows:		
Decelerated capital allowances	(41,774)	(62,354)
	(41,774)	(62,354)

13. Called-up share capital and reserves

	2016 £	2015 £
Called up, allotted and fully paid		
750 (2015: 750) ordinary shares of £1 each	750	750

14. Reserves and reconciliation of movements in shareholders' funds

	Capital redemption reserve	Profit and loss Account	Total 31 December 2016	Total 31 December 2015
	£	£	£	£
At beginning of year	250	2,824,158	2,824,408	2,143,791
Profit for the financial year	-	851,737	851,737	780,617
Dividends paid	-	(200,000)	(200,000)	(100,000)
At end of year	250	3,475,895	3,476,145	2,824,408

The capital redemption reserve reflects historic share buy-backs of two prior shareholders in 2012 and 2013 following their retirement from the business. Neither party has held any Content Guru Limited shares thereafter.

The profit and loss reserve includes a £200,000 payment of dividends proposed in the financial year ended 31 December 2015 of £266.67 per ordinary share. The directors propose a dividend be paid to Redwood Technologies Group Limited in respect of the year of £400.00 per ordinary share, amounting to £300,000.

15. Controlling party

Up until 1 January 2016 the business was a stand -alone entity controlled by the Shareholder Directors. As of 1 January 2016 the ultimate controlling party is Redwood Technologies Group Limited, registered in the same office as the Company. The consolidated results of Redwood Technologies Group Limited is the only group of which the Company is a member for which group accounts are drawn up.