

Future Publishing (Overseas) Limited

Directors' report and financial statements
for the year ended 30 September 2018

Registered number: 06202940

Registered in England and Wales



Future Publishing (Overseas) Limited

Directors' report and financial statements for the year ended 30 September 2018

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Future Publishing (Overseas) Limited

Directors and advisors

Directors

Z E Byng-Thorne
P Ladkin-Brand
O J Foster

Company Secretary

P Ladkin-Brand

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Future Publishing (Overseas) Limited

Strategic report for the year ended 30 September 2018

The principal activity of the Company is the creation of special interest consumer magazines, websites and events for the Australian and New Zealand markets.

The total multicurrency revolving and overdraft facility available to the Group at 30 September 2018 amounted to £28.2m, comprising £15.6m of UK and US term loans (including a \$7.0m US dollar loan, which was repaid in full in December 2018), a total of £10.6m revolving credit facilities and a £2.0m uncommitted overdraft facility. The facilities were amended and restated in April 2018, following the acquisition of NewBay Media LLC by Future US Inc., a fellow group undertaking. The facilities run to 23 June 2021. The Company is a guarantor of this facility.

Results

The results of the Company for the year are set out in detail on page 7. The profit for the financial year of £39,000 (2017: loss of £99,000) has been added to reserves. The position of the Company at the end of the year is set out in detail on page 9.

In August 2018 the Company acquired for £57,000 three gaming and technology brands from Australian media company Nextmedia - PC PowerPlay, Hyper and PC & Tech Authority, including magazines, digital editions, Upgrade events and Australian PC Awards. See note 18 for further detail.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks and the Directors operate a continuous process of identifying, evaluating and managing such risks.

The key business risks and uncertainties affecting the Company are considered to relate to competition from independent publishers both national and international, employee retention and the management of the Company's intellectual property. The internet continues to be an area of focus for the business with the level of investment in this area under regular review to ensure that financial objectives are being met. These risks are mitigated by continual review of operations and the Company's product offerings to ensure that they best meet the consumer need and tight procedures in respect of management of intellectual property rights.

Key Performance Indicators

Key performance indicators for the Company are managed on a Group basis, see page 2 of the Future plc Annual Report 2018.

On behalf of the Board


.....
P Ladkin-Brand
Director
16 January 2019

Future Publishing (Overseas) Limited

Directors' report for the year ended 30 September 2018

The Directors present their report and the audited financial statements of the Company for the year ended 30 September 2018.

Directors

The Directors of the Company during the year, and up to the date of signing the financial statements, were:

Z E Byng-Thorne
P Ladkin-Brand
O J Foster

Dividends

The Directors do not propose the payment of a dividend (2017: £nil).

Future outlook

The Company will continue to create special interest consumer magazines, websites and events in a commercial environment which is expected to remain competitive within an economic environment which continues to be challenging.

Financial risk management

The Company's operations expose it to a variety of financial risks that include credit risk, interest rate risk, foreign currency risk and liquidity risk and the Board seeks to limit the adverse effects on the financial performance of the Company through management of these risks.

(a) Credit risk

The Company has policies that require appropriate credit checks on potential customers before sales are made. Credit risk of counterparties with whom cash balances are held is monitored on a Group basis. The credit standing of all potential bankers is considered before selecting them by use of external credit ratings.

(b) Interest rate risk

The Company has interest-bearing assets, which comprise cash balances and loans to Group undertakings which both earn interest at variable rates.

Interest rate risk is managed on a Group basis, see page 97 of the Future plc Annual Report 2018.

(c) Foreign currency risk

Foreign currency risk is managed on a Group basis, see page 97 and 98 of the Future plc Annual Report 2018.

(d) Liquidity risk

Liquidity risk is managed on a Group basis, see page 98 of the Future plc Annual Report 2018.

Going concern

At the balance sheet date the Company had net current liabilities of £288,000 (2017: £341,000). The ultimate parent company, Future plc has confirmed that it will continue to provide such financial support as is necessary to enable the Company to meet its financial obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements. For this reason the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Future Publishing (Overseas) Limited

Directors' report for the year ended 30 September 2018 (continued)

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors 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.

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board



P Ladkin-Brand
Director
16 January 2019

Future Publishing (Overseas) Limited

Independent auditors' report to the members of Future Publishing (Overseas) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Future Publishing (Overseas) Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 30 September 2018; the Profit and loss account, the Statement of comprehensive income and the Statement of changes in equity for the year then ended; the accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' report for the year ended 30 September 2018, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Future Publishing (Overseas) Limited

Strategic Report and Directors' Report for the year ended 30 September 2018

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 30 September 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report for the year ended 30 September 2018.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements set out on page 4, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

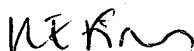
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Katharine Finn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

16 January 2019

Future Publishing (Overseas) Limited

Profit and loss account for the year ended 30 September 2018

	Note	2018 £'000	2017 £'000
Turnover	1	2,569	2,413
Cost of sales		(1,585)	(1,507)
Gross profit		984	906
Distribution costs		(246)	(281)
Administrative expenses		(814)	(830)
Operating loss		(76)	(205)
Interest receivable and similar income	4	-	10
Loss before taxation	2	(76)	(195)
Tax on loss	5	115	96
Profit/(loss) for the financial year		39	(99)

The results were generated from operations classed as continuing.

Statement of comprehensive income for the year ended 30 September 2018

	2018 £'000	2017 £'000
Profit/(loss) for the financial year	39	(99)
Items that may be reclassified to profit or loss		
Currency translation differences	(45)	(6)
Other comprehensive expense for the year	(45)	(6)
Total comprehensive expense for the year	(6)	(105)

Future Publishing (Overseas) Limited

Statement of changes in equity for the year ended 30 September 2018

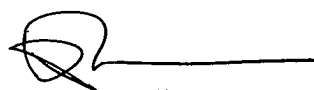
	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 October 2016	-	2,100	(1,360)	740
Loss for the financial year	-	-	(99)	(99)
Currency translation differences	-	-	(6)	(6)
Other comprehensive expense for the year	-	-	(6)	(6)
Total comprehensive expense for the year	-	-	(105)	(105)
Share-based payments:				
- Value of employees services	-	-	102	102
- Deferred tax on options	-	-	66	66
Balance at 30 September 2017	-	2,100	(1,297)	803
Profit for the financial year	-	-	39	39
Currency translation differences	-	-	(45)	(45)
Other comprehensive expense for the year	-	-	(45)	(45)
Total comprehensive expense for the year	-	-	(6)	(6)
Share-based payments:				
- Value of employees services	-	-	95	95
- Deferred tax on share based payments	-	-	(7)	(7)
Balance at 30 September 2018	-	2,100	(1,215)	885

Future Publishing (Overseas) Limited

Balance sheet as at 30 September 2018

	Note	2018 £'000	2017 £'000
Non-current assets			
Intangible assets	6	213	116
Tangible assets	7	7	5
Investments	8	926	978
Deferred tax	9	27	45
		1,173	1,144
Current assets			
Stocks		-	4
Debtors	10	654	460
Cash at bank and in hand		166	148
Deferred tax	9	231	111
		1,051	723
Creditors: amounts falling due within one year	11	(1,339)	(1,064)
Net current liabilities		(288)	(341)
Total assets less current liabilities		885	803
Capital and reserves			
Called up share capital	12	-	-
Share premium account		2,100	2,100
Profit and loss account		(1,215)	(1,297)
Total equity		885	803

The financial statements on pages 7 to 23 were approved by the Board of Directors on 16 January 2019 and are signed on its behalf by:



P Ladkin-Brand
Director

Registered number 06202940

Future Publishing (Overseas) Limited

Accounting policies

The financial statements are prepared on the going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006.

In these financial statements the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital, intangible fixed assets and tangible fixed assets;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- disclosures in respect of the compensation of Key Management Personnel; and
- the effects of new but not yet effective IFRS.

The Company is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Future plc, which is registered in England and Wales. Future plc prepares consolidated financial statements which are publicly available and the financial statements of the Company are consolidated within them. Accordingly these financial statements present information about the Company as an individual undertaking and not about its group.

As the consolidated financial statements of Future plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share-based Payment in respect of group settled share-based payments;
- certain disclosures required by IAS 36 Impairment of Assets in respect of the impairment of goodwill and indefinite life intangible assets; and
- certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill.

The principal accounting policies, set out below, have been consistently applied throughout the year.

At 30 September 2018, the Company had net current liabilities. The Directors have received written confirmation from the Directors of Future Publishing Limited, the parent company, of their intention to provide financial support to the Company for the foreseeable future. The Directors therefore consider it appropriate to prepare the financial statements on the going concern basis.

Going concern

At the balance sheet date the Company had net current liabilities of £288,000 (2017: £341,000). The ultimate parent company, Future plc has confirmed that it will continue to provide such financial support as is necessary to enable the Company to meet its financial obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements. For this reason the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Turnover

Turnover is the amount derived from the provision of goods and services falling within the Company's ordinary activities after deduction of trade discounts, provision for returns and goods and services tax. The following recognition criteria also apply:

- Magazine circulation and advertising revenue is recognised according to the date that the related publication goes on sale.
- Revenue from the sale of digital magazine subscriptions is recognised uniformly over the term of the subscription.
- Event income is recognised when the event has taken place.
- Other revenue is recognised at the time of sale or provision of service.

Future Publishing (Overseas) Limited

Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current tax and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity in which case it is recognised in equity.

Current tax is payable based on taxable profits for the year, using tax rates that have been enacted or substantively enacted at the balance sheet date, along with any adjustment relating to tax payable in previous years. Taxable profit differs from net profit in the income statement in that income or expense items that are taxable or deductible in other years are excluded – as are items that are never taxable or deductible.

Deferred tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Functional and presentation currency

The functional currency of the Company is Australian dollars while the presentation currency for these financial statements is UK sterling. The results and financial position of the Company are translated into the presentation currency as follows:

- a) Assets and liabilities in the balance sheet are translated at the date of that balance sheet;
- b) Income and expenses for each income statement are translated at average exchange rates; and
- c) Resulting exchange differences are recognised in other comprehensive income.

Foreign currencies

Transactions in currencies other than the functional currency are recorded at the rate of exchange ruling at the date of the transaction or where forward exchange contracts have been arranged, at the contracted rate. With the exception of exchange differences arising from translation into presentation currency as outlined above, all foreign currency gains and losses realised and unrealised are taken to the profit and loss account.

Business combinations

Business combinations are accounted for using the purchase method of accounting. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, and includes the estimated amount of any contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill.

Intangible assets

(a) Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to appropriate cash generating units (those expected to benefit from the business combination) and it is not subject to amortisation but is tested annually for impairment.

This is not in accordance with The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 which require that all goodwill be amortised. The Directors have therefore invoked a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill.

Future Publishing (Overseas) Limited

Accounting policies (continued)

(b) Titles, trademarks, customer lists, advertising relationships and other 'magazine and website related' intangibles

Magazine-related intangible assets have a finite useful life and are stated at cost less accumulated amortisation. Assets acquired as part of a business combination are initially stated at fair value. Amortisation is calculated using the straight-line method to allocate the cost of these intangibles over their estimated useful lives (between one and five years).

Expenditure incurred on the launch of new magazine titles is recognised as an expense in the income statement as incurred.

c) Website development

Costs incurred in the development of new websites are capitalised only where the cost can be directly attributed to developing the website to operate in the manner intended by management and only to the extent of the future economic benefits expected from its use. These costs are amortised on a straight-line basis over their estimated useful lives (between one and three years). Costs associated with maintaining computer software or websites are recognised as an expense as incurred.

Impairment

Goodwill is not amortised but tested for impairment at least once a year or more frequently when there is an indication that it may be impaired. These tests are performed at the level of each CGU or group of CGUs likely to benefit from acquisition-related synergies. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

To determine whether an impairment loss should be recognised, the carrying value of the assets and liabilities of the CGUs is compared to their recoverable amount. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Value in use is the present value of the estimated future cash flows discounted using appropriate pre-tax discount rates.

Any impairment of goodwill is recorded in the income statement as a deduction from operating profit.

Other intangible assets with a finite life are amortised and are tested for impairment only where there is an indication that an impairment may have occurred.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated to write down the cost or valuation of the tangible fixed assets to their estimated residual values by equal annual instalments over their useful lives, which are considered to be:

- | | |
|----------------------------------|-------------------------|
| Plant and machinery | - Between 1 and 5 years |
| Equipment, fixtures and fittings | - Between 1 and 5 years |

Fixed asset investments

The Company's investments in subsidiary undertakings are stated at cost less any provisions for impairment.

Stock

Stock is stated at the lower of cost and net realisable value. For raw materials, cost is taken to be the purchase price on a first in, first out basis. For finished goods, cost is calculated as the direct cost of production. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Future Publishing (Overseas) Limited

Accounting policies (continued)

Pensions

The Company pays contributions into privately administered defined contribution schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The Company has no further obligations once the contributions have been paid. Contributions payable in respect of defined contribution schemes are charged to the profit and loss account as they are incurred.

Leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Share-based payments

The Company's ultimate parent undertaking, Future plc, operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the awards is recognised as an expense. The total amount to be expensed over the appropriate service period is determined by reference to the fair value of the awards, excluding the impact of any non-market vesting conditions (for example, earnings per share). Non-market vesting conditions are included in assumptions about the number of awards that are expected to become exercisable. At each balance sheet date, the Company revises its estimates of the number of awards that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity.

Critical accounting assumptions, judgements and estimates

The preparation of the financial statements requires the use of certain critical accounting assumptions and requires management to exercise its judgement and to make estimates in the process of applying the Company's accounting policies. The areas requiring a higher degree of judgement or areas where assumptions and estimates are significant to the financial statements are discussed below:

(a) Carrying value of goodwill and other intangibles

The Company uses forecast cash flow information and estimates of future growth to assess whether goodwill and other intangible assets are impaired. If results in future years are adverse to the estimates used for impairment testing, an impairment may be triggered at that point, or a reduction in useful economic life may be required.

(b) Taxation

Judgement and estimates of future profitability are required to determine the deferred tax position. If the final tax outcome is different to that assumed, resulting changes will be reflected in the income statement or statement of changes in equity as appropriate. The corporation tax provision reflects management's estimation of the amount of tax payable for fiscal years with open tax computations where liabilities remain to be agreed with the tax authorities.

(c) Returns provision

The Company makes a provision for sales returns at the end of each month, which is calculated by looking at the forecast sales projections for the following month of the titles that were on sale at the month-end and providing for any shortfall.

New or revised accounting standards and interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 September 2018, have had a material impact on the Company.

Future Publishing (Overseas) Limited

Notes to the financial statements for the year ended 30 September 2018

1 Turnover

Turnover is derived solely from the principal activities of the Company based on operations in Australia which are considered by the Directors to be one class of business derived from external customers. An analysis of turnover by geographical destination is shown below:

	2018 £'000	2017 £'000
Australia	1,564	1,728
UK	722	476
Rest of the world	283	209
	2,569	2,413

2 Loss before taxation

Loss before taxation is arrived at after charging:

	2018 £'000	2017 £'000
Employee costs (note 3)	995	1,043
Depreciation of tangible fixed assets (note 7)	1	2
Amortisation of intangible assets (note 6)	3	-
Operating leases – other	55	54
Fees paid to auditors (including expenses)		
- audit fees*	12	12
Total fees	12	12

*The audit fees are borne by the parent company, Future Publishing Limited, and are recharged to Future Publishing (Overseas) Limited.

Future Publishing (Overseas) Limited

Notes to the financial statements for the year ended 30 September 2018 (continued)

3 Employee information and Directors' emoluments

Employees

The average monthly number employed by the Company during the year, including Directors, was:

By activity:	2018 Number	2017 Number
Production and publication staff	11	13
Administration staff	4	3
	15	16

The costs incurred in respect of these employees were:

	2018 £'000	2017 £'000
Wages and salaries (including long service leave)	811	843
Social security costs	21	15
Other pension costs (see note 14)	68	83
Share-based payments – value of employees' services (see note 15)	95	102
	995	1,043

Directors

The Directors did not receive emoluments from the Company in respect of their services to the Company. The emoluments and Company contributions to defined contribution pension schemes of the Directors were paid by the Company's immediate parent company, Future Publishing Limited. In 2018, £19,470 (2017: £19,733) was recharged to the Company by Future Publishing Limited in respect of the Directors.

4 Interest receivable and similar income

	2018 £'000	2017 £'000
Interest receivable from group undertakings	-	6
Exchange gains	-	4
	-	10

Future Publishing (Overseas) Limited

Notes to the financial statements for the year ended 30 September 2018 (continued)

5 Tax on loss

(a) Analysis of tax credit in the year

	2018 £'000	2017 £'000
Current tax		
Corporation tax on loss for the year	-	6
Adjustments in respect of previous years	(4)	(9)
Current tax	(4)	(3)
Deferred tax origination and reversal of tax differences		
Origination and reversal of tax differences	(115)	(62)
Adjustments in respect of previous years	4	(31)
Deferred tax	(111)	(93)
Total tax credit on ordinary activities	(115)	(96)

(b) Factors affecting the tax credit for the year

The tax assessed for each year differs from the standard rate of corporation tax in the UK for the relevant year. The differences are explained below:

	2018 £'000	2017 £'000
Loss before taxation	(76)	(195)
Loss before taxation multiplied by the standard UK corporation tax rate of 19% (2017: UK tax rate of 19.5%)	(14)	(38)
Different tax rates applicable overseas	(9)	(20)
Amounts charged to equity	9	66
Share based payments	(101)	(64)
Adjustments in respect of previous years	-	(40)
Total tax credit	(115)	(96)

The Company is tax resident in Australia and has no unprovided deferred tax assets on tax losses in Australia (2017: £nil).

Future Publishing (Overseas) Limited

Notes to the financial statements for the year ended 30 September 2018
(continued)

6 Intangible assets

	Goodwill £'000	Magazine and website £'000	Total £'000
Cost			
At 1 October 2017	222	582	804
Additions	-	105	105
Exchange adjustments	(12)	(31)	(43)
At 30 September 2018	210	656	866
Accumulated amortisation			
At 1 October 2017	(121)	(567)	(688)
Charge for the year	-	(3)	(3)
Exchange adjustments	7	31	38
At 30 September 2018	(114)	(539)	(653)
Net book value at 30 September 2018	96	117	213
Net book value at 30 September 2017	101	15	116

Annual impairment testing has been performed with no impairment charges considered necessary. There is one CGU for the purposes of impairment testing. The recoverable amount is determined using a value-in-use calculation.

Amortisation is included within administrative expenses.

Future Publishing (Overseas) Limited

Notes to the financial statements for the year ended 30 September 2018
(continued)

7 Tangible assets

	Plant and machinery £'000	Equipment, fixtures and fittings £'000	Total £'000
Cost			
At 1 October 2017	77	7	84
Additions	2	-	2
Exchange adjustments	(4)	-	(4)
At 30 September 2018	75	7	82
Accumulated depreciation			
At 1 October 2017	(76)	(3)	(79)
Charge for the year	(1)	-	(1)
Exchange adjustments	4	1	5
At 30 September 2018	(73)	(2)	(75)
Net book value at 30 September 2018	2	5	7
Net book value at 30 September 2017	1	4	5

Future Publishing (Overseas) Limited

Notes to the financial statements for the year ended 30 September 2018 (continued)

8 Investments

Subsidiary undertakings	2018 £'000	2017 £'000
Cost and net book value		
At 1 October 2017	978	1,012
Exchange adjustments	(52)	(34)
At 30 September 2018	926	978

Details of the Company's subsidiary undertakings at 30 September 2018 are set out below. Shares of those companies marked with an * are indirectly owned by the Company.

Company name and registered number	Country of incorporation	Nature of business	Holding %	Class of shares
Next Commerce Philippines Inc* ¹ CS201517783	Philippines	Dormant	100	₱1 Ordinary shares
Next Commerce Pty Ltd ² 113 146 786	Australia	Comparison shopping search engine	100	\$1 Ordinary shares
Pricepanda Group GmbH* ³ HRB138471B	Germany	Dormant	100	€1 Ordinary shares

¹ Registered office: 2/F GC Corporate Plaza, 150 Legaspi Street, Legaspi Village, Makati, Manila, Philippines

² Registered office: Suite 3, Level 10, 100 Walker Street, North Sydney, NSW 2060, Australia

³ Registered office: Charlottenstraße 4, 10969 Berlin, Germany

9 Deferred tax

Deferred tax assets have been recognised in respect of temporary differences where it is probable that these assets will be recovered. The following are the major deferred tax assets and liabilities recognised by the Group, and the movements thereon, during the current and prior years.

	Share-based payments £'000	Provisions £'000	Losses £'000	Total £'000
At 1 October 2017	111	45	-	156
Credited to income statement	29	(13)	95	111
Credited to equity	(7)	-	-	(7)
Exchange adjustment	(2)	-	-	(2)
At 30 September 2018	131	32	95	258

Future Publishing (Overseas) Limited

Notes to the financial statements for the year ended 30 September 2018 (continued)

10 Debtors

	2018 £'000	2017 £'000
Trade debtors	337	373
Amounts owed by group undertakings	263	44
Corporation tax	10	-
Other debtors	10	10
Prepayments and accrued income	34	33
	654	460

Amounts owed by group undertakings include a non-trading amount on which interest is charged at three-month LIBOR plus a margin. There are no specific repayment terms.

11 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	55	58
Amounts owed to group undertakings	506	307
Corporation tax	4	7
Other taxation and social security	98	49
Accruals and deferred income	676	643
	1,339	1,064

Amounts owed to group undertakings have no interest rate or specified repayment terms.

Future Publishing (Overseas) Limited

Notes to the financial statements for the year ended 30 September 2018 (continued)

12 Called up share capital

	2018 £'000	2017 £'000
Allotted and fully paid		
2 (2017: 2) ordinary shares of £1 each	-	-

13 Financial commitments

At 30 September 2018 the Company had the following total future lease payments under non-cancellable operating leases:

	2018 Land and buildings £'000	2017 Land and buildings £'000
Within one year	62	65
Between one and five years	16	16
	78	81

14 Pensions

The pension cost for the defined contribution schemes which represents contributions payable by the Company, amounted to £68,000 (2017: £83,000). Included in other creditors is £15,000 (2017: £5,800) in respect of contributions due to be paid to schemes. This was paid to the schemes in October 2018.

Future Publishing (Overseas) Limited

Notes to the financial statements for the year ended 30 September 2018 (continued)

15 Share-based payments

The share-based payment charge arises when employees are granted awards under the ultimate parent company's performance share plan (PSP). The PSP is a share-based incentive scheme open to certain key senior managers, usually based on a percentage of the participant's salary. Awards under this scheme are subject to *stretching performance criteria measured against a combination of the earnings per share (EPS) of Future plc, the net cash flow of the Future plc group, the EBITDA of the Future plc group and the share price performance of Future plc, depending on the date of grant.*

Awards will usually vest three years after the date of grant subject to the achievement of the performance targets and the participant's continued employment within the group. PSP awards were granted in November 2015, November 2016, February 2017 and November 2018. The weighted average exercise prices and remaining contractual lives for PSP awards outstanding at 30 September are as follows:

	Number of options/awards		Weighted average remaining contractual life in years	
	2018	2017	2018	2017
May 2015	-	69,799	-	1
November 2015	35,265	30,000	-	1
November 2016	113,633	96,667	1	2
February 2017	113,633	96,667	1	2
Total outstanding at 30 September	262,531	293,133	1	2

On 21 August 2018, Future plc completed a 3 for 4 rights issue (the "rights issue") in order to fund the acquisition of Purch Group LLC. Following the completion of the rights issue the Committee elected to 'make good' all share award holders by increasing the number of options they hold using a HMRC approved formula which takes into consideration the number of new shares created as a result of the rights issue (as disclosed in the table set out on page 99 of the Future plc Annual Report 2018). This change did not impact the fair value of the awards.

16 Ultimate parent undertaking and ultimate controlling party

The Company is controlled by its immediate parent undertaking, Future Publishing Limited, which owns 100% of the shares. The ultimate parent undertaking and controlling party is Future plc, a company registered in England and Wales, which is the smallest and largest group for which group financial statements are prepared and of which the Company is a member. Copies of the group financial statements may be obtained from Future plc, Quay House, The Ambury, Bath, BA1 1UA.

17 Guarantee

The Company has given a guarantee in respect of the bank borrowings and interest payments of the group to the group's bankers.

Future Publishing (Overseas) Limited

Notes to the financial statements for the year ended 30 September 2018 (continued)

18 Acquisition

In August 2018 the Company acquired for £57,000 three gaming and technology brands from Australian media company Nextmedia - PC PowerPlay, Hyper and PC & Tech Authority, including magazines, digital editions, Upgrade events and Australian PC Awards. £57,000 was recognised on the balance sheet at the date of acquisition relating to intangible assets for publishing rights.

Due to the timing of the acquisition, no revenue or profit before tax from the Nextmedia titles is included within the Company's results for the year.