

Company Registration No. 06632246

Cortex Worldwide Limited

Annual report and Financial Statements

for the year ended 31 December 2017

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Cortex Worldwide Limited

Annual report and financial statements For the year ended 31 December 2017

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Cortex Worldwide Limited

Annual report and financial statements For the year ended 31 December 2017

Officers and professional advisers

Directors

Jeremy Barton
Peter Proud
John Waddell
Barry Jones (resigned 4th December 2017)
Kevan Thorn (resigned 4th December 2017)

Registered Office

Connect House
133-137 Alexandra Road
London
United Kingdom
SW19 7JY

Bankers

Royal Bank of Scotland
49 Charing Cross
London
United Kingdom
SW1A 2DX

Solicitors

Burness Paull
50 Lothian Road
Edinburgh
United Kingdom
EH3 9WJ

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Cortex Worldwide Limited

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 2017.

This director's report has been prepared in accordance with the special provisions relating to small companies and currently the Company is also entitled to an exemption from preparing a Strategic report.

Principal activities

The principal activity of the company is website optimisation solutions mainly to the advertising industry.

Review

Cortex Worldwide Limited was sold by Hogarth Worldwide Limited on the 1st December 2017 and 100% of the shares were purchased by Cortex Worldwide (Holdings) Limited. As part of the sale agreement the Hogarth Worldwide Limited forgave intercompany debts which have been recorded as other operating income in the income statements. See note 3 for further details.

Going concern

At 31 December 2017 the company had £129,094 cash (2016: £448,220) and net liabilities of £62,895 (2016: £2,012,994). The directors have considered the latest forecasts of the business and made inquiries of management in reaching their conclusion on going concern. The Directors have every expectation that the Company has adequate resources through ongoing trading performance and available loan facilities to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Additional information is provided in note 1 to the financial statements.

Directors

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

Mr Jeremy Barton

Mr Peter Proud

Mr John Waddell

Mr Barry Jones (resigned 4th December 2017)

Mr Kevan Thorn (resigned 4th December 2017)

Directors' indemnities

The company has not made qualifying third party indemnity provisions for the benefit of its directors.

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/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

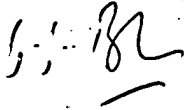
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Cortex Worldwide Limited

Directors' report

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



Jeremy Barton
Director

31st May 2018

Cortex Worldwide Limited

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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

Cortex Worldwide Limited

Independent auditor's report to the members of Cortex Worldwide Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31/12/2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Cortex Worldwide Limited (the 'company') which comprise:

- the Income statement;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 11

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial

Cortex Worldwide Limited

statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Cortex Worldwide Limited

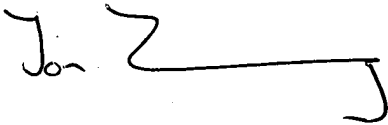
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.



Jon Young (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

31 May 2018

Cortex Worldwide Limited

Income statement

For the year ended 31 December 2017

	Notes	31 December 2017 £	31 December 2016 £
Turnover		1,938,682	1,121,949
Cost of sales		(79,494)	(189,399)
Gross profit		1,859,188	932,550
Administrative expenses		(2,238,098)	(2,037,534)
Other operating income	3	2,328,905	-
Interest receivable and similar income		104	-
Profit/(Loss) before taxation	4	1,950,099	(1,104,984)
Tax on Profit/(Loss)	5	-	-
Profit/(Loss) for the financial year		1,950,099	(1,104,984)

All results derive from continuing operations.

The accompanying notes are an integral part of the financial statements.

Cortex Worldwide Limited

Balance sheet

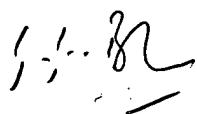
As at 31 December 2017

	Notes	31 December 2017 £	31 December 2016 £
Fixed Assets			
Intangible assets	6	-	494,379
		<u>-</u>	<u>494,379</u>
Current assets			
Debtors due within one year	7	905,261	763,126
Cash at bank and in hand		129,094	448,220
		<u>1,034,355</u>	<u>1,211,346</u>
Creditors: amounts falling due within one year	8	(1,097,250)	(3,718,719)
Net current liabilities		<u>(62,895)</u>	<u>(2,507,373)</u>
Total assets less current liabilities		<u>(62,895)</u>	<u>(2,012,994)</u>
Creditors: amounts falling after one year		-	-
Net liabilities		<u>(62,895)</u>	<u>(2,012,994)</u>
Capital and reserves			
Called up share capital		700	700
Profit and loss account		(63,595)	(2,013,694)
Shareholders Funds		<u>(62,895)</u>	<u>(2,012,994)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The accompanying notes are an integral part of the financial statements.

The financial statements of Cortex Worldwide Limited (registered number 06632246) were approved by the board of directors and authorised for issue on 31st May 2018. They were signed on its behalf by:



Jeremy Barton
Director

Cortex Worldwide Limited

Notes to the financial statements For the year ended 31 December 2017

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards. Cortex Worldwide Limited is a private company limited by shares.

These financial statements are prepared in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102" and the requirements of the Companies Act 2006, as applicable to companies subject to the small company regime. The disclosure requirements of Section 1A of FRS102 have been applied, other than where additional disclosure is required to show a true and fair view.

The financial statements have been prepared under the historical cost convention and modified to include certain items at fair value.

The Company is domiciled and has been incorporated in England, United Kingdom. Its registered office is Connect House, 133-137 Alexandra Road, London, United Kingdom, SW19 7JY. The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

During the year there was a change of ownership in Cortex Worldwide Ltd. Hogarth Worldwide Limited, a company incorporated in Great Britain and registered in England and Wales, were the immediate parent company and WPP plc, a company incorporated in Jersey, were the ultimate parent company and the ultimate controlling party. Cortex Worldwide Limited was sold on the 1st December 2017 to Cortex Worldwide (Holdings) Limited. The directors regard Cortex Worldwide (Holdings) Limited, as the immediate parent company and as the ultimate parent company and the ultimate controlling party, as at 31 December 2017. No group accounts were prepared as at 31/12/2017. Cortex Worldwide Limited is the only subsidiary of Cortex Worldwide (Holdings) Limited, and is therefore the smallest company in the group. Refer to note 11 for details of registered address.

Changes in Accounting policies and disclosures

The company have transitioned from FRS101 to FRS102 in the current year due to the change of ownership. No adjustments were required as a result of the transition.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Going concern

At 31 December 2017 the company had cash of £129,094 (2016: £448,220) and net liabilities of £62,895 (2016: £2,012,994). The Company's Profit after tax for the year was £1,950,099 (2016: Loss £1,104,984).

Cortex Worldwide Limited has a Revolving Credit Facility where the lender has agreed a revolving loan facility of £500,000 until May 2019.

The financial statements have been prepared using the going concern basis of accounting. The directors have considered the latest forecasts of the business and made inquiries of management in reaching their conclusion on going concern. The Directors have every expectation that the Company has adequate resources through ongoing trading performance and available loan facilities to continue in operational existence for the foreseeable future.

Intangible assets

Research expenditure is expensed as incurred. Development costs were capitalised, expenditure deferred and amortised on the straight line basis over the estimated useful life of three years, under the previous policy, but the future policy will be to expense as incurred.

Cortex Worldwide Limited

Notes to the financial statements For the year ended 31 December 2017

1. Accounting policies (continued)

Internally-generated intangible assets – research and development expenditure

An internally-generated intangible asset arising from the development phase of an internal project is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible assets so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the income statement in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. The amortisation period is 3 years.

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 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.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due.

Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value.

Accrued Income was recognised at year end based on percentage of completion.

Based on the fact that all costs are recoverable based on the contract, there are no losses made.

Cortex Worldwide Limited

Notes to the financial statements For the year ended 31 December 2017

1. Accounting policies (continued)

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade debtors are derecognised when the contractual rights to the cash flows from the trade debtor expire or are settled.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities. Trade creditors are recognised at the transaction price. Trade creditors are derecognised only when the obligation specified in the contract has been discharged, cancelled or expires.

Pension costs

For defined contribution schemes the amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2. Staff costs, staff numbers and directors' remuneration

	31 December 2017 £	31 December 2016 £
Staff costs	<u>1,037,199</u>	<u>838,024</u>

The average monthly number of persons employed by the company (including directors) during the year was as follows:

	31 December 2017 £	31 December 2016 £
No. of employees	<u>21</u>	<u>17</u>

Cortex Worldwide Limited

Notes to the financial statements For the year ended 31 December 2017

2. Staff costs; staff numbers and directors' remuneration (continued)

Directors' remuneration

	2017 £'000	2016 £'000
Remuneration		
The remuneration of the directors was as follows:		
Emoluments	200	-
Pension contributions	2	-
	<u>202</u>	<u>-</u>

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2017 £'000	2016 £'000
Emoluments	<u>200</u>	<u>-</u>

The Company made pension contributions of £2,000 (2016: none) for one Director (2016: none).

There were no other transactions with directors other than Emoluments and pension contributions disclosed in this note.

The emoluments of the other directors are not borne by the company this year. £847,000 was borne by Hogarth Worldwide Limited for two directors in the year. The company did not receive any charges for their services provided in either year. The remaining two directors did not receive remuneration for their services relating to the company during the financial year.

3. Other Operating Income

This relates to debt forgiveness of the Company's intercompany debts from the former parent company. Refer to the directors report for more detail on the sale.

Cortex Worldwide Limited

Notes to the financial statements For the year ended 31 December 2017

4. Profit/(Loss) before taxation

	31 December 2017 £	31 December 2016 £
Profit/(Loss) before taxation is stated after charging:		
Staff Costs	1,037,199	838,024
Amortisation of intangible assets	494,379	385,450
Auditor's remuneration for the auditing of financial statements	-	-

Amortisation is charged to Administrative expenses in the Income Statement

Auditor's remuneration was borne by the former parent company Hogarth Worldwide Limited.

5. Tax on Profit/(Loss)

i) Current taxation

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19.25% (2016: 20%).

A reconciliation of the tax charge calculated using this standard rate, and the actual charge, is shown below:

	31 December 2017 £	31 December 2016 £
Profit before taxation	1,950,099	(1,104,984)
Tax on profit at blended rate of 19.25% (2016: 20%)	375,394	(220,997)
<u>Factors affecting the charge in the year:</u>		
Expenses not deductible for tax purposes	(447,136)	2,519
Group relief for nil consideration	71,742	218,478
Tax expense for the year	-	-

ii) Factors that may affect future tax charge

Finance Act No2 2015 included provisions to reduce the UK corporation tax rate to 19% with effect from 1 April 2017. Finance act 2016 introduced further legislation to reduce the main rate of corporation tax to 17% from 1 April 2020 and these rates have therefore been used to measure deferred tax assets and liabilities where applicable.

Cortex Worldwide Limited

Notes to the financial statements For the year ended 31 December 2017

6. Intangible assets

	Software £	Development Costs £	Total £
Cost			
At 1 January 2017	204,508	1,004,699	1,209,207
Additions	-	-	-
At 31 December 2017	204,508	1,004,699	1,209,207
Amortisation			
At 1 January 2017	132,397	582,431	714,828
Charge for the year	72,111	422,268	494,379
At 31 December 2017	204,508	1,004,699	1,209,207
Net book value			
At 31 December 2017	-	-	-
At 31 December 2016	72,111	422,268	494,379

Development costs have been capitalised in accordance with the measurement and recognition bases of Section 18 *Intangible Assets other than Goodwill*, under the previous policy and therefore not treated, for dividend purposes, as a realised loss. Going forward, under the new policy, development costs will not be capitalised.

All Intangible assets are internally generated.

The costs related to the development of the Company's core technology platform. The product went live in 2015, with costs subject to amortisation over three years.

7. Debtors

	31 December 2017 £	31 December 2016 £
Amounts falling due within one year:		
Trade debtors	610,874	190,762
Amounts owed by group undertakings	-	392,870
Other Debtors	2,020	116,469
Accrued income	292,367	63,025
	<u>905,261</u>	<u>763,126</u>

Cortex Worldwide Limited

Notes to the financial statements For the year ended 31 December 2017

8. Creditors: amounts falling due within one year

	31 December 2017 £	31 December 2016 £
Trade creditors	984,166	6,795
Other taxes and social security	8,353	57,957
Amounts owed to group undertakings	-	3,543,921
Accruals and deferred income	104,731	110,046
	<u>1,097,250</u>	<u>3,718,719</u>

9. Financial Guarantees

Cortex Worldwide Limited has a Revolving Credit Facility where the lender has agreed a revolving loan facility of £500,000 until May 2019.

10. Related party transactions

The Company has no related party transactions to declare, due to the sale of the company, the prior year related parties are no longer related parties as at 31/12/17.

11. Ultimate parent and controlling parent undertaking

During the year there was a change of ownership in Cortex Worldwide Ltd. Hogarth Worldwide Limited, a company incorporated in Great Britain and registered in England and Wales, were the immediate parent company and WPP plc, a company incorporated in Jersey, were the ultimate parent company and the ultimate controlling party. Cortex Worldwide Limited was sold on the 1st December 2017 to Cortex Worldwide (Holdings) Limited. The directors regard Cortex Worldwide (Holdings) Limited, as the immediate parent company and as the ultimate parent company and the ultimate controlling party. No consolidated accounts were prepared as at 31/12/17. Cortex Worldwide Limited is the only subsidiary of Cortex Worldwide (Holdings) Limited, and is therefore the smallest company in the group. The registered office of Cortex Worldwide (Holdings) Limited is Waverley Gate, 2-4 Waterloo Place, Edinburgh, EH1 3EG.