

**Advantage Sales & Marketing Limited and  
subsidiaries**

(Registered number 09208689)

**Annual report and financial statements**

For the period from  
8 September 2014 to 31 December 2015

FRIDAY



\*A5DP9SV6\*

A11

19/08/2016

#37

COMPANIES HOUSE

## **Contents**

Strategic report	1
Directors' report	5
Independent auditors' report	7
Consolidated profit and loss account and consolidated statement of comprehensive income	9
Consolidated and Company balance sheets	10
Consolidated and Company statement of changes in equity	11
Consolidated statement of cash flows	12
Notes to the financial statements	13

**Company Information**

<b>Directors</b>	Tanya Domier Brian Stevens
<b>Company secretary</b>	7Side Secretarial Limited 14 – 18 City Road Cardiff CF24 3DL United Kingdom
<b>Registered office</b>	c/o Legalinx Limited 1 Fetter Lane London EC4A 1BR United Kingdom
<b>Company number</b>	09208689
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 3 Forbury Place 23 Forbury Road Reading RG1 3JH United Kingdom

## **Strategic report**

The directors present their strategic report on Advantage Sales & Marketing Limited ("the Company") and its subsidiaries (together "the Group") for the period ended 31 December 2015.

The Company was created in 2014 (further details below) to hold its owner's investment, via an intermediate holding company, in an entity, Advantage Smollan Limited, whose purpose is to acquire, hold and manage investments in organisations involved in field marketing and similar activities across Europe on behalf of its owners, who are key players in the sector outside Europe, notably in the US and developing markets, including India, China and South East Asia, as well as in related sectors globally.

This strategic report principally covers the Group activities.

### ***Review of the business***

The Group's principal activities are those of field marketing and the promotion of brands within the retail market in the UK. There have not been any significant changes in the Group's principal activities in the period since the acquisition on 31 March 2015 as outlined below and set out in note 23. The directors are not expecting any major changes in the Group's activities in the year after the date of this report, other than further expansion into continental Europe. There have been no significant post balance sheet events other than those noted below.

The results for the period and financial position at the end of the period of the Company and of the Group are as shown in these financial statements. Since the Company was incorporated on 8 September 2014 and acquired its first subsidiary on 24 March 2015 there is no 2014 comparative information. The business has performed well during the period and delivered an earnings before interest, taxes, depreciation and amortisation ("EBITDA") of £2,521,000 that was in line with expectations. EBITDA is a non-GAAP financial measure which reconciles to the Operating Loss of £374,000 for the period ended 31 December 2015 by deducting depreciation of tangible assets of £150,000 and amortisation of intangible assets of £2,745,000.

In the UK business, retention of major customers was a primary objective in the period and this objective has been largely achieved. The UK business also invested in gaining new business. The directors regard this investment as a prerequisite for success in the medium and long-term future.

During the period the Group worked on integrating the acquired UK business into its owners' organisational structures, to facilitate reporting and control and to leverage the benefits of wider procurement and customer relationships. The Group's owners continued to identify and progress further potential business acquisitions. Towards the end of the period a COO and CFO were appointed to lead the business from Europe.

### ***Major changes and developments***

The Company was incorporated on 8 September 2014 as Advantage Sales & Marketing Limited, a company domiciled in England and Wales and 100% owned by Advantage Sales & Marketing LLC ("ASM LLC"), a company domiciled in the United States of America and part of the Advantage Solutions group based in the USA.

On 24 March 2015, the Company formed ASM Holdings Limited with an investment of a single £1 ordinary share. ASM Holdings Limited then formed ASMJ Limited (the name of this company was changed on 25 June 2015 to Advantage Smollan Limited) and then ASMJ Limited formed ASMR Holdings Limited.

On 30 March 2015, ASM LLC transferred ownership of the Company to Advantage Sales & Marketing Limited, a company domiciled in Grand Cayman Island.

On 31 March 2015, ASMR Holdings Limited, acquired five UK companies (the "REL Group") from an unconnected party. The acquired companies are listed in note 28 to the financial statements and the acquisition was funded by cash from the Advantage Solutions group as set out in notes 18 and 23.

On 15 June 2015 the Company issued shares to its parent in order to invest further in its immediate subsidiary ASM Holdings Limited and to invest in three third party entities, two of which – Partnership SPV 1 Limited and Global Smollan Holdings - simultaneously invested in the Company's indirect subsidiary, Advantage Smollan Limited. As a result, on 15 June 2015 Partnership SPV 1 Limited became an associated undertaking of the Company and a 49.9% shareholder in Advantage Smollan Limited.

## **Strategic report (continued)**

### ***Major changes and developments (continued)***

Partnership SPV 1 Limited is owned 50.1% by Global Smollan Holdings (Mauritius) (which became an associated undertaking of the Company on 15 June 2015), 37.4% by WPP plc and 12.5% by the Company.

In the Group's main UK business, Resource Experience Limited ("REL"), several new long-term, contracted ("strategic") clients were won in the period, compensating for two strategic clients that terminated their contracts around the time REL became part of the Group. In addition, a number of significant shorter-term, ad-hoc ("tactical") wins were achieved in the period. The UK business continues to be an accredited agent to two major supermarket chains.

Most of the UK businesses moved premises in September 2015; the lease on the previous premises at Blueprint House, Bracknell expired in September 2015 and the Company moved to two separate locations but in close proximity.

The operating costs of the new premises are significantly higher than those of the previous premises, which reflects the higher quality environment and capacity to expand.

### ***Key Performance Indicators***

The Group has established three key measures of performance which are mostly consistent with what has been utilised previously within the acquired companies: gross profit, EBITDA and EBIT (earnings before interest and tax).

The Group will control financial performance by monitoring growth as demonstrated by these measures. In the first period of existence of the Group, the directors are satisfied with the level of these measures.

### ***Principal risks and uncertainties***

The principal risks and uncertainties facing the Group, together with measures in place to address them are:

- **Competition Risks**

Competitive pressures are a continuing risk for the Group, making retaining clients and winning new business challenging. This risk is mitigated by providing added value services to its clients, having fast response times not only in supplying services but also in handling customer queries, and by maintaining strong relationships with clients. The Group aims to ensure that it gives "best in class" delivery to all clients, thereby forging long-term relationships. This approach leads to good retention and maximises the opportunities for gaining new business from existing clients. In addition, resources are continuing to be developed for gaining new business outside its existing client base.

- **Operational Risks**

The business operates in a decentralised manner with field forces spread across the UK, hence the operational risks are focused around maintaining communications, transfer and recording of information and quality of staff. The dispersed nature of the operations supports resilience in case of a major localised disruption and the Group has established business continuity plans to ensure that the business can recover quickly from a disruptive event. The Group also maintains comprehensive insurance against relevant operational risks.

## **Strategic report (continued)**

### ***Principal risks and uncertainties (continued)***

- **Financial Risks**

The main elements of financial risk to which the Group is potentially exposed are:

*Credit risk* – the Group's credit risk is primarily attributable to its trade receivables. The Group carries out credit checks on clients before starting to trade, negotiates the best commercially viable credit terms and monitors collection regularly. Where appropriate, the amounts presented in the consolidated balance sheet are net of allowances for doubtful receivables; an allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the debt. The Group has no significant concentration of credit risk.

*Liquidity risk* – the Group has limited liquidity risk due to strong cash flow from its core business and absence of debt funding. The Group aims to mitigate liquidity risk by frequent monitoring and management of its forecasted cash flows.

*Cash flow risk* – the Group is not exposed to interest rate risk and has limited exposure to foreign currency exchange risk (limited instance and very short term exposure).

*Capital risk* – the Group has limited physical assets but holds insurance to cover associated risks. The Company is exposed to capital risk on its fixed asset investments in subsidiaries which is mitigated by its primary activity of managing the growth and profitability of the underlying businesses. A review is carried out annually to consider indications of impairment and if appropriate to provide for impairment.

### ***Corporate and social responsibility***

#### ***Environment***

The Group recognises the importance of its environmental responsibilities and endeavours to design and implement policies to reduce any damage that might be caused by the Group's activities. Initiatives designed to minimise the Group's impact on the environment include safe disposal of waste, recycling and reducing energy consumption.

#### ***Employees***

It is Group policy to communicate appropriate and relevant information to its employees and to consider employee feedback. The executive management of the operating subsidiaries hold regular formal briefings with staff on strategy issues and organisational changes and less formal briefings are held with all staff at key times during the year.

Applications for employment by disabled persons are always fully considered, bearing in mind the specific abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training and support is arranged. It is Group policy that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### ***Going Concern***

Economic conditions continue to create potential uncertainty, particularly over the future level of demand for the Group's services. The Group has considerable financial resources together with long-term contracts with a number of customers and suppliers across the UK retail sector. As a consequence, the directors believe that the Group is well placed to manage its business risk successfully despite the current economic outlook.

Management has made an assessment, taking into account all available information for the next twelve months and, given the history of profitable operations together with the strong conversion of that profit into cash, management has concluded that the future trading cash-flows of the Group and Company are more than adequate to service all future commitments.

**Strategic report (continued)**

**Going Concern (continued)**

After considering this assessment, the directors have a reasonable expectation that the Group and Company have 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 financial statements.

**Future outlook and post balance sheet events**

For the existing UK business, factoring in the increased premises operating costs and targeted new business wins, the directors are forecasting and expect to achieve high single figure percentage growth in EBITDA in 2016 compared to the corresponding previous twelve months. As at the date of signing the directors' report, the business is on track to achieve its EBITDA target.

The Group expects to complete several acquisitions of businesses in Europe over the next several years. In February 2016 the Company acquired majority stakes in each of three Portuguese businesses comprising the SelPlus/SelData group, a specialist in sales team management solutions, processes and technologies (see note 24).

There were no other significant post balance sheet events.

Approved by the Board of Directors and signed on behalf of the Board on 16 August 2016



**Brian Stevens**  
Director

## **Directors' report**

The directors present their first report and the audited financial statements of Advantage Sales & Marketing Limited ("the Company") and its subsidiaries (together "the Group") for the period ended 31 December 2015.

All amounts disclosed in the financial statements are rounded to the nearest £000 unless stated otherwise.

Amounts in the financial statements relate only to the period from incorporation to 31 December 2015. Since the Company was incorporated on 8 September 2014 there is no 2014 comparative information.

### **Directors**

The directors who held office during the period and up to the date of this report were as follows:

Tanya Domier	(appointed 8 September 2014)
Brian Stevens	(appointed 8 September 2014)

### **Dividends**

No dividend was declared or paid in the period.

### **Political donations and political expenditure**

The Group made no political donations nor incurred any political expenditure during the period.

### **Directors' liabilities**

The directors and officers of the Company are covered by liability insurance. The Company's Articles provide qualifying third party indemnity provisions (as defined in section 234 of the Companies Act 2006) for directors and officers.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland" ("FRS 102").

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 Group and the Company and of the profit or loss of the Group. 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, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS102 used in the preparation of 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 Group and Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



**Directors' report** (continued)

**Matters disclosed in the strategic report**

Future developments and post balance sheet events - 'Future outlook and post balance sheet events'.

Financial risk management – 'Principal risks and uncertainties'.

Employees – 'Corporate and social responsibility'.

**Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

**Independent Auditors**

PricewaterhouseCoopers LLP were appointed as auditors during the period in accordance with Section 485 of the Companies Act 2006. Pursuant to Section 487 of the Companies Act 2006, the auditors are deemed to be re-appointed as auditors unless otherwise resolved by the directors or shareholders.

On behalf of the board

**Brian Stevens**  
Director

16 August 2016

## ***Independent auditors' report to the members of Advantage Sales & Marketing Limited***

### **Report on the financial statements**

---

#### **Our opinion**

In our opinion, Advantage Sales & Marketing Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2015 and of the group's loss and cash flows for the period from 8 September 2014 to 31 December 2015 (the "period");
- 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.

#### **What we have audited**

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the consolidated and company balance sheets as at 31 December 2015;
- the consolidated profit and loss account and consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of cash flows for the period then ended;
- the consolidated and company statements of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **Opinion on other matter prescribed by the Companies Act 2006**

---

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

#### **Other matters on which we are required to report by exception**

---

##### **Adequacy of accounting records and information and explanations received**

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, 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.

We have no exceptions to report arising from this responsibility.

## ***Independent auditors' report to the members of Advantage Sales & Marketing Limited (continued)***

---

### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

---

## **Responsibilities for the financial statements and the audit**

---

### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 5, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

---

### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.



Daniel Dennett (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading

16 AUGUST 2016

## Consolidated profit and loss account

		Period ended 31 December 2015
	Note	£000
Turnover	5	26,233
Cost of sales		(21,161)
<b>Gross profit</b>		<b>5,072</b>
Amortisation of goodwill and intangible assets recognised on business combinations		(2,457)
Other operating expenses		(2,989)
Operating expenses		(5,446)
Operating profit excluding amortisation of goodwill and intangible assets recognised on business combinations		2,083
<b>Operating loss</b>	6	<b>(374)</b>
Expense from interests in associated undertakings	12	(132)
<b>Profit on ordinary activities before interest and taxation</b>		<b>(506)</b>
Interest receivable and similar income	8	53
<b>Loss on ordinary activities before tax</b>		<b>(453)</b>
Tax on loss on ordinary activities	9	(474)
<b>Loss for the financial period</b>		<b>(927)</b>
<b>Loss attributable to:</b>		
- Owners of the parent		(655)
- Non-controlling interests		(272)
		(927)

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company's profit and loss account. The loss for the Company for the period was £137,081.

## Consolidated statement of comprehensive income

		Period ended 31 December 2015
	Note	£000
<b>Loss for the financial period</b>		<b>(927)</b>
Currency translation differences for the financial period	29	2,543
<b>Total comprehensive gain for the financial period</b>		<b>1,616</b>
<b>Total comprehensive income attributable to</b>		
- Owners of the parent		1,888
- Non-controlling interests		(272)
		1,616

There is no material difference between the loss on ordinary activities before tax and the loss for the period stated above and their historical cost equivalents.

All amounts relate to continuing operations.

## Consolidated and Company balance sheets

		Consolidated As at 31 December 2015	Company As at 31 December 2015
	Note	£000	£000
<b>Fixed assets</b>			
Intangible assets	10	28,387	-
Tangible assets	11	864	-
Investment - subsidiary undertakings	28	-	31,415
Investment - associated undertakings	12	50,233	52,210
		<b>79,484</b>	<b>83,625</b>
<b>Current assets</b>			
Inventories	13	23	-
Debtors	14	10,961	381
Cash at bank and in hand		17,504	1,590
		<b>28,488</b>	<b>1,971</b>
<b>Creditors - amounts falling due within one year</b>	15	<b>(9,146)</b>	<b>(27)</b>
<b>Net current assets</b>		<b>19,342</b>	<b>1,944</b>
<b>Total assets less current liabilities</b>		<b>98,826</b>	<b>85,569</b>
Provision for other liabilities	16	(2,545)	-
<b>Net assets</b>		<b>96,281</b>	<b>85,569</b>
<b>Capital and Reserves</b>			
Called up share capital	18	81,345	81,345
Retained earnings	29	1,888	4,224
<b>Equity attributable to owners of the parent</b>		<b>83,233</b>	<b>85,569</b>
Non-controlling interests	27	13,048	-
<b>Total equity</b>		<b>96,281</b>	<b>85,569</b>

The notes on pages 13 to 32 are an integral part of the financial statements.

The financial statements on pages 9 to 32 were authorised for issue by the Board of Directors on 16 August 2016 and were signed on its behalf by:

  
**Brian Stevens**  
Director

Company registration number: 09208689

## Consolidated statement of changes in equity

	Note	Called-up share capital £000	Retained earnings - deficit £000	Total equity £000	Non- controlling interest £000	Total equity £000
Balance as at 8 September 2014		-	-	-	-	-
Loss for the financial period			(655)	(655)	(272)	(927)
Currency translation differences	29	-	2,543	2,543	-	2,543
Total comprehensive profit for the financial period		-	1,888	1,888	(272)	1,616
Shares issued	18	81,345	-	81,345	-	81,345
Total transactions with owners, recognised directly in equity		81,345	-	81,345	-	81,345
Sale of shares in a subsidiary		-	-	-	13,320	13,320
Total changes in ownership interests in subsidiaries that do not result in a loss of control		-	-	-	13,320	13,320
<b>Balance as at 31 December 2015</b>		<b>81,345</b>	<b>1,888</b>	<b>83,233</b>	<b>13,048</b>	<b>96,281</b>

## Company statement of changes in equity

	Note	Called-up share capital £000	Retained earnings - deficit £000	Total equity £000
Balance as at 8 September 2014		-	-	-
Loss for the financial period		-	(137)	(137)
Currency translation differences		-	4,361	4,361
Total comprehensive income for the financial period		-	4,224	4,224
Shares issued	18	81,345	-	81,345
Total transactions with owners, recognised directly in equity		81,345	-	81,345
<b>Balance as at 31 December 2015</b>		<b>81,345</b>	<b>4,224</b>	<b>85,569</b>

Retained earnings represents accumulated comprehensive income.

## Consolidated statement of cash flows

		Period ended 31 December 2015
	Note	£000
<b>Net cash from operating activities</b>	26	<b>1,345</b>
Taxation paid		(226)
<b>Net cash generated from operating activities</b>		<b>1,119</b>
<b>Cash flow from investing activities</b>		
Purchase of subsidiaries (net of cash acquired)	23	86
Purchase of associates		(50,116)
Purchase of intangible assets		(392)
Purchase of tangible assets		(500)
Interest received		1
Dividends received from associates		501
<b>Net cash used in investing activity</b>		<b>(50,420)</b>
<b>Cash flow from financing activity</b>		
Proceeds from the issue of ordinary share capital (net of costs of issue)		66,859
<b>Net cash from financing activity</b>		<b>66,859</b>
<b>Net increase in cash and cash equivalents</b>		<b>17,558</b>
Cash and cash equivalents at the beginning of the financial period		-
Exchange losses on cash and cash equivalents		(54)
<b>Cash and cash equivalents at the end of the financial period</b>		<b>17,504</b>
Cash and cash equivalents consist of:		
Cash at bank and in hand		17,504
<b>Cash and cash equivalents</b>		<b>17,504</b>

## Notes to the financial statements

### 1 General information

The principal activity of Advantage Sales & Marketing Limited ('the Company') is investment holding and management. The principal activities of its subsidiaries are:

- field marketing and the promotion of brands within the retail market in the UK
- provision of mystery shoppers and brand auditors within the retail market in the UK

The principal places of business are:

- the Customer Support Centre, 210 Wharfedale Road, Winnersh Triangle, Berkshire RG41 5TP
- the Customer Logistics Centre, Unit 3, Eskdale Road, Winnersh Triangle, Berkshire RG41 5TU
- 6 Library Avenue, Harwell, Oxfordshire OX11 0SG

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is c/o Legalinx, 1 Fetter Lane, London EC4A 1BR.

All amounts disclosed in the financial statements are rounded to the nearest £000 unless stated otherwise.

Amounts in the financial statements relate only to the period from incorporation to 31 December 2015. Since the Company was incorporated on 8 September 2014 there is no 2014 comparative information.

### 2 Statement of compliance

The individual financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries ("the Group") have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### 3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all periods presented, unless otherwise stated.

The Group has adopted FRS 102 in these financial statements.

#### ***(a) Basis of preparation***

These consolidated financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### ***(b) Going concern***

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the strategic report. The Group meets its day to day working capital requirements through trading cash-flows.

After making enquiries, the directors have a reasonable expectation that the Group 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 financial statements.

#### ***(c) Exemptions for qualifying entities under FRS 102***

FRS 102 allows a qualifying entity certain disclosure exemptions, however these are not available in consolidated financial statements.



## Notes to the financial statements (continued)

### **(d) Consolidated financial statements**

The consolidated financial statements include the financial statements of the company and all of its subsidiaries (fully consolidated), together with the Group's share of the results of associated undertakings (equity accounted). The Group's subsidiaries and associates prepare their financial statements in material conformity with FRS 102, to the same reporting period end date as the parent company and using consistent accounting policies. All intra-group balances and transactions are eliminated in full. Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

### **(e) Foreign currency**

#### *(i) Functional and presentation currency*

The Company's functional currency is the US Dollar.

The Company and Group financial statements are presented in pound sterling ("£" or "GBP") and rounded to thousands. GBP has been chosen for presentation for consistency with the functional currency of all the subsidiary companies, in particular the main subsidiary holding company, Advantage Smollan Limited, which is funded in GBP and managed from the UK. The Company's assets and liabilities have been translated into GBP at a closing rate at the balance sheet date, income and expenses have been translated at an average rate for the period and capital and reserves are shown at historic rates. Translation differences are recorded as other comprehensive income within retained earnings.

#### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates ruling at the date of the transaction.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'Interest receivable and similar income' or 'Interest payable and similar charges'. All other foreign exchange gains and losses are presented in the profit and loss account within 'Operating expenses'.

### **(f) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of returns, discounts and rebates allowed by the Group and exclusive of Value Added Tax.

The Group recognises revenue when (a) there is evidence of an arrangement with a customer (purchase order, contract, etc.); (b) delivery, performance and acceptance are achieved in accordance with the arrangement; (c) the amount of revenue can be measured reliably; (d) collection of the amount is reasonably probable.

The Group's entire turnover relates to the provision of services. Revenue is recognised in the accounting period in which the services are rendered when the outcome of the activity can be estimated reliably.

The Group has two main types of customer that impact revenue recognition: strategic and tactical. The different natures are as follows:

#### *(i) Strategic customers*

Strategic customers are those that have a long term contract with the Group, usually at least a year, sometimes several. There is an agreed level of service at a specific budget, with scope for variation including payment for results. At regular intervals and at the end of an accounting period the level of

## Notes to the financial statements (continued)

### *(i) Strategic customers (continued)*

activity is measured and costs and revenue are accrued accordingly. For convenience the customer may be billed a fixed amount on a regular basis with less frequent billing to reflect performance or for one-off activities. Based on measures such as the actual activity, historical experience and trends in performance data, revenue is either accrued or deferred so as to reflect actual service delivery.

### *(ii) Tactical customers*

Tactical customers require short term intervention (days, weeks or months) and revenue is generally very closely related to activity and billing and therefore recognised with relatively little judgement required.

### **(g) Employee benefits**

The Group provides a range of benefits to employees, including paid holiday, defined contribution pension plans and annual bonus arrangements.

#### *(i) Short term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

#### *(ii) Defined contribution pension plans*

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which contributions are paid into an independent entity and once the contributions have been paid, the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not yet paid over are shown in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

#### *(iii) Annual bonus plan*

The Group operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

### **(h) Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account.

Current or deferred taxation assets and liabilities are not discounted.

#### *(i) Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

#### *(ii) Deferred tax*

Deferred tax arises due to timing differences that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

## Notes to the financial statements (continued)

### **(i) Intangible assets**

#### **(i) Computer software**

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of between three and five years, on a straight line basis.

#### **(ii) Internally generated software**

Expenditure on research is written off to the profit and loss account in the year in which it is incurred. Development expenditure is capitalised only where there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, aggregate costs are not expected to exceed related future sales and adequate resources exist to enable the project to be completed.

Development expenditure that is capitalised is presented as intangible assets and they are amortised over a period of 3 to 4 years, representing the useful economic lives of the assets, and are stated at cost less accumulated amortisation in the balance sheet.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

#### **(iii) Brand names and trademarks – acquired in a business combination**

Brand names and trademarks are stated at fair value at the time of acquisition using an appropriate valuation methodology.

Brand names and trademarks intangible assets are amortised over a period of 5 years, representing the useful economic life of the asset, and are stated at cost less accumulated amortisation in the balance sheet.

#### **(iv) Customer relationships – acquired in a business combination**

Customer relationships are stated at fair value at the time of acquisition using an appropriate valuation methodology.

Customer relationship intangible assets are amortised over a period of 10 years, representing the useful economic life of the asset, and are stated at cost less accumulated amortisation in the balance sheet.

#### **(v) Goodwill – acquired in a business combination**

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair value of the Group's interest in the identifiable net assets and liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGUs') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life of 10 years. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 5 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

### **(j) Tangible assets**

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and capitalised borrowing costs where applicable.

## Notes to the financial statements (continued)

### **(j) Tangible assets** (continued)

Depreciation is calculated, using the straight line method, to allocate their cost less estimated residual value over their estimated useful lives, as follows:

Leasehold improvements	- over the period of the lease
Fixtures, fittings & office equipment	- 4 – 5 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Operating expenses'.

### **(k) Leased assets**

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease, based on the substance of the arrangement.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

### **(l) Impairment of non-financial assets**

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit 'CGU' – cash generating units) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's CGU) is compared to the carrying amount of the asset (or asset's CGU).

The recoverable amount of the asset (or asset's CGU) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's CGU) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's CGU) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in previous periods. A reversal of an impairment loss is recognised in the profit and loss account.

### **(m) Investments – subsidiary and associated undertakings**

Investments in subsidiaries and associates are held at cost less accumulated impairment losses.

### **(n) Inventories**

Inventories are stated at the lower of cost and estimated selling price less costs to sell.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

## Notes to the financial statements (continued)

### **(o) Provisions and contingencies**

#### *(i) Provisions*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be estimated reliably.

Where the impact of the time value of money is material provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

#### *(ii) Contingencies*

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or the amount cannot be reliably measured at the reporting date or (ii) the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

### **(p) Financial instruments**

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

#### *(i) Financial assets*

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

#### *(ii) Financial liabilities*

Basic financial liabilities, including trade and other payables and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

## **Notes to the financial statements (continued)**

### ***(ii) Financial liabilities (continued)***

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

### ***(iii) Offsetting***

Financial assets and liabilities are offset and the net amount presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### ***(q) Share capital***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. Share capital balances are translated into functional and presentation currencies at historic exchange rates.

### ***(r) Distributions to equity holders***

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

### ***(s) Related party transactions***

Transactions with related parties which are not wholly owned within the same group are disclosed. Transactions with wholly owned members of the same group are not disclosed as permitted by FRS 102 paragraph 33.1A.

### ***(t) Business combinations and goodwill***

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values of the Group's interest in the identifiable net assets and liabilities acquired.

## Notes to the financial statements (continued)

### 4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### (a) Critical judgements in applying the entity's accounting policies

The area of most significant judgement in applying the accounting policies concerns revenue recognition in line with the accounting policy set out in note 3(f) and resulting in balances set out in notes 14 and 15.

#### (b) Critical accounting estimates and assumptions

Estimates and assumptions are made concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### *Useful economic lives of intangible and tangible assets*

The annual amortisation charge for intangible assets and annual depreciation charge for tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 10 and 11 for the carrying amount of the intangible and tangible assets, and notes 3(i) and 3(j) for the useful economic lives for each class of asset.

##### *Fair values in business combinations*

The fair values of intangible assets acquired in business combinations involve complex valuation techniques using estimates of future cash flows, combinations of assumptions and multiple applications of judgement. See note 10 for details of the main elements of the valuation.

### 5 Turnover

The whole of turnover relates to the Group's business of field marketing and the promotion of brands within the retail market. All turnover is derived in the United Kingdom and entirely from rendering of services.

## Notes to the financial statements (continued)

### 6 Operating loss

Operating loss is stated after charging:

		Period ended 31 December 2015
	Note	£000
Wages and salaries		12,996
Social security costs		1,096
Pension costs		183
<b>Staff costs charged to profit and loss</b>		<b>14,275</b>
Amortisation of intangible assets	10	2,745
Depreciation of tangible assets	11	150
Operating lease charges		853
Distribution costs		569
Inventory recognised as an expense		517
Reorganisation expense - office relocation		40
Loss on disposal of tangible assets		4
Fees payable to the Company's auditors for the audit of the parent Company and the Group's consolidated financial statements		13
Fees payable to the Company's auditors for other services:		
- The audit of the Company's subsidiaries		66
- Tax compliance services for the Group		25
<b>Total amount payable to the Company's auditors</b>		<b>104</b>

The fees payable to the Company's auditors for other service shown above are the amounts charged to the profit and loss account in the period from 8 September 2014 to 31 December 2015.

### 7 Employees and directors

The average monthly number of persons (including directors) employed by the Group during the period was:

	Period ended 31 December 2015
By activity	Number
Management	15
Field based	544
Business development	7
Administration	87
	<b>653</b>

Employee numbers are derived on a full time equivalent basis.

#### Key management compensation

	Period ended 31 December 2015
	£000
<b>Salaries and other short-term benefits</b>	<b>37</b>



## Notes to the financial statements (continued)

### 7 Employees and directors (continued)

Key management includes the directors and members of senior management. Both directors are employed as executives of the parent group. Since their duties as directors of the Company are incidental to their main occupations as executives of the shareholder, none of their remuneration is borne by the Company nor shown above.

Senior management comprised of a part-time Chief Operating Officer who joined in March 2015 and a full time Chief Financial Officer who joined in December 2015.

### 8 Interest receivable and similar income

	Period ended 31 December 2015
	£000
Bank interest received	3
Foreign exchange gains	50
<b>Total interest receivable and similar income</b>	<b>53</b>

### 9 Tax on loss on ordinary activities

	Period ended 31 December 2015
	£000
<b>(a) Tax expense included in profit or loss</b>	
Current tax:	
UK corporation tax on loss for the period	422
<b>Total current tax</b>	<b>422</b>
Deferred tax:	
Origination and reversal of timing differences	52
<b>Total deferred tax</b>	<b>52</b>
<b>Tax on loss on ordinary activities</b>	<b>474</b>

Tax assessed for the period is higher than the standard rate of corporation tax in the UK for the period ended 31 December 2015 of 20%. The differences are explained below:

	Period ended 31 December 2015
	£000
<b>(b) Reconciliation of tax charge</b>	
Loss on ordinary activities before tax	(453)
Loss multiplied by the standard rate of tax in the UK of 20%	(91)
<i>Effects of:</i>	
- Expenses not deductible for tax purposes	547
- Short term timing differences	(32)
- Non taxable associate companies equity in earnings	32
- R&D enhanced expenditure relief	(8)
- Capital allowances in excess of depreciation	26
<b>Tax charge for the period</b>	<b>474</b>

With effect from April 2015 the UK corporation tax rate is 20%. In October 2015 changes to UK corporation tax rates were substantively enacted as follows: 19% from April 2017 and 18% from April 2020. Deferred tax balances have been measured at 18%.

## Notes to the financial statements (continued)

### 10 Intangible assets

Group	Goodwill	Brand names & trademarks	Customer relationship	Computer software	Internally generated software	Total
	£000	£000	£000	£000	£000	£000
<b>Period ended 31 December 2015</b>						
Opening net book amount	-	-	-	-	-	-
Additions	-	-	-	275	117	392
Acquisitions	16,256	2,900	10,700	520	364	30,740
Amortisation	(1,219)	(435)	(803)	(157)	(131)	(2,745)
<b>Closing net book amount</b>	<b>15,037</b>	<b>2,465</b>	<b>9,897</b>	<b>638</b>	<b>350</b>	<b>28,387</b>
<b>At 31 December 2015</b>						
Cost	16,256	2,900	10,700	795	481	31,132
Accumulated amortisation	(1,219)	(435)	(803)	(157)	(131)	(2,745)
<b>Net book amount</b>	<b>15,037</b>	<b>2,465</b>	<b>9,897</b>	<b>638</b>	<b>350</b>	<b>28,387</b>

Goodwill recognised relates to the acquisition of the REL Group and represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values of the Group's interest in the identifiable net assets and liabilities acquired. See note 23 for further details.

Brand names and trademarks assets have been recognised as a result of the acquisition of the REL Group and reflects the value of the branding and trademarks of the three largest active companies. The Group uses the three brands to identify and manage its service offering and to distinguish them from competitors. The Group has the legal right to prevent competitors from using the names in a manner that is likely to cause confusion in the mind of the consumer.

To value the asset a pre-tax royalty rate of 2% was applied to the Group's projected revenues for 5 years, tax was applied and the resulting after-tax royalty savings were discounted at a discount rate commensurate with the risk inherent in the trademarks to arrive at a present value.

Customer relationships assets have also been recognised as a result of the acquisition of REL Group and reflects the value of the customer relationships of the three largest active companies. The acquired REL Group maintains customer relationships through holding current customer information and regular contact with/from their customers. The customer relationships intangible asset has been valued calculating the present value of incremental after tax cash flows generated from the existing customer base over 25 years. Assumptions used in this valuation are a 3% annual revenue growth, 90% annual customer survival rate and a 2% adjustment for sales and marketing expenses associated with maintaining the relationships.

#### Company

The Company had no intangible assets at 31 December 2015.

## Notes to the financial statements (continued)

### 11 Tangible assets

Group	Leasehold improvements £000	Fixtures, fittings & office equipment £000	Total £000
<b>Period ended 31 December 2015</b>			
Opening net book amount	-	-	-
Additions	436	204	640
Acquisitions	14	364	378
Disposals	(2)	(2)	(4)
Depreciation	(16)	(134)	(150)
<b>Closing net book amount</b>	<b>432</b>	<b>432</b>	<b>864</b>
<b>At 31 December 2015</b>			
Cost	448	566	1,014
Accumulated depreciation and impairment	(16)	(134)	(150)
<b>Net book amount</b>	<b>432</b>	<b>432</b>	<b>864</b>

#### Company

The Company had no tangible assets at 31 December 2015.

### 12 Investments - associated undertakings

The carrying value of the Group's investment in associated undertakings was as follows:

	Group 2015 £000	Company 2015 £000
At 8 September 2014	-	-
<b>Acquisitions:</b>		
Smollan Holdings Proprietary Limited - 25% shareholding	13,574	13,574
Global Smollan Holdings - 25% shareholding	37,329	37,329
Partnership SPV 1 Limited - 12.5% shareholding	-	2,008
	<b>50,903</b>	<b>52,911</b>
<b>Share of profit/(loss):</b>		
Smollan Holdings Proprietary Limited - 25% shareholding	746	746
Global Smollan Holdings - 25% shareholding	(878)	(878)
Partnership SPV 1 Limited - 12.5% shareholding	-	(30)
Foreign currency translation at period end	(5)	(6)
	<b>(137)</b>	<b>(168)</b>
<b>Dividends received:</b>		
Smollan Holdings Limited - 25% shareholding	(533)	(533)
Global Smollan Holdings - 25% shareholding	-	-
Partnership SPV 1 Limited - 12.5% shareholding	-	-
	<b>(533)</b>	<b>(533)</b>
<b>At 31 December 2015</b>	<b>50,233</b>	<b>52,210</b>

## Notes to the financial statements (continued)

### 12 Investments - associated undertakings (continued)

Partnership SPV 1 Limited was incorporated on 8 June 2015 to enable three entities (the Company, Global Smollan Holdings and a wholly owned subsidiary of WPP plc) to jointly own their investments. The Company acquired its investments in associated undertakings on 15 June 2015 and the investments in Global Smollan Holdings (which owns 50.1% of Partnership SPV 1 Limited) and Partnership SPV 1 Limited facilitated a 49.9% investment by Partnership SPV 1 Limited in the Company's indirect subsidiary, Advantage Smollan Limited, also on 15 June 2015. Since Advantage Smollan Limited is fully consolidated within these accounts and the Company's investment in Partnership SPV 1 Limited forms part of the Company's investment in Advantage Smollan Limited, the investment in Partnership SPV 1 Limited is eliminated on consolidation.

The investments in associated undertakings are in the form of ordinary shares and other details are as set out below:

Company name	Nature of business	Country of incorporation
Smollan Holdings Proprietary Limited	Holding company	South Africa
Global Smollan Holdings Limited	Holding company	Mauritius
Partnership SPV 1 Limited	Holding company	England & Wales

The share of profit of Smollan Holdings Proprietary Limited of £745,580 for the period is stated after amortisation of goodwill of £86,587. The share of loss of Global Smollan Holdings Limited of £877,573 for the period is stated after amortisation of goodwill of £679,140.

### 13 Inventories

	Group 2015 £000	Company 2015 £000
Finished goods for resale	23	-

There is no significant difference between the replacement cost of the inventory and its carrying amount.

### 14 Debtors - amounts falling due within one year

	Note	Group 2015 £000	Company 2015 £000
Trade debtors	17	7,780	-
Amounts owed by group undertakings	17	-	381
Other debtors	17	103	-
Deferred tax		4	-
Prepayments and accrued income		3,074	-
		10,961	381

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

## Notes to the financial statements (continued)

### 15 Creditors - amounts falling due within one year

	Note	Group 2015 £000	Company 2015 £000
Trade creditors	17	806	-
Amounts owed to group undertakings		18	-
Corporation tax payable		289	6
Other taxation and social security		1,744	-
Deferred consideration	17/23	1,610	-
Other creditors	17	146	-
Accruals and deferred income	17	4,533	21
		<b>9,146</b>	<b>27</b>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 16 Provision for other liabilities

Group	Note	Deferred tax £000
At 8 September 2014		-
Acquired in business combinations	23	2,493
Additions dealt with in profit or loss		52
<b>At 31 December 2015</b>		<b>2,545</b>

The provision for deferred tax consists of the following liabilities/(assets):

	31 December 2015 £000
Accelerated capital allowances	2,553
Short term timing differences	(8)
<b>Total provision</b>	<b>2,545</b>

There are no unused tax losses or unused tax credits.

The net deferred tax liability expected to reverse in 2016 is £337,000. This primarily relates to the reversal of timing differences on acquired intangible and tangible assets and capital allowances through depreciation and amortisation, offset by expected tax deductions when payments are made to utilise provisions.

#### Company

The Company had no deferred tax provision at 31 December 2015.

## Notes to the financial statements (continued)

### 17 Financial Instruments

The Group and Company have the following financial instruments:

	Note	Group 2015 £000	Company 2015 £000
Financial assets that are debt instruments measured at amortised cost:			
- Trade receivables	14	7,780	-
- Amounts owed by group undertakings	14	-	381
- Other receivables	14	103	-
		<b>7,883</b>	<b>381</b>
Financial liabilities measured at amortised cost			
- Trade creditors	15	(806)	-
- Accruals	15	(1,725)	(21)
- Deferred consideration	15	(1,610)	-
- Other creditors	15	(146)	-
		<b>(4,287)</b>	<b>(21)</b>

### 18 Called up share capital

#### Ordinary shares £1 each

Allotted and fully paid	Group and Company Number	£000
At 8 September 2014	1,000	1
Issued during the period	81,344,000	81,344
<b>At 31 December 2015</b>	<b>81,345,000</b>	<b>81,345</b>

There is a single class of ordinary shares and there are no restrictions on the distribution of dividends and repayment of capital.

On 8 September 2014, the Company issued 1,000 ordinary share of £1 each to Advantage Sales and Marketing LLC, in return for an undocumented short term receivable of £1,000. On 30 March 2015, Advantage Sales and Marketing LLC transferred its shareholding in the Company to Advantage Sales & Marketing Limited, a company domiciled in Grand Cayman Island ("parent company").

On 15 June 2015, the Company issued 81,344,000 ordinary shares of £1 each to its parent company. The parent transferred a short term loan receivable from ASMR Holdings Ltd of £29,705,000 to the Company in settlement of the outstanding short term receivable created on the initial allotment of a single share in September 2014 and in partial consideration for the shares issued on 15 June 2015. The balance of the consideration for the shares issued on 15 June 2015 was received as £51,640,000 in cash which was used to invest in associated undertakings as set out in note 12.

No final dividend is proposed for the period ended 31 December 2015.

### 19 Post-employment benefits

#### Group

The Group provides defined contribution plans for its employees. The total charge in the period for defined contribution plans was £183,000. There is a liability at 31 December 2015 of £40,795.

#### Company

The Company had no post-employment benefits at 31 December 2015.

## Notes to the financial statements (continued)

### 20 Capital and other commitments

At 31 December, the Group and Company had no capital commitments.

#### Group

The Group had the following future minimum lease payments under non-cancellable operating leases:

	31 December 2015
Total of payments due within the periods:	£000
Not later than one year	785
Later than one year and not later than five years	2,024
Later than five years	990
	<b>3,799</b>

#### Company

At 31 December, the Company had no operating lease commitments.

### 21 Related party transactions

#### Group

The Group has no significant transactions or balances with its related parties, other than its equity and short term loan transactions and balances as set out in notes 12, 18, 23 and 29. Transactions and balances within the Group are exempt from disclosure under paragraph 33.1A of FRS 102.

#### Company

Other than the transactions disclosed above under Group, the Company's related party transactions are exempt from disclosure under paragraph 33.1A of FRS 102 as all of them are with other entities that are wholly owned within the Advantage Sales & Marketing Limited group.

### 22 Controlling parties

#### Group and Company

The Company is owned by Advantage Sales & Marketing Limited, a company domiciled in Grand Cayman Island.

Advantage Sales & Marketing Limited is the immediate parent undertaking. The ultimate parent undertaking and controlling party is Karman Topco L.P., a company incorporated in Delaware, USA. The Company is the parent of the UK group which includes the Company in its consolidated financial statements. Copies of the consolidated financial statements of the Company can be obtained from the Company Secretary at 7Side Secretarial Ltd., 14-18 City Road, Cardiff, CF24 3DL.

### 23 Business combinations

#### Group

On 31 March 2015, the Group acquired the entire share capital of ASMR Holdings Limited and simultaneously ASMR Holdings Limited acquired the 'REL Group' (consisting of Resource Experience Limited, Powerforce Field Marketing and Retail Services Limited, Retail Active Limited, REL Sales Consulting Limited and Bailey Sales and Marketing Limited) for total consideration of £32,109,000.

On 10 July 2015 the Group's subsidiary Resource Experience Limited paid a final consideration of £346,000 in relation to its acquisition of its subsidiary Retail Active Limited (formerly Sequential Solutions Limited) on 10 July 2014. On 4 December 2015 Resource Experience Limited paid a further £8,000 in relation to a working capital adjustment on the same acquisition.

## Notes to the financial statements (continued)

### 23 Business combinations (continued)

The following table summarises the consideration paid by the Group and the fair value of assets acquired.

#### Consideration at 31 March 2015

	Note	£000
Cash		30,499
Deferred consideration	15	1,610
<b>Total consideration</b>		<b>32,109</b>

For cashflow disclosure purposes the amounts are disclosed as follows:

	£000
Cash consideration - acquisition of the REL Group (31 March 2015)	30,499
Amount paid on behalf of the Group in return for share issue by the Company	(29,705)
Cash consideration paid by the Group	794
Less cash acquired	(1,234)
Net cash inflow relating to 31 March 2015 acquisition	(440)
Deferred consideration - earlier acquisition by subsidiary (10 July and 4 December 2015)	354
Net cash inflow	(86)

#### Recognised amounts of identifiable assets acquired and liabilities assumed at 31 March 2015

	Note	Book values £000	Adjustments £000	Fair values £000
Intangible assets	10	884	13,600	14,484
Tangible assets	11	378	-	378
Cash and cash equivalents		1,234	-	1,234
Inventories		127	-	127
Trade and other receivables		10,296	-	10,296
Trade and other payables		(8,009)	187	(7,822)
Deferred consideration		(354)	-	(354)
Deferred tax asset		3	-	3
Deferred tax liabilities (net)	16	(45)	(2,448)	(2,493)
<b>Total identifiable net assets</b>		<b>4,514</b>	<b>11,339</b>	<b>15,853</b>

Goodwill	10	16,256
<b>Total</b>		<b>32,109</b>

The composition of the deferred consideration is:	£000
Adjustment for final 2015 revenues - applied earnings multiple and EBITDA margin (now paid)	1,137
Adjustment for working capital - excluded trade debt subsequently received (now paid)	178
Consideration held back - to be paid 30 September 2016	295
	<b>1,610</b>

Book value of identifiable assets acquired and liabilities assumed equates to fair value with the exception of an amount of £11,339,000 analysed in the table above and explained as follows. Included in intangible assets is an amount of £13,600,000 which reflects the fair value of customer relationships and brand names & trademarks. There is also an adjustment of £2,448,000 to reflect the deferred tax liability on the fair value of customer relationships and brand names & trademarks. Finally, there is an adjustment of £187,000 to corporation tax payable at the date of acquisition.



## **Notes to the financial statements (continued)**

### **23 Business combinations (continued)**

The acquired operating companies provide field marketing and related services to customers in the UK and the acquisition was an initial step in the Group's plan to acquire businesses in Europe to complement the business of its owners outside Europe, thereby producing global capability. The goodwill of £16,256,000 arising from the acquisition is attributable to the strong position of the acquired business in the UK market and its potential as a platform for European expansion. The goodwill and customer relationships are being amortised over a 10 year period from acquisition. Brand names & trademarks are being amortised over a 5 year period from acquisition.

A payment of deferred consideration of £1,315,094 was made on 26 February 2016. The balance of £295,403 is payable by 30 September 2016.

The revenue and loss for the period included in the consolidated profit and loss account for 2015 is all attributable to the business combination. Of the consolidated profit and loss account, £20,559,000 revenue and £1,452,000 profit is attributable to the largest company acquired, Resource Experience Limited.

### **24 Events after the end of the reporting period**

In February 2016 the Company acquired majority stakes in each of three Portuguese businesses comprising the SelPlus/SelData group, a specialist in sales team management solutions, processes and technologies. The names of the acquired companies are:

SELPLUS – Servica e Gestao de Vendas S.A.

Recolha e Analise de Informacao de Vendas, Lda ("RAV"), and

SELSOFT Desenvolvimento e Programacao Informatica Lda

The provisional consideration payable was €3.4m based on 2014 financials with future amounts payable based on audited financials for 2015 (Selplus) and 2016/2017 (RAV and Selsoft).

There were no other significant events after the end of the reporting period.

### **25 Contingent liabilities**

The Group and Company have no contingent liabilities.

## Notes to the financial statements (continued)

### 26 Note to the cash flow statement

Cash flow from operating activities	Period ended 31 December 2015 £000
<b>Loss for the financial period</b>	<b>(927)</b>
Adjustments for:	
- Tax on loss on ordinary activities	474
- Net interest income	(3)
- Income from interests in associated undertakings	132
- Non-operating activities exchange gains	(51)
<b>Operating loss</b>	<b>(375)</b>
Amortisation of intangible assets	2,745
Depreciation of tangible assets	150
Loss on disposal of tangible assets	4
Working capital movements:	
- decrease in inventories	104
- increase in debtors	(660)
- decrease in payables	(623)
<b>Cash flow from operating activities</b>	<b>1,345</b>

### 27 Non-controlling interests

#### Group

The movement in non-controlling interests was as follows:

	Period ended 31 December 2015 £000
<b>Group</b>	
At 8 September 2014	-
Sale of Advantage Smollan Limited shares	13,320
Total comprehensive income attributable to non-controlling interests	(272)
<b>At 31 December 2015</b>	<b>13,048</b>

### 28 Investments - subsidiary undertakings

Company	Note	£000
At 8 September 2014		-
Additions	23	29,705
Currency translation		1,710
<b>At 31 December 2015</b>		<b>31,415</b>

On 15 June 2015 the Company acquired 29,704,999 ordinary shares of £1 each in ASM Holdings Limited (and paid the £1 owed on its initial single share investment made on 24 March 2015) by transferring the benefit of a short term receivable of £29,705,000 from ASMR Limited to ASM Holdings Limited. The Company had become the beneficiary of the receivable on 15 June 2015 as described in note 18.

All subsidiaries are domiciled in England and Wales and operate in the United Kingdom. The Group's interest in each subsidiary is set out in the table below and is in the form of ordinary shares.

## Notes to the financial statements (continued)

### 28 Investments - subsidiary undertakings (continued)

Company name	Nature of business	Interest
ASM Holdings Ltd	Holding company	100%
Advantage Smollan Ltd	Holding company	56.33%
ASMR Holdings Limited	Holding company	56.33%
Resource Experience Limited	Field marketing and promotion of brands	56.33%
Powerforce Field Marketing & Retail Services Limited	Field marketing and promotion of brands	56.33%
REL Sales Consulting Limited	Field sales and retail services consulting	56.33%
Retail Active Limited	Customer experience measurement and brand auditing	56.33%
Bailey Sales & Marketing Limited	Dormant	56.33%

All the above subsidiaries are included in the consolidation. The Company's investment in ASM Holdings Limited is direct ownership, all other investments are indirect ownership.

### 29 Retained earnings

	Consolidated As at 31 December 2015 £000	Company As at 31 December 2015 £000
Currency translation differences on investments in associates	2,724	2,832
Currency translation differences on investments in subsidiaries	-	1,710
Other currency translation differences	(181)	(181)
Total translation differences	2,543	4,361
Loss for the financial period attributable to owners of the parent	(655)	(137)
<b>Retained earnings</b>	<b>1,888</b>	<b>4,224</b>

The currency translation difference arises from translating the Company's balance sheet into the presentation currency (GBP). Assets and liabilities are translated at a closing rate at the balance sheet date and income and expenses are translated at an average rate for the period. The Company's capital and reserves are shown at historic rates.

The difference between the currency translation difference shown for the Group and the Company is due to the elimination of intra-group investments on consolidation.