

ANNODATA LIMITED

FINANCIAL STATEMENTS

30 JUNE 2015

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THESE ARE THE PARENT ACCOUNTS
FOR STAFF TECHNOLOGY SYSTEMS
LIMITED - 03260170

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ANNODATA LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

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ANNODATA LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

Mr A J Harman
Mr T S Harman
Mr D S Fielden
Mr S Purewal
Mr M G St Quinton
Mr J P Kelly (Appointed 18 March 2015)
Mr R Tonna-Barthet

COMPANY SECRETARY

Mr T S Harman

COMPANY NUMBER

02246366

REGISTERED OFFICE

Shannon House
Station Road
Kings Langley
Hertfordshire
United Kingdom
WD4 8SE

AUDITOR

Menzies LLP
Chartered Accountants
Centrum House
36 Station Road
Egham
Surrey TW20 9LF

BANKERS

Barclays Bank
28 George Street
Luton
Beds
LU1 2AE

ANNODATA LIMITED

STRATEGIC REPORT

YEAR ENDED 30 JUNE 2015

The directors present their report and financial statements for the year ended 30 June 2015

Principal activities and group vision

The principal activities of the company and the group are the provision of

- IT managed services, networks, Unified Communications and hosted cloud services
- office technology equipment and software and associated infrastructure, and
- managed print services and document management solutions

Together with its sister company, Annodata Communication Systems Limited, Annodata is one of the UK's longest standing, independent providers of managed ICT and managed print services and the associated technologies.

The group's vision is to grow turnover to £100m over the coming two years by continuing to invest in client relationships, employees, and its product/process portfolio

Key performance indicators

Key performance indicators of the group are as follows

	2015	2014	2013	2012
Turnover	£65.2m	£53.5m	£48.0m	£57.0m
Turnover growth	22%	11%	(16%)	27%
Gross profit margin	39%	41%	36%	30%
Operating profit	£6.2m	£5.2m	£1.1m	£1.0m
Operating profit before depreciation and amortisation	£7.1m	£5.6m	£1.5m	£1.4m
Net funds (cash balances less loans)	£6.2m	£6.6m	£4.6m	£5.1m
Number of employees	296	292	289	298

Business Review of the business

The group is pleased with the results for the year. With the addition of the IT services business, Keltec Limited, the company was able to accelerate expansion and growth of managed IT and hosting services with growth from existing and new clients. The Thames Valley based IT Services business was one of two key acquisitions during the year, the other being Staff Technology Services Limited, a niche wide-format print business based in Yorkshire. Both businesses have been fully integrated into Annodata Limited in July 2015.

Tight cost control together with a solutions and services focus to the business growth helped to maintain operating margins.

Liquidity and liquidity risk

The company's principal financial instruments comprise bank balances, trade creditors, trade debtors and hire purchase agreements. The main purpose of these instruments is to raise funds for and finance the company's operations. Due to the nature of the financial instruments used by the company, there is no exposure to price or liquidity risk.

Trade debtors are managed in respect of credit risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding.

Business risks

The company operates in an increasingly competitive market - but the company's success derives from offering a portfolio of products and process solutions with the support of its principal partners. The company has a large and diverse client base and does not have reliance on specific major clients.

Creditor payment policy

The company agrees terms and conditions with its suppliers, and payment is then made on the basis of these terms and conditions. Amounts owed to suppliers at 30 June 2015 equated to 74 days of purchases (2014: 61).

Corporate and social responsibility

We continue to develop our staff using both external and internal resources, and we continue to monitor activities which could lead to an environmental impact. The company policy is to consult and discuss with employees at meetings matters likely to affect employees' interests. Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee involvement

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

ANNODATA LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 30 JUNE 2015

Results and dividends

The results for the year are set out on page 7. A dividend of £1,030,000 (2014: £820,000) was paid during the year.

Future developments

The directors aim to maintain the strategies which have resulted in the company's substantial growth in previous years.

Post Balance Sheet Events

On 1 July 2015, the trade and assets of Keltec Limited and Staff Technology Systems Limited were hived up into Annodata Limited, and Keltec Limited and Staff Technology Systems Limited have subsequently ceased trading.

Signed by order of the directors



Mr J P Kelly
Director

Approved by the directors on

6 January 2016

ANNODATA LIMITED

DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2015

DIRECTORS

The directors who served the company during the year were as follows

Mr A J Harman
Mr T S Harman
Mr D S Fielden
Mr S Purewal
Mr M G St Quinton
Mr J P Kelly
Mr R Tonna-Barthet

Mr J P Kelly was appointed as a director on 18 March 2015

CHARITABLE DONATIONS

During the year the company made charitable donations of £20,242 (2014 £5,886)

GOING CONCERN

The directors have a reasonable expectation that the company and group have adequate resources to continue operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year.

In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ANNODATA LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2015

AUDITOR

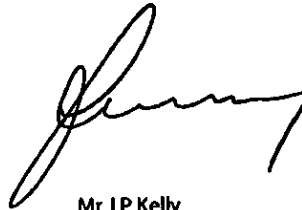
Menzies LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

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

- so far as each director is aware, there is no relevant audit information of which the group's auditor is unaware, and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Registered office
Shannon House
Station Road
Kings Langley
Hertfordshire
United Kingdom
WD4 8SE

Signed by order of the directors



Mr J P Kelly
Director

Approved by the directors on 6 January 2016.

ANNODATA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ANNODATA LIMITED

YEAR ENDED 30 JUNE 2015

We have audited the group and parent company financial statements ("the financial statements") of Annodata Limited for the year ended 30 June 2015 which comprise the Profit and Loss Account, Group Balance Sheet and Company Balance Sheet, Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 30 June 2015 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Menzies LLP

Centrum House
36 Station Road
Egham
Surrey TW20 9LF

8 January 2016

LINDA RICHARDSON FCA (Senior
Statutory Auditor)
For and on behalf of
MENZIES LLP
Chartered Accountants
& Statutory Auditor

ANNODATA LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 JUNE 2015

	Note	2015 £	2014 £
GROUP TURNOVER	2	65,161,998	53,481,427
Cost of sales		39,615,812	31,350,473
GROSS PROFIT		25,546,186	22,130,954
Administrative expenses		19,713,916	16,930,639
Other operating income	3	(400,000)	-
OPERATING PROFIT	4	6,232,270	5,200,315
Interest receivable		18,906	16,800
Interest payable and similar charges	7	(341)	41,747
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,250,835	5,258,862
Tax on profit on ordinary activities	8	1,482,063	1,251,948
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		4,768,772	4,006,914
Minority interests		50,652	6,378
PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY	9	4,718,120	4,000,536
PROFIT FOR THE FINANCIAL YEAR		4,718,120	4,000,536

All of the activities of the group are classed as continuing

The group has no recognised gains or losses other than the results for the year as set out above

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account

The notes on pages 11 to 24 form part of these financial statements.

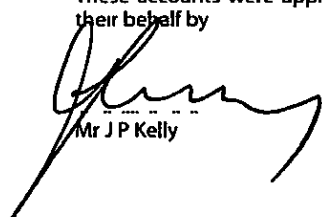
ANNODATA LIMITED

GROUP BALANCE SHEET

30 JUNE 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Intangible assets	11	9,753,530	3,306,435
Tangible assets	12	847,925	580,824
Investments	13	937,624	987,290
		<u>11,539,079</u>	<u>4,874,549</u>
CURRENT ASSETS			
Stocks	14	7,130,216	7,365,513
Debtors	15	17,406,204	14,371,943
Cash at bank and in hand		6,571,304	7,377,508
		<u>31,107,724</u>	<u>29,114,964</u>
CREDITORS: Amounts falling due within one year	17	<u>28,831,960</u>	<u>26,880,965</u>
NET CURRENT ASSETS		<u>2,275,764</u>	<u>2,233,999</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,814,843</u>	<u>7,108,548</u>
CREDITORS: Amounts falling due after more than one year	18	3,762,710	875,187
PROVISIONS FOR LIABILITIES			
Other provisions	20	180,000	100,000
		<u>9,872,133</u>	<u>6,133,361</u>
MINORITY INTERESTS	32	55,857	5,205
		<u>9,816,276</u>	<u>6,128,156</u>
CAPITAL AND RESERVES			
Called up equity share capital	27	50,001	50,001
Profit and loss account	28	9,766,275	6,078,155
SHAREHOLDERS' FUNDS	29	<u>9,816,276</u>	<u>6,128,156</u>

These accounts were approved by the directors and authorised for issue on 6 Jan 2016 and are signed on their behalf by


Mr J P Kelly

The notes on pages 11 to 24 form part of these financial statements.

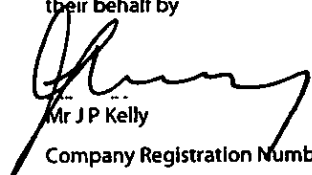
ANNODATA LIMITED

BALANCE SHEET

30 JUNE 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Intangible assets	11	3,086,934	3,306,435
Tangible assets	12	514,129	577,911
Investments	13	5,989,497	1,087,472
		<u>9,590,560</u>	<u>4,971,818</u>
CURRENT ASSETS			
Stocks	14	7,122,451	7,365,513
Debtors	15	15,048,993	14,372,344
Cash at bank and in hand		6,412,545	7,377,508
		<u>28,583,989</u>	<u>29,115,365</u>
CREDITORS: Amounts falling due within one year	17	<u>26,780,136</u>	<u>27,025,884</u>
NET CURRENT ASSETS		<u>1,803,853</u>	<u>2,089,481</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,394,413</u>	<u>7,061,299</u>
CREDITORS: Amounts falling due after more than one year	18	2,235,733	875,187
PROVISIONS FOR LIABILITIES			
Other provisions	20	110,000	100,000
		<u>9,048,680</u>	<u>6,086,112</u>
CAPITAL AND RESERVES			
Called up equity share capital	27	50,001	50,001
Profit and loss account	28	8,998,679	6,036,111
SHAREHOLDERS' FUNDS		<u>9,048,680</u>	<u>6,086,112</u>

These accounts were approved by the directors and authorised for issue on 6 Jan 2016 and are signed on their behalf by


Mr J P Kelly

Company Registration Number 02246366

The notes on pages 11 to 24 form part of these financial statements.

ANNODATA LIMITED

GROUP CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2015

		2015		2014	
	Note	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	30		5,854,758		3,376,507
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	30		68,231		140,994
TAXATION	30		(1,115,503)		(658,928)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	30		(91,640)		409,898
ACQUISITIONS AND DISPOSALS	30		(3,571,486)		-
EQUITY DIVIDENDS PAID			(1,030,000)		(820,000)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING			114,360		2,448,471
FINANCING	30		(920,564)		(866,457)
(DECREASE)/INCREASE IN CASH	30		(806,204)		1,582,014

The notes on pages 11 to 24 form part of these financial statements.

ANNODATA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Turnover and deferred income

Turnover represents amounts receivable for office equipment sales, printing services and service contracts, net of VAT and trade discounts. Office equipment sales are recognised on installation. Managed service contracts are treated on an individual basis and revenue is recognised as considered appropriate to that contract. Printing service sales are recognised on delivery. Revenue in respect of service contracts is recognised on a straight line basis over the contract period.

Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life - up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following its acquisition and in other periods if events or changes to circumstances indicate that the carrying value may not be recoverable.

Fixed assets investments

Fixed asset investments are stated at cost less provision for diminution in value.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold land	Written down to residual value
Leasehold land and buildings	1% Straight line or over the life of the lease
Fixtures, fittings & equipment	12.5% - 25% Straight line
Motor vehicles	25% Straight line

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stock is valued at the lower of cost and net realisable value. Cost is the purchase cost on a first-in, first-out basis. Net realisable value is based on estimated selling price, less any further costs likely to be incurred prior to sale.

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

ANNODATA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

1 ACCOUNTING POLICIES *(continued)*

Pension

The pension costs charged in the financial statements represent the contributions payable by the company for defined contribution pensions during the year in accordance with FRS17

Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit

Refinance sales and purchases

When refinance arrangements are made for customers' existing equipment then the resulting purchase and sale are included in cost of sales and in turnover

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2 TURNOVER

The turnover and profit before tax are attributable to the principal activities of the group

An analysis of turnover is given below:

	2015 £	2014 £
United Kingdom	65,161,998	53,481,427

3. OTHER OPERATING INCOME

	2015 £	2014 £
Income from surrender of lease	400,000	-
	400,000	-

4 OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2015 £	2014 £
Amortisation of intangible assets	406,501	219,501
Depreciation of owned fixed assets	313,736	189,443
Profit on disposal of fixed assets	(892)	-
Auditor's remuneration - as auditor	44,000	34,500
Auditor's remuneration - for other services	22,565	37,563
Operating lease costs:		
- Land & building	641,335	558,535
- Other assets	444,070	405,862
Net loss on foreign currency translation	9,686	48,879

ANNODATA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered:

	2015 £	2014 £
Audit	44,000	34,500
Taxation	8,075	8,125
Business consultancy	14,490	29,438
	<u>66,565</u>	<u>72,063</u>

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to

	2015 No	2014 No
Administrative staff	61	57
Sales staff	62	68
Service staff	154	146
Warehouse staff	19	21
	<u>296</u>	<u>292</u>

The aggregate payroll costs of the above were

	2015 £	2014 £
Wages and salaries	12,236,412	10,919,136
Social security costs	1,478,756	1,205,816
Other pension costs	167,699	120,400
	<u>13,882,867</u>	<u>12,245,352</u>

6 DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2015 £	2014 £
Aggregate remuneration	674,364	380,648
Value of company pension contributions to money purchase schemes	73,267	71,845
	<u>747,631</u>	<u>452,493</u>

Remuneration of highest paid director:

	2015 £	2014 £
Total remuneration (excluding pension contributions)	220,200	240,200
Value of company pension contributions to money purchase schemes	8,000	8,000
	<u>228,200</u>	<u>248,200</u>

ANNODATA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

6. DIRECTORS' REMUNERATION (continued)

The number of directors who accrued benefits under company pension schemes was as follows

	2015 No	2014 No
Money purchase schemes	<u>4</u>	<u>4</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £	2014 £
Finance charges	<u>341</u>	<u>(41,747)</u>

8. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2015 £	2014 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 20.75% (2014 - 22.50%)	1,533,575	1,201,155
Under provision in prior year	<u>21,421</u>	<u>-</u>
Total current tax	<u>1,554,996</u>	<u>1,201,155</u>
Deferred tax:		
Origination and reversal of timing differences	<u>(72,933)</u>	<u>50,793</u>
Total deferred tax (note 16)	<u>(72,933)</u>	<u>50,793</u>
Tax on profit on ordinary activities	<u>1,482,063</u>	<u>1,251,948</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20.75% (2014 - 22.50%)

	2015 £	2014 £
Profit on ordinary activities before taxation	<u>6,250,835</u>	<u>5,258,862</u>
Profit on ordinary activities by rate of tax	1,297,049	1,170,071
Expenses not deductible for tax purposes	100,987	108,436
Depreciation for period in excess of capital allowances	68,560	(82,542)
Tax chargeable at other rates	601	-
Adjustments to tax charge in respect of previous periods	21,421	(6,060)
Income from film partnerships	27,541	11,250
Consolidation adjustments	<u>38,837</u>	<u>-</u>
Total current tax (note 8(a))	<u>1,554,996</u>	<u>1,201,155</u>

ANNODATA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

9 PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £3,992,568 (2014 - £3,953,150)

10 DIVIDENDS

Equity dividends

	2015 £	2014 £
Paid during the year		
Equity dividends on 'A' ordinary shares	<u>1,030,000</u>	<u>820,000</u>

11. INTANGIBLE ASSETS

Group

Goodwill £

COST

At 1 July 2014

4,958,997

Additions

6,853,596

At 30 June 2015

11,812,593

AMORTISATION

At 1 July 2014

1,652,562

Charge for the year

406,501

At 30 June 2015

2,059,063

NET BOOK VALUE

At 30 June 2015

9,753,530

At 30 June 2014

3,306,435

Company

Goodwill £

COST

At 1 July 2014 and 30 June 2015

4,958,997

AMORTISATION

At 1 July 2014

1,652,562

Charge for the year

219,501

At 30 June 2015

1,872,063

NET BOOK VALUE

At 30 June 2015

3,086,934

At 30 June 2014

3,306,435

ANNODATA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

12 TANGIBLE ASSETS

Group	Freehold Property £	Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST					
At 1 July 2014	50,000	450,366	1,766,205	–	2,266,571
Additions	–	30,885	605,780	16,276	652,941
Disposals	–	–	(187,739)	–	(187,739)
At 30 June 2015	50,000	481,251	2,184,246	16,276	2,731,773
DEPRECIATION					
At 1 July 2014	4,990	297,459	1,383,298	–	1,685,747
Charge for the year	–	19,984	293,752	–	313,736
On disposals	–	–	(115,635)	–	(115,635)
At 30 June 2015	4,990	317,443	1,561,415	–	1,883,848
NET BOOK VALUE					
At 30 June 2015	45,010	163,808	622,831	16,276	847,925
At 30 June 2014	45,010	152,907	382,907	–	580,824
Company	Freehold Property £	Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST					
At 1 July 2014	50,000	450,366	1,751,560	–	2,251,926
Additions	–	30,885	114,286	16,275	161,446
Disposals	–	–	(76,997)	–	(76,997)
At 30 June 2015	50,000	481,251	1,788,849	16,275	2,336,375
DEPRECIATION					
At 1 July 2014	4,990	297,459	1,371,566	–	1,674,015
Charge for the year	–	19,984	165,896	–	185,880
On disposals	–	–	(37,649)	–	(37,649)
At 30 June 2015	4,990	317,443	1,499,813	–	1,822,246
NET BOOK VALUE					
At 30 June 2015	45,010	163,808	289,036	16,275	514,129
At 30 June 2014	45,010	152,907	379,994	–	577,911

ANNODATA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

13. INVESTMENTS

Group	Total £
COST	
At 1 July 2014	987,290
Impairment (Big Screen Productions)	(49,666)
At 30 June 2015	<u>937,624</u>
NET BOOK VALUE	
At 30 June 2015	<u>937,624</u>
At 30 June 2014	<u>987,290</u>
Company	Total £
COST	
At 1 July 2014	1,087,472
Additions	4,951,691
Impairment (Big Screen Productions)	(49,666)
At 30 June 2015	<u>5,989,497</u>
NET BOOK VALUE	
At 30 June 2015	<u>5,989,497</u>
At 30 June 2014	<u>1,087,472</u>

ANNODATA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

13. INVESTMENTS (continued)

The company held holdings in the following companies

	Country of incorporation	Class	Shares held	Nature of business
Turners Creative Limited	England	Ordinary	100%	Non trading
Fotomac Limited	England	Ordinary	100%	Non trading
Status Office Systems Limited	England	Ordinary	100%	Non trading
Barrett Digital Systems Limited	England	Ordinary	100%	Non trading
Annodata Business Services Limited	Scotland	Ordinary	86.8%	Office equipment sales and maintenance
XOS Limited	Scotland	Ordinary	100%	Non trading
XOS Supplies Limited	Scotland	Ordinary	100%	Non trading
Keltec Limited (see below)	England	Ordinary	100%	IT solution and services
Staff Technology Systems Limited (see below)	England	Ordinary	100%	Office equipment sales and maintenance
Big Screen Productions 3 LLP	England	Capital	13%	Film production

The following subsidiaries have taken exemption in accordance with section 479A of the Companies Act 2006 not to be audited

	Country of incorporation	Registered Number
Keltec Limited	England	03552955
Staff Technology Systems Limited	England	03260170
Keltec Progress Limited	England	02731068
Progress Computer Systems Limited	England	02726798

Contingent liability

Certain of these investments incurred start-up losses for which the company obtained relief for corporation tax by setting these losses against other profits. HMRC are now contesting these reliefs but the directors of the company are of the opinion that the possibility of any liability arising is unlikely and therefore a provision is not deemed necessary. There is, however, uncertainty surrounding these tax reliefs which means that the eventual outcome could differ. Due to the inherent uncertainty it is not considered possible to arrive at a reliable estimate of any potential impact on either the company's or the group's financial position.

Acquisitions

On 31 October 2014 the group acquired 100% of the ordinary share capital of Keltec Limited, an IT solutions and services company. The total consideration was £1,559,000, of which £500,000 is cash consideration with deferred consideration amounting to £1,059,000. Costs relating to the acquisition totalled £88,816.

Analysis of the acquisition of Keltec Limited.

	Book value and fair value to group £
Tangible fixed assets	39,508
Stock	9,600
Debtors	4,585,694
Cash	(795,994)
Creditors due within one year	(5,524,300)
Net liabilities	(1,685,492)
Total cost of acquisition	1,647,816
Goodwill arising on acquisition	3,333,308

Goodwill generated on acquisition is included within Annodata Limited consolidated group accounts. Investments are held at cost within Annodata Limited.

For the period up to the date of acquisition, Keltec Limited had a profit of £23,698 (2013: £376,079).

ANNODATA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

13. INVESTMENTS *(continued)*

On 3 February 2015 the group acquired 100% of the ordinary share capital of Staff Technology Systems Limited, a supply of office equipment and maintenance company. The total consideration was £4,242,506, of which £2,500,000 is cash consideration with deferred consideration amounting to £1,742,506. Costs relating to the acquisition totalled £61,369.

Analysis of the acquisition of Staff Technology Systems Limited

	Book value and fair value to group
	£
Tangible fixed assets	448,797
Stocks	84,304
Debtors	204,894
Cash	374,693
Creditors due within one year	(329,119)
Net Assets	783,569
Total cost of acquisition	4,303,875
Goodwill arising on acquisition	3,520,306

Goodwill generated on acquisition is included within Annodata Limited consolidated group accounts. Investments are held at cost within Annodata Limited.

For the period up to the date of acquisition, Staff Technology Systems Limited had a profit of £154,629 (2013 £498,960).

14. STOCKS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Stock	7,130,216	7,365,513	7,122,451	7,365,513

15. DEBTORS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	13,317,247	10,418,132	11,145,233	10,418,132
Amounts owed by group undertakings	–	–	1,205,594	–
Other debtors	1,157,707	1,422,729	945,032	1,422,547
Deferred taxation (Note 16)	181,170	108,237	145,227	108,820
Prepayments and accrued income	2,750,080	2,422,845	1,607,907	2,422,845
	17,406,204	14,371,943	15,048,993	14,372,344

ANNODATA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

16. DEFERRED TAXATION

The movement in the deferred taxation asset during the year was

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Asset brought forward	108,237	159,152	108,820	159,152
Increase/(Decrease) in asset	72,933	(50,915)	36,407	(50,332)
Asset carried forward	<u>181,170</u>	<u>108,237</u>	<u>145,227</u>	<u>108,820</u>

The group and company's assets for deferred taxation consist of the tax effect of timing differences in respect of

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Excess of depreciation of fixed assets over capital allowances	14,998	(49,263)	(20,945)	(48,680)
Other timing differences	166,172	157,500	166,172	157,500
	<u>181,170</u>	<u>108,237</u>	<u>145,227</u>	<u>108,820</u>

17. CREDITORS: Amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Loans (non – bank)	336,359	412,667	336,359	412,667
Trade creditors	14,985,273	13,947,461	12,925,909	13,947,461
Amounts owed to group undertakings	–	–	1,562,137	157,992
Directors' loan accounts	9,450	14,400	9,450	14,400
Other creditors including taxation and social security				
Corporation tax	1,222,196	782,703	749,018	770,629
PAYE and social security	366,672	383,842	366,672	383,842
VAT	1,051,897	816,253	882,647	816,253
Other creditors	4,172,274	2,141,440	3,307,725	2,141,440
Accruals and deferred income	6,687,839	8,382,199	6,640,219	8,381,200
	<u>28,831,960</u>	<u>26,880,965</u>	<u>26,780,136</u>	<u>27,025,884</u>

18. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Loans (non – bank)	–	337,000	–	337,000
Other creditors	1,264,750	–	1,264,750	–
Accruals and deferred income	2,497,960	538,187	970,983	538,187
	<u>3,762,710</u>	<u>875,187</u>	<u>2,235,733</u>	<u>875,187</u>

In February 2015 the company entered into a £3m overdraft facility with its primary bank to provide working capital for the business, secured by a debenture over the assets of the group and legal mortgage over the group's land and buildings. The covenant test provides that the net overdraft will at all times be covered by 3 times the aggregate value of unencumbered UK book debts. During the year the company made no drawings against the facility (2014 nil) and the covenant test was met at all times during the year. Any borrowings are repayable on demand by the bank.

19. PENSIONS

The pension costs charged in the financial statements represent the contribution payable by the company for defined contribution pensions during the year in accordance with FRS17.

ANNODATA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

20. OTHER PROVISIONS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Provisions for dilapidation	<u>180,000</u>	<u>100,000</u>	<u>110,000</u>	<u>100,000</u>

21 COMMITMENTS UNDER OPERATING LEASES

At 30 June 2015 the group had annual commitments under non-cancellable operating leases as set out below

Group	2015		2014	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire				
Within 1 year	328,878	54,398	203,993	147,577
Within 2 to 5 years	<u>87,632</u>	<u>119,723</u>	<u>162,896</u>	<u>258,883</u>
	<u>416,510</u>	<u>174,121</u>	<u>366,889</u>	<u>406,460</u>

At 30 June 2015 the company had annual commitments under non-cancellable operating leases as set out below

Company	2015		2014	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire				
Within 1 year	328,878	54,398	203,993	147,577
Within 2 to 5 years	<u>87,632</u>	<u>119,723</u>	<u>162,896</u>	<u>258,883</u>
	<u>416,510</u>	<u>174,121</u>	<u>366,889</u>	<u>406,460</u>

22. CONTINGENCIES

Bank cross guarantee

There is a bank cross guarantee in place across all trading companies within the group. The bank cross guarantee supports any borrowings by Annodata Limited. The company, along with Keltec Limited and Annodata Communication Services Limited acts as guarantors of any bank debt held within Annodata Limited. At 30 June 2015 there were no drawings under the facility (2014: nil).

23. CONTROL

Throughout the year and the previous year the company was controlled by A J Harman and T S Harman, who are directors and the shareholders of Annodata Limited.

24. TRANSACTIONS WITH DIRECTORS, ADVANCES, CREDITS AND GUARANTEES

At 30 June 2015, the company owed the directors A J Harman and T S Harman, £9,450 (2014: £14,400). During the year the company repaid the opening balance (2014: £14,400) and further advances were made of £1,036,026 (2014: £505,601). The directors made repayments of £1,031,076 (2014: £520,000), including undrawn dividends for A J Harman of £nil (2014: £220,000) and for T S Harman of £nil (2014: £300,000). Neither the directors nor the company paid interest on the balances.

During the year, A J Harman was paid dividends of £665,000 (2014: £300,000).

During the year, T S Harman was paid dividends of £365,000 (2014: £nil).

ANNODATA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

25. RELATED PARTY TRANSACTIONS

A J Harman and T S Harman are directors and the shareholders in Annodata Limited and they are also Trustees of the Annodata Limited Retirements Benefits Scheme. The financial statements include contributions to the scheme totalling £60,000 (2014 £60,000). The amount due to the Retirements Benefit Scheme in respect of pension contributions at the balance sheet date was £810,000 (2014 £750,000). The company is also due to pay rent of £147,500 for the year (2014 £147,500) to the scheme and the amount due to the Retirement Benefits Scheme in respect of unpaid rent at the balance sheet date was £966,125 (2014 £818,625).

During the year, Annodata Limited recharged costs of £100,000 (2014 £100,000) to Annodata Communication Systems Limited, a company controlled by the same shareholders as Annodata Limited. The amount due from Annodata Communication Systems Limited at the balance sheet date was £779,886 (2014 £989,884) and the amount is included in other debtors in note 15.

During the year, Annodata Limited recharged costs of £nil (2014 £nil) to Annodata Business Services Limited. In addition, Annodata Limited supplied office equipment and office equipment services to Annodata Business Services Limited of £921,845 (2014 £617,087). The amount due to Annodata Business Services Limited at the balance sheet date was £480,264 (2014 £57,992) and the amount is included in creditors in note 17.

The Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which are wholly owned subsidiaries of the Group.

26. PENSION COSTS

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds during the year and amounted to £168,528 (2014 £120,400). The amount due to pension funds in relation to pension contributions at the balance sheet date was £830,860 (2014 £765,258).

27. SHARE CAPITAL

Allotted, called up and fully paid:

	2015 No	£	2014 No	£
Ordinary shares of £0.001 each	50,001,000	50,001	50,001,000	50,001

At 30 June 2015, the authorised ordinary shares are made up of 49,500,000 ordinary "A" shares, 198 ordinary "B" shares, 198 ordinary "C" shares, 198 ordinary "D" shares, 198 ordinary "E" shares, 198 ordinary "F" shares and 500,010 ordinary "H" shares. At 30 June 2015, all authorised ordinary shares are allotted. Ordinary share classes "B" to "F" carry no voting rights.

Share options

An Enterprise Management Incentive (EMI) Scheme was established in December 2006 and options were granted over ordinary "B", "D", "E" and "F" shares owned by current shareholders. The options outstanding at 30 June 2015 are only exercise-able in the event of a sale or listing of Annodata Limited and have no value (2014 Nil).

28. RESERVES

Group	Profit and loss account £
Balance brought forward	6,078,155
Profit for the year	4,718,120
Equity dividends	(1,030,000)
Balance carried forward	9,766,275
Company	Profit and loss account £
Balance brought forward	6,036,111
Profit for the year	3,992,568
Equity dividends	(1,030,000)
Balance carried forward	8,998,679

ANNODATA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

29. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2015		2014
	£	£	£
Profit for the financial year		4,718,120	4,000,536
Premium on purchase of own ordinary shares	-		(454,000)
Equity dividends	(1,030,000)		(820,000)
		(1,030,000)	(1,274,000)
Net addition to shareholders' funds		3,688,120	2,726,536
Opening shareholders' funds		6,128,156	3,401,620
Closing shareholders' funds		9,816,276	6,128,156

30. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015	2014
	£	£
Operating profit	6,232,270	5,200,315
Amortisation	406,501	219,501
Depreciation	313,736	189,443
Profit on disposal of fixed assets	(892)	(25,951)
Decrease/(increase) in stocks	329,201	(2,161,226)
Decrease/(increase) in debtors	1,829,260	(1,586,806)
(Decrease)/increase in creditors	(3,335,318)	1,541,231
(Decrease)/increase in provisions	80,000	-
Net cash inflow from operating activities	5,854,758	3,376,507

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2015	2014
	£	£
Interest received	18,906	16,800
Interest paid	(341)	-
Interest element of hire purchase and finance lease	-	41,747
Income from film partnership	49,666	82,447
Net cash inflow from returns on investments and servicing of finance	68,231	140,994

TAXATION

	2015	2014
	£	£
Taxation	(1,115,503)	(658,928)

CAPITAL EXPENDITURE

	2015	2014
	£	£
Payments to acquire intangible fixed assets	-	-
Payments to acquire tangible fixed assets	(164,636)	(207,659)
Receipts from sale of fixed assets	72,996	617,557
Net cash (outflow)/inflow from capital expenditure	(91,640)	409,898

ANNODATA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

30. NOTES TO THE CASH FLOW STATEMENT (continued)

ACQUISITIONS AND DISPOSALS

	2015 £	2014 £
Cash paid to acquire trade/business	(3,150,185)	-
Net cash acquired with trade/business	(421,301)	-
Net cash inflow from acquisitions and disposals	<u>(3,571,486)</u>	<u>-</u>

FINANCING

	2015 £	2014 £
Buy back of shares	-	(454,000)
Repayment of loans	(413,308)	(412,457)
Repayment of other debt	(507,256)	-
Net cash inflow from financing	<u>(920,564)</u>	<u>(866,457)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2015 £	2014 £	2014 £
(Decrease)/increase in cash in the period	(806,204)	1,582,014	
Net cash outflow from loans	413,308	412,457	
Net cash outflow from other creditors	507,256	-	
Other non-cash changes	-	453	
Increase in net debt as a result of cash flows		114,360	1,994,924
Non cash adjustment on acquisition		(2,801,506)	-
Change in net funds		(2,687,146)	1,994,924
Net funds at 1 July 2014		6,627,841	4,632,917
Net funds at 30 June 2015		<u>3,940,695</u>	<u>6,627,841</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jul 2014 £	Cash flows £	Non cash adjustment £	At 30 Jun 2015 £
Net cash				
Cash in hand and at bank	7,377,508	(806,204)	-	6,571,304
Debt				
Debt due within 1 year	(412,667)	583,564	(1,536,756)	(1,365,859)
Debt due after 1 year	(337,000)	337,000	(1,264,750)	(1,264,750)
	<u>(749,667)</u>	<u>920,564</u>	<u>(2,801,506)</u>	<u>(2,630,609)</u>
Net funds	<u>6,627,841</u>	<u>114,360</u>	<u>(2,801,506)</u>	<u>3,940,695</u>

31. POST BALANCE SHEET EVENTS

On 1 July 2015, the trade and assets of Keltec Limited and Staff Technology Systems Limited were hived up into Annodata Limited, and Keltec Limited and Staff Technology Systems Limited have subsequently ceased trading

32. MINORITY INTEREST

The equity minority interests represent a holding of 13.2% (2014 13.2%) of the ordinary shares in Annodata Business Services Limited