

Registration number: 02844235

Radio Computing Services (UK) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017

Roffe Swayne
Statutory Auditors and Chartered Accountants
Ashcombe Court
Woolsack Way
Godalming
Surrey
GU7 1LQ

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Radio Computing Services (UK) Limited

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Radio Computing Services (UK) Limited

Company Information

Directors	J Earley P Generali M Powell
Company secretary	D K Bruce
Registered office	The Mill Abbey Mill Business Park Lower Eashing Godalming Surrey GU7 2QJ
Auditors	Roffe Swayne Statutory Auditors and Chartered Accountants Ashcombe Court Woolsack Way Godalming Surrey GU7 1LQ

Radio Computing Services (UK) Limited

Strategic Report for the Year Ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

Principal activity

The principal activity of the company is that of supplying radio hardware, software and maintenance.

Fair review of the business

The directors are satisfied with the company's performance for the past year with revenues increasing slightly and operating profit broadly in line with 2016's result.

The overall advertising market continued to grow across the UK during 2017, increasing by 4.6%. UK Radio's growth was 5.2% for the year, so the sector is still strong despite increased competition from online and mobile platforms. This was reflected in our software revenue, which reported a 5% growth rate buoyed by new customers and new products. We have launched three improved product reincarnations over the past two years and 2017 saw these products being adopted at their fastest rates yet as clients migrate over and they attract new customers.

That said, we are under continued pressure on all our price points and hardware revenues are well below levels enjoyed in previous years, as clients remain cautious over capital asset spend. It can be seen that our gross margin has succumbed to this pressure during the year. We have, however, managed to mitigate that disappointment through cost control measures.

The company is appraised by its owners on its revenue and EBITDA performance in comparison to previous years. Other key indicators to us are the growth and conversion rates on our new product lines.

As mentioned previously, the company continually monitors market indicators such as audience share, revenue share and UK advertising growth. Internally, the company evaluates its service quality through regularly soliciting feedback from our clients. The ratio of new to lost clients and the length of new and renewed contracts are also monitored to gauge our future sustainability.

Principal risks and uncertainties

Despite the continued growth of the sector, there are more entrants offering programmes over a variety of platforms and therefore a minor amount of industry fragmentation. This has resulted in many of our larger customers reporting stagnant or even depressed revenues in the past year and so we remain cautious about the opportunities to increase our revenue base.

Radio as a sector is continually battling with other media to attract more listeners for longer hours and the ubiquitous nature of YouTube, Spotify and other music & news platforms is the ultimate risk to our longevity and current revenue levels. The majority of our revenue is derived from UK radio stations and 99% of that is reliant on the commercial radio sector and so it is important to Radio Computing Services (UK), (RCS), that the share of radio listening that commercial radio attracts continues to increase as critical mass is important in attracting advertiser spend away from other media.

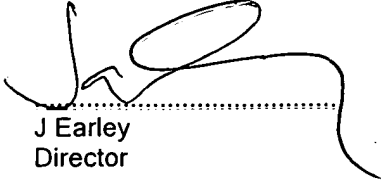
The general market uncertainty surrounding the UK's exit from the EU in early 2019, continues to shackle clients to only the most essential hardware upgrades and it is unlikely that hardware revenues will improve in the foreseeable future.

RCS enjoys a domineering market position and will always be susceptible to price competition amongst its independent small-scale radio station client base. We are proud of the quality and service we provide and are more comfortable defending our position amongst the larger commercial radio groups.

Radio Computing Services (UK) Limited

Strategic Report for the Year Ended 31 December 2017

Approved by the Board on 25/09/18 and signed on its behalf by:


.....
J Earley
Director

Radio Computing Services (UK) Limited

Directors' Report for the Year Ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors of the company

The directors who held office during the year were as follows:

J Earley

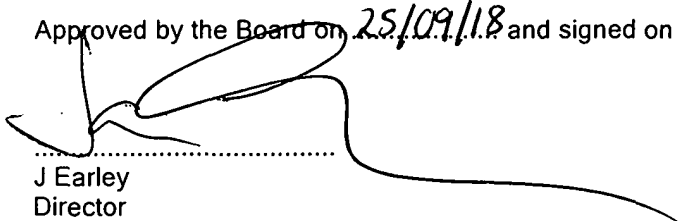
P Generali

M Powell

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 25/09/18 and signed on its behalf by:



J Earley
Director

Radio Computing Services (UK) Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Radio Computing Services (UK) Limited

Independent Auditor's Report to the Members of Radio Computing Services (UK) Limited

Opinion

We have audited the financial statements of Radio Computing Services (UK) Limited (the 'company') for the year ended 31 December 2017, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Radio Computing Services (UK) Limited

Independent Auditor's Report to the Members of Radio Computing Services (UK) Limited

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

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

Radio Computing Services (UK) Limited

Independent Auditor's Report to the Members of Radio Computing Services (UK) Limited

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Radio Computing Services (UK) Limited

Independent Auditor's Report to the Members of Radio Computing Services (UK)
Limited

Use of our report

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

Roffe Swayne

.....
Sharon Ward BSc FCA CF (Senior Statutory Auditor)
For and on behalf of Roffe Swayne,
Statutory Auditors & Chartered Accountants
Ashcombe Court
Woolsack Way
Godalming
Surrey
GU7 1LQ

Date: 25 September 2018

Radio Computing Services (UK) Limited

Profit and Loss Account for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover	3	2,579,356	2,562,951
Cost of sales		<u>(1,312,063)</u>	<u>(1,257,501)</u>
Gross profit		1,267,293	1,305,450
Administrative expenses		<u>(647,963)</u>	<u>(658,412)</u>
Operating profit	4	<u>619,330</u>	<u>647,038</u>
Other interest receivable and similar income	5	5,892	8,432
Interest payable and similar expenses	6	<u>(465)</u>	<u>(2,735)</u>
		<u>5,427</u>	<u>5,697</u>
Profit before tax		624,757	652,735
Taxation	10	<u>(118,739)</u>	<u>(127,030)</u>
Profit for the financial year		<u>506,018</u>	<u>525,705</u>

The above results were derived from continuing operations.

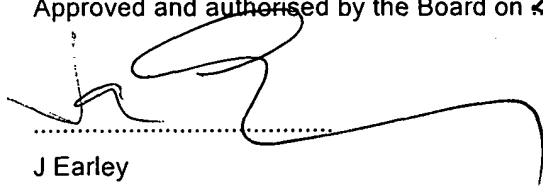
The company has no recognised gains or losses for the year other than the results above.

Radio Computing Services (UK) Limited

(Registration number: 02844235)
Balance Sheet as at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	11	133,777	190,861
Current assets			
Stocks	12	24,876	7,647
Debtors	13	1,148,679	971,150
Cash at bank and in hand		<u>167,983</u>	<u>185,453</u>
		1,341,538	1,164,250
Creditors: Amounts falling due within one year	15	<u>(877,536)</u>	<u>(635,930)</u>
Net current assets		<u>464,002</u>	<u>528,320</u>
Total assets less current liabilities		597,779	719,181
Creditors: Amounts falling due after more than one year	15	(20,643)	(32,319)
Provisions for liabilities	16	<u>(4,626)</u>	<u>(20,370)</u>
Net assets		<u>572,510</u>	<u>666,492</u>
Capital and reserves			
Called up share capital	18	300,000	300,000
Profit and loss account		<u>272,510</u>	<u>366,492</u>
Total equity		<u>572,510</u>	<u>666,492</u>

Approved and authorised by the Board on 25/09/18 and signed on its behalf by:


J Earley
Director

Radio Computing Services (UK) Limited

Statement of Changes in Equity for the Year Ended 31 December 2017

	Share capital £	Profit and loss account £	Total £
At 1 January 2016	300,000	440,787	740,787
Profit for the year	-	525,705	525,705
Total comprehensive income	-	525,705	525,705
Dividends	-	(600,000)	(600,000)
At 31 December 2016	300,000	366,492	666,492

	Share capital £	Profit and loss account £	Total £
At 1 January 2017	300,000	366,492	666,492
Profit for the year	-	506,018	506,018
Total comprehensive income	-	506,018	506,018
Dividends	-	(600,000)	(600,000)
At 31 December 2017	300,000	272,510	572,510

The notes on pages 14 to 24 form an integral part of these financial statements.

Radio Computing Services (UK) Limited

Statement of Cash Flows for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the year		506,018	525,705
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	91,165	72,836
Finance income	5	(5,892)	(8,432)
Finance costs	6	465	2,735
Income tax expense	10	<u>118,739</u>	<u>127,030</u>
		710,495	719,874
Working capital adjustments			
(Increase)/decrease in stocks	12	(17,229)	2,717
Increase in debtors	13	(180,264)	(306,558)
Increase in creditors	15	<u>204,525</u>	<u>93,500</u>
Cash generated from operations		717,527	509,533
Income taxes paid	10	<u>(106,343)</u>	<u>(168,820)</u>
Net cash flow from operating activities		<u>611,184</u>	<u>340,713</u>
Cash flows from investing activities			
Interest received	5	5,892	8,432
Acquisitions of tangible assets		<u>(34,081)</u>	<u>(171,278)</u>
Net cash flows from investing activities		<u>(28,189)</u>	<u>(162,846)</u>
Cash flows from financing activities			
Interest paid	6	(465)	(2,735)
Dividends paid	20	<u>(600,000)</u>	<u>(600,000)</u>
Net cash flows from financing activities		<u>(600,465)</u>	<u>(602,735)</u>
Net decrease in cash and cash equivalents		(17,470)	(424,868)
Cash and cash equivalents at 1 January		<u>185,453</u>	<u>610,321</u>
Cash and cash equivalents at 31 December		<u>167,983</u>	<u>185,453</u>

The notes on pages 14 to 24 form an integral part of these financial statements.

Radio Computing Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office and principal place of business is:

The Mill
Abbey Mill Business Park
Lower Eashing
Godalming
Surrey
GU7 2QJ

2 Accounting policies

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Summary of disclosure exemptions

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Summary of significant judgements and key accounting estimates

The significant judgements and sources of key accounting estimates that have been applied in the preparation of these financial statements are set out below. These have been deemed appropriate and consistently applied to all the years presented.

Radio Computing Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

Revenue recognition

Turnover represents amounts receivable for goods and services net of VAT and trade discounts, Revenue is recognised on the date of invoice and deferred over the period to which it relates to.

Revenue from operating lease rentals is recognised in the period to which it relates to.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on despatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably. In some instances the company will provide a customer with a loan to purchase goods, in which case the full value of the loan is recognised on despatch of goods to the customer and the customer repays the loan in instalments over the period of the loan.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Foreign currency transactions and balances

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are 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 the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Radio Computing Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	Straight line over the life of the lease
Assets held for hire	3 years straight line
Fixtures and fittings	5 years straight line
Computer equipment	3 years straight line

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

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

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and those overheads that have been incurred in bringing the stocks to their present locations and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit and loss. Reversals of impairment losses are also recognised in profit or loss.

Trade creditors

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

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Radio Computing Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Customer software deposits

It is the company's policy to fully provide for all potential liabilities in respect of software deposits until such times as the company is 100% sure that the debt is not payable.

As many of these deposits have been held for a number of years and many contracts have evolved, there is some ambiguity as to exactly which deposits remain outstanding. When clients decide not to continue trading with the company, the subject of deposits is raised and the company returns the deposits on termination of the contracts.

Radio Computing Services (UK) Limited does not currently operate a deposit system for new contracts.

Key sources of estimation uncertainty

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

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are accruals, the useful economic life of tangible assets and the provision for doubtful debts.

Radio Computing Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2017 £	2016 £
Software revenue	2,226,155	2,118,669
Rentals from operating leases	176,793	107,644
Hardware revenue	<u>176,408</u>	<u>336,638</u>
	<u>2,579,356</u>	<u>2,562,951</u>

4 Operating profit

Arrived at after charging/(crediting)

	2017 £	2016 £
Depreciation expense	91,165	72,836
Foreign exchange losses/(gains)	1,372	(4,281)
Operating lease expense - plant and machinery	<u>6,966</u>	<u>6,702</u>

5 Other interest receivable and similar income

	2017 £	2016 £
Interest income on bank deposits	132	142
Other finance income	<u>5,760</u>	<u>8,290</u>
	<u>5,892</u>	<u>8,432</u>

6 Interest payable and similar expenses

	2017 £	2016 £
Interest expense on other finance liabilities	<u>465</u>	<u>2,735</u>

Radio Computing Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017 £	2016 £
Wages and salaries	317,984	343,115
Social security costs	24,362	31,570
Pension costs, defined contribution scheme	2,247	4,496
Other employee expense	14,913	16,192
	<u>359,506</u>	<u>395,373</u>

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

	2017 No.	2016 No.
Production	9	8
Support engineer and traffic staff	1	1
Managing director	1	1
	<u>11</u>	<u>10</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017 £	2016 £
Remuneration	<u>83,600</u>	<u>80,625</u>

9 Auditors' remuneration

	2017 £	2016 £
Audit of the financial statements	<u>7,600</u>	<u>7,650</u>
Other fees to auditors		
All other non-audit services	<u>-</u>	<u>600</u>

Radio Computing Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

10 Taxation

Tax charged/(credited) in the income statement

	2017 £	2016 £
Current taxation		
UK corporation tax	133,740	106,224
UK corporation tax adjustment to prior periods	743	113
	<u>134,483</u>	<u>106,337</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(5,996)	20,693
Arising from changes in tax rates and laws	(9,748)	-
Total deferred taxation	<u>(15,744)</u>	<u>20,693</u>
Tax expense in the income statement	<u>118,739</u>	<u>127,030</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2016 - the same as the standard rate of corporation tax in the UK) of 19.25% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Profit before tax	<u>624,757</u>	<u>652,735</u>
Corporation tax at standard rate	120,266	130,547
Effect of:		
Expenses not deductible in determining taxable profit (tax loss)	4,994	3,798
Deferred tax	(15,744)	20,693
Increase in UK and foreign current tax from adjustment for prior periods	743	113
Tax increase/(decrease) from capital allowances and depreciation	8,502	(28,121)
Other tax adjustments	(22)	-
Total tax charge	<u>118,739</u>	<u>127,030</u>
Deferred tax		
Deferred tax assets and liabilities		

	Asset £	Liability £
2017		
Accelerated capital allowances	-	12,746
Short term timing differences - trading	8,119	-
	<u>8,119</u>	<u>12,746</u>

Radio Computing Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

	Liability £
2016	
Accelerated capital allowances	20,370
Short term timing differences - trading	-
	<u>20,370</u>

11 Tangible assets

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Assets held for hire £	Total £
Cost or valuation					
At 1 January 2017	37,808	30,312	90,682	576,967	735,769
Additions	-	-	-	34,081	34,081
At 31 December 2017	<u>37,808</u>	<u>30,312</u>	<u>90,682</u>	<u>611,048</u>	<u>769,850</u>
Depreciation					
At 1 January 2017	37,774	30,309	88,409	388,416	544,908
Charge for the year	34	-	1,515	89,616	91,165
At 31 December 2017	<u>37,808</u>	<u>30,309</u>	<u>89,924</u>	<u>478,032</u>	<u>636,073</u>
Carrying amount					
At 31 December 2017	<u>-</u>	<u>3</u>	<u>758</u>	<u>133,016</u>	<u>133,777</u>
At 31 December 2016	<u>34</u>	<u>3</u>	<u>2,273</u>	<u>188,551</u>	<u>190,861</u>

12 Stocks

	2017 £	2016 £
Finished goods and goods for resale	<u>24,876</u>	<u>7,647</u>

The cost of stocks recognised as an expense in the year amounted to £160,234 (2016 - £170,676).

Radio Computing Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

13 Debtors

	Note	2017 £	2016 £
Trade debtors		169,548	165,257
Amounts owed by related parties		533,031	669,463
Other debtors		122,895	110,817
Prepayments		65,212	25,613
Income tax asset		<u>257,993</u>	<u>-</u>
		1,148,679	971,150
Less non-current portion		<u>(54,298)</u>	<u>(52,508)</u>
		<u>1,094,381</u>	<u>918,642</u>

14 Cash and cash equivalents

	2017 £	2016 £
Cash on hand	382	-
Cash at bank	<u>167,601</u>	<u>185,453</u>
	<u>167,983</u>	<u>185,453</u>

15 Creditors

	Note	2017 £	2016 £
Due within one year			
Trade creditors		9,346	10,525
Amounts due to related parties		360,913	145,650
Social security and other taxes		94,584	97,990
Other creditors		58,764	91,480
Accruals		240,189	201,950
Income tax liability	10	<u>113,740</u>	<u>88,335</u>
		<u>877,536</u>	<u>635,930</u>
Due after one year			
Other non-current financial liabilities		<u>20,643</u>	<u>32,319</u>

Radio Computing Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

16 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 January 2017	20,370	20,370
Increase (decrease) in existing provisions	<u>(15,744)</u>	<u>(15,744)</u>
At 31 December 2017	<u>4,626</u>	<u>4,626</u>

17 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £2,247 (2016 - £4,496).

18 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary 'A' shares of £1 each	225,000	225,000	225,000	225,000
Ordinary 'B' shares of £1 each	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>
	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>

The ordinary 'A' and 'B' shares have the same rights and rank *pari passu* in all respects with the exception that 'A' shareholders have the right to appoint directors to the board.

19 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2017 £	2016 £
Not later than one year	54,970	52,558
Later than one year and not later than five years	<u>40,647</u>	<u>95,180</u>
	<u>95,617</u>	<u>147,738</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £6,966 (2016 - £6,702).

Radio Computing Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

Operating leases - lessor

The total of future minimum lease payments is as follows:

	2017 £	2016 £
Not later than one year	113,424	133,550
Later than one year and not later than five years	<u>120,526</u>	<u>222,586</u>
	<u>233,950</u>	<u>356,136</u>

The company owns equipment which they hire under operating leases to support the software they provide. The contracts in place are for a period of 3 to 4 years and generated income in the year of £176,793 (2016 - £107,644).

20 Dividends

	2017 £	2016 £
Interim dividend of £2.00 (2016 - £2.00) per ordinary share	600,000	600,000

21 Parent and ultimate parent undertaking

The company's immediate parent is RCS Inc., incorporated in the United States of America.

The ultimate parent is iHeartMedia Management Services, Inc., incorporated in the United States of America.