

Registered number: 03271609

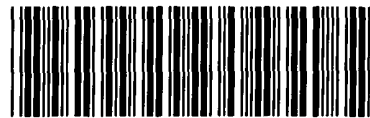
CONCRETE MEDIA LIMITED

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

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CONCRETE MEDIA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2018

The directors present their report and the financial statements for the year ended 31 October 2018.

2018 was another important year for Concrete, with R&D continuing with the development of "Concrete One", our Retail Store Associate Task Management and Education platform (previously "Store Operating System"). Moving from testing into full production, Concrete was able to begin revenue recognition of a substantial and ongoing R&D investment.

This new platform gives retail brands control and visibility over store staff anywhere in the world, to help drive in-store operational compliance, brand consistency, customer satisfaction and basket value. This proposition is increasingly recognised by retail brands who understand the importance of stores as part of their omni-channel strategy.

Our investment in a predominantly new R&D team saw a 50% engineering team growth in 2018, resulting in acceleration of feature delivery to the new platform. Part of this team included a new office out of Lasi, Romania, encompassing Front End, Back End and QA functions. The decision to pursue this avenue was partly risk mitigation of a highly competitive London market, but also the apparent skills pool available in the Romanian market. This investment has already proved to be a great success, with plans to grow the team further in 2019.

Features delivered on "Concrete One" focused on Task Management, something we had prototyped in 2017. To make this feature set more useful, an approval workflow was added, to enable tasks to have content added to them by the task recipient and HQ and regional users to assess and approve this content against the task instruction. Further refinement of the task dashboard was carried out, along with back end work to improve performance as the user-base grew.

We also started work on our proprietary "chat channel" feature, that allows chat groups to communicate with each other, but allow brands to govern how these chat groups are constructed. Our research had shown that consumer tools like WhatsApp were being used by store staff to chat to each other and pass on useful information. However, with no control, IT governance, or content visibility, HQ teams had no way of controlling, steering or learning from these chats and the chats were not connected to any sanctioned tasks or content from HQ.

Our Sales and Account Management team again delivered an exemplary year, delivering a 50% increase in gross new recurring revenue in 2018 over 2017, selling our established retail platform to multiple new retail brands, along with a host of account expansions with existing retail clients. The new Concrete One platform accounted for nearly 20% of the new ARR. This is testimony to the inherent value of Concrete's IP in the retail sector, and the knowledge our commercial team have in this space.

As a bootstrapped company, we also used our strong revenue growth to clear down some of our "bootstrap revenue", saying goodbye to some long standing customers who had been using Concrete's earlier digital asset management tools for marketing content. Whilst never easy, it is important the company demonstrates a clean revenue stream from a focussed product set. 2018, therefore, was a big step towards Concrete being a single platform, single proposition vendor, with the inherent capital efficiency this affords.

Other important work was also carried out within our infrastructure team, with a feature and price assessment carried out on cloud vendors driving a decision to move from Amazon Web Services to Google Cloud Platform.

In summary, FY2018 concluded with a 50% growth in R&D investment and a 50% year on year growth in new ARR. Our strong cash position remained, along with a strengthened and healthy balance sheet. The company also generated a small profit, a result of our engineering growth plans not scaling as quickly as planned; something we are keen to remedy in 2019.

CONCRETE MEDIA LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2018**

Directors

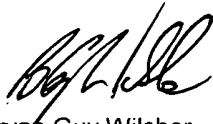
The directors who served during the year were:

Tristan Matthew Rogers
Andrzej Rafael Michalski
Bryan Guy Wilsher
Tristan Barnaby Craggs (resigned 2 July 2019)
David Alexis Rivier (resigned 11 July 2018)

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 31 July 2019 and signed on its behalf.



Bryan Guy Wilsher
Director

CONCRETE MEDIA LIMITED
REGISTERED NUMBER: 03271609

STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	3	1,196,658	984,154
Tangible assets	4	148,701	222,751
Investments	5	59,235	59,235
		<u>1,404,594</u>	<u>1,266,140</u>
Current assets			
Debtors: amounts falling due within one year	6	1,115,032	1,015,882
Cash at bank and in hand	7	1,024,673	568,964
		<u>2,139,705</u>	<u>1,584,846</u>
Creditors: amounts falling due within one year	8	(1,728,544)	(1,699,284)
Net current assets/(liabilities)		<u>411,161</u>	<u>(114,438)</u>
Total assets less current liabilities		<u>1,815,755</u>	<u>1,151,702</u>
Provisions for liabilities			
Deferred tax	9	(220,577)	(186,152)
		<u>(220,577)</u>	<u>(186,152)</u>
Net assets		<u><u>1,595,178</u></u>	<u><u>965,550</u></u>
Capital and reserves			
Called up share capital	10	19,249	18,449
Share premium account		4,140	4,140
Capital redemption reserve		19	19
Other reserves		(324,623)	(193,953)
Profit and loss account		1,896,393	1,136,895
		<u>1,595,178</u>	<u>965,550</u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

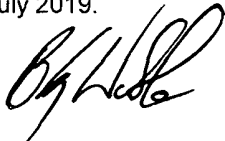
The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

CONCRETE MEDIA LIMITED
REGISTERED NUMBER: 03271609

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 OCTOBER 2018

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 July 2019.



Bryan Guy Wilsher
Director

The notes on pages 5 to 13 form part of these financial statements.

CONCRETE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

1. Accounting policies**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The members have agreed to the preparation of abridged accounts for this accounting period in accordance with Section 444(2A) of the Companies Act 2006.

The following principal accounting policies have been applied:

1.2 Foreign currency translation**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

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.

1.3 Revenue

The Company invoices its clients in advance when granting a licence for the use of the Company's software products. Revenue is recognised evenly over the term of the licence, excluding value added tax.

1.4 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018

1. Accounting policies (continued)

1.5 Current and deferred taxation

The tax credit for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax credit 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 income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.6 Intangible assets and amortisation

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

1.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

CONCRETE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

1. Accounting policies (continued)**1.7 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles	- 25% per annum straight line basis
Fixtures and fittings	- 25% - 50% per annum straight line basis
Other fixed assets	- 20% - 25% per annum straight line basis

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

1.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.12 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. 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.

CONCRETE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

1. Accounting policies (continued)

1.13 Employee benefit trust

In accordance with FRS 102 the investment in the shares of Concrete Media Limited, held through the employee benefit trust, is shown as a deduction to shareholders funds.

1.14 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

2. Employees

The average monthly number of employees, including directors, during the year was 26 (2017 - 36).

CONCRETE MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018

3. Intangible assets

	Development expenditure £
Cost	
At 1 November 2017	2,131,164
Additions - internal	1,607,193
At 31 October 2018	<u>3,738,357</u>
Amortisation	
At 1 November 2017	1,147,010
Impairment charge	1,394,689
At 31 October 2018	<u>2,541,699</u>
Net book value	
At 31 October 2018	<u>1,196,658</u>
At 31 October 2017	<u>984,154</u>

CONCRETE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

4. Tangible fixed assets

	Motor vehicles £	Fixtures and fittings £	Other fixed assets £	Total £
Cost or valuation				
At 1 November 2017	106,124	311,571	32,522	450,217
Additions	-	21,363	5,500	26,863
At 31 October 2018	<u>106,124</u>	<u>332,934</u>	<u>38,022</u>	<u>477,080</u>
Depreciation				
At 1 November 2017	8,844	216,923	1,699	227,466
Charge for the year on owned assets	26,531	66,777	7,605	100,913
At 31 October 2018	<u>35,375</u>	<u>283,700</u>	<u>9,304</u>	<u>328,379</u>
Net book value				
At 31 October 2018	<u>70,749</u>	<u>49,234</u>	<u>28,718</u>	<u>148,701</u>
At 31 October 2017	<u>97,280</u>	<u>94,648</u>	<u>30,823</u>	<u>222,751</u>

CONCRETE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

5. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 November 2017	59,235
At 31 October 2018	<u>59,235</u>

Fixed asset investments represent 100% ownership of ConcretePlatform Inc., a company incorporated in the United States of America. As at 31 October 2018 ConcretePlatform Inc. had net assets of \$372k (2017: \$294k).

6. Debtors

	2018 £	2017 £
Trade debtors	578,347	511,567
Other debtors	494,773	461,208
Accrued income	41,912	43,107
	<u>1,115,032</u>	<u>1,015,882</u>

7. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	1,024,673	568,964
	<u>1,024,673</u>	<u>568,964</u>

CONCRETE MEDIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018

8. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	282,027	217,457
Other taxation and social security	108,476	99,499
Obligations under finance lease and hire purchase contracts	33,984	82,761
Other creditors	1,304,057	1,299,567
	<u>1,728,544</u>	<u>1,699,284</u>

9. Deferred taxation

	2018 £	2017 £
At beginning of year	(186,152)	(113,978)
Charged to profit or loss	(34,425)	(72,174)
At end of year	<u>(220,577)</u>	<u>(186,152)</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(186,152)	(26,614)
Deferred tax on intangible assets	(34,425)	(159,538)
	<u>(220,577)</u>	<u>(186,152)</u>

CONCRETE MEDIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

10. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
112,267,600 (2017 - 112,267,600) Ordinary A Shares shares of £0.00010 each	11,227	11,227
80,222,000 (2017 - 72,222,000) Ordinary B Shares shares of £0.00010 each	8,022	7,222
	<u>19,249</u>	<u>18,449</u>

During the year the company issued 8,000,000 ordinary B shares of £0.0001 each, for a consideration of £800.

11. EBT Reserve

The company contributes to an employee benefit trust for the benefit of members of the company. The principal asset of the trust as at 31 October 2018 was 3,122,000 ordinary shares in Concrete Media Limited acquired at a cost of £193,953.

12. Related party transactions

During the year the company incurred expenditure of £24,000 (2017: £19,625) with Ideation Limited, a company controlled by B Wilsher, a director. At 31 October 2018, £2,000 was owed to Ideation Limited (2017: £1,500).

At 31 October 2018, £172,948 was owed to ConcretePlatform Inc a wholly owned subsidiary incorporated in the United States of America. (2017: £144,222)