Immedia Group Plc

Annual report and consolidated financial statements
31 December 2015

Registered number 04947859

Contents

General Information

Directors

Geoff Howard-Spink	*Non-Executive Chairman*
Bruno Brookes	*Chief Executive Officer*
Charles Barker-Benfield	*Finance Director and Company Secretary*
Mark Horrocks	*Non-executive Director and Chairman of Remuneration Committee*
Ross Penney	*Business Affairs Director*

Company Secretary

Charles Barker-Benfield

Registered Office

7-9 The Broadway
Newbury
Berkshire
RG14 1AS
Registered number 04947859

Website

www.immediaplc.com

Solicitors

Charles Russell Speechlys LLP
5 Fleet Place
London
EC4M 7RD

Nominated Advisers

SPARK Advisory Partners Limited
5 St John's Lane
London
EC1M 4BH

Bankers

HSBC Bank Plc
100 Brook Drive
Green Park
Reading
RG2 6UJ

Corporate Stockbroker

SI Capital Limited
46 Bridge Street
Godalming
Surrey
GU7 1HL

Auditor

Nexia Smith & Williamson
Imperial House
18-21 Kings Park Road
Southampton
SO15 2AT

Registrars

Share Registrars Limited
Suite E, First Floor, 9 Lion & Lamb Yard
Farnham
Surrey
GU9 7LL

The Directors' Report on pages 12 to 14 including the Directors' Remuneration Report on page 13 have each been drawn up in accordance with the requirements of English law and are also governed by English law. In particular, the responsibility of the directors for these reports is owed solely to Immedia Group Plc.

The directors submit to the members the Strategic Report, Directors' Report and Consolidated financial statements of the Group for the year ended 31 December 2015. Pages 5 to 15, including the Chairman's Statement, Chief Executive's Review, Financial Review, Directors' Report and the Directors' Responsibilities Statement all form part of the Report of the Directors.

Chairman's Statement

As indicated in the trading update of 24 March, 2016, Immedia broke even at the "Profit from Operations" level, for the year ended 31 December 2015.

On revenue of £2,366,293 (2014: £2,578,740), down 8% on the previous year, the Group delivered EBITDA of £54,767 (2014: £204,307) and profit before tax of £5,379 (2014: £150,930) which translates to pre-tax earnings per share of 0.04p, compared to 1.1p in 2014.

Cash generated from operating activities has been strong with a £311,104 year-on-year uplift, although the balance sheet has seen the impact of a decline in the valuation of the strategic investment in Audioboom and of deferred tax assets.

Immedia reduced debt by £111,586 and the Group is now debt free, save for £8,771 of lease liabilities.

The current year has started well with the announcement of a five-year contract to supply SUBWAY® with branded in-store music and the renewal of the contract with BT Group plc for its Openreach service.

Geoff Howard-Spink
Chairman

20 April 2016

Chief Executive's Review

Results

I am pleased to present our full year results for the financial year ended 31 December 2015. The Group produced a small profit before tax of £5,379 on revenues of £2,366,393. However, the Group made a total comprehensive loss of £446,881, after a deferred tax charge of £100,060 and the fair value adjustment of our strategic investment in the AIM-quoted audio social media platform company, Audioboom Group Plc (AIM: BOOM) leading to a loss on this investment of £352,200.

Following reassessment by the Board, the investment in Audioboom has been reclassified as available for sale as this more appropriately reflects our reason for making the investment; this will move any future volatility in valuation of the investment from the Profit and Loss account directly to Reserves.

Cash generated from operations was strong with a £311,104 year on year uplift; debt was reduced by £111,586 (and by year end was just £8,771). Net funds (i.e. cash less debt) increased by £140,676.

Across the year, we made good progress in our new business development to offset the expired contract with Lloyds Banking Group plc. This included a contract to launch a channel for BT's Openreach business.

The business

We have long been known as a 'music to retail' business when in fact the core strength of Immedia is everything in radio production and technology for delivery to hard-to-reach audiences. Our AV technology and original concepts have provided our clients with innovative ways in which to capture the imagination of their core audiences.

As we have expanded our channel development to audiences other than retail, we have recognised the opportunity to win new contracts and provide channels in three other key audience strands including workforce, fans, and education.

Using our multifunctional app technology hosted on Immedia's Dreamstream platform, we are able to reach audiences at any time, in any place. We are engaging new clients in all of these sectors and expect to provide you with positive news in the coming months.

Immedia is an established production company with a reputation for delivering excellent services to some of the UK's most celebrated brands. My aim remains to build a substantially profitable business for all shareholders.

Current trading and future prospects

On 15 April we announced a substantial five year contract with the European Independent Purchasing Company Limited ("EIPC"), a non-profit making organisation owned by SUBWAY® franchisees, to provide language specific in-store music and marketing channels called SUBWAY® Radio to SUBWAY® restaurants in seven international territories. We have since launched the UK/Ireland service providing hardware, music and marketing content. The contract win has already opened a new opportunity for another international retail business relationship.

Audio is the new 'sweet spot' in the digital world. In the first three months of 2016, I have been extremely encouraged by an unprecedented number of strong and relevant opportunities who want to work with Immedia. We will keep shareholders informed of any developments as the year progresses.

Bruno Brookes
Chief Executive

20 April 2016

Directors

Geoff Howard-Spink, Non-Executive Chairman aged 71

Geoff was a founding partner of advertising agency Lowe Howard-Spink in 1981. He is also Chairman of New Star Investment Trust Plc.

Trevor (Bruno) Brookes, Chief Executive Officer aged 56

Bruno Brookes is the founder of Immedia. After a career as a radio and TV presenter, where he collected numerous awards for his work and spent 11 years with BBC Radio One, Bruno set up BBME which offered a number of related media services including design, broadcast training, artist management and broadcast production. In November 1999 Bruno founded Immedia and has been Chief Executive Officer since that date.

Charles Barker-Benfield, Finance Director aged 62

Charles qualified as a chartered accountant in 1981 and has spent over 30 years in financial management roles with entrepreneurial companies. In 2003 he established chartered accountants Morchard Bishop & Co and brings his broad commercial experience to the Immedia board.

Mark Horrocks, Non-Executive Director, Chairman of Remuneration Committee aged 53

Mark joined the city in 1983 as a Financial Analyst to the Guardian Royal Exchange Group Plc and went on to manage the UK equity portfolios of the main Pension and Life funds representing assets of over £2bn until leaving in 1997 to pursue his own interests in the Small Company marketplace. He went on to join the boards of several quoted small companies and gained much understanding of the needs of such companies as quoted businesses. He is currently a partner of Intrinsic Capital LLP, which trades as Intrinsic.London.

Ross Penney, Business Affairs Director aged 52

Ross graduated from Cambridge University in 1986. He was Head of Licensing at collecting society Video Performance Limited, during which time he gained an MBA from Imperial College London. He set up a consultancy, Kronos, in 1998 before joining Cube which was acquired by Immedia Group Plc in 2006. His role at Immedia covers all aspects of the legal and business affairs functions including contracts and music licensing.

Financial review

Group trading results

2015 was a challenging year during which the directors guided the business through transition to important new sectors of operation thus diversifying the base from which current and future activity derives. The year-on-year net reduction in revenues of 8.2% nevertheless includes positive progress made towards replacing business from Lloyds Banking Group plc, a significant customer whose contract expired in 2015. Further developments made in the second half of 2015 are expected to continue positive progress in the strategic evolution of the business through 2016.

Whilst changes within the mix of services delivered to customers and continued competition on pricing have contributed to reduced gross profit percentages in 2015, we expect growth in our new and proprietary services to help counter the effects of margin erosion.

New revenue streams originally developed and trialled during 2014 have proved successful in 2015 and as a result our expanded capabilities in new methods of communication with much wider customer audiences (including corporates in a number of non-retail sectors) will contribute positively to our plans for expansion with a broader mix of new customers.

Consolidated balance sheet and cash flows

Following reassessment by the board, the Group's investment in Audioboom Group Plc has been reclassified as available for sale as this more appropriately reflects our reason for making the investment, and which requires revised presentation of fair value gains or losses through the Consolidated Statement of Other Comprehensive Income instead of the Profit or Loss account (although there is no net change to shareholders' equity as a result). Details of restatement of 2014 profit before tax and earnings per share are given in note 2 to these financial statements. The effect of the change is to move any volatility in valuation of the investment from the profit and loss account directly to reserves (see statement of changes in equity).

In 2015 we generated cash flows of £263,320 from operating activities (an improvement of £311,104 on 2014) of which we used £121,749 to invest in studio and IT equipment, improved internal systems and the upgrading of our website. We repaid £111,586 of loans and borrowings and ended the year with cash balances up £29,090 at £353,435. Net funds improved by 69% on 2014, up from £203,988 to £344,664 at 31 December 2015.

Charles Barker-Benfield
Finance Director

20 April 2016

Strategic Report

Principal activities and objectives

The Group provides in store music and communications solutions designed to drive experiential marketing strategies. Its mission is to help companies in retail, banking, leisure and hospitality to meet the expectations of their customers by creating sensory content and marketing communications which drive product awareness and sales. The Group's services include 'The Sound of your Brand' music and tonality strategies, designed and delivered to amplify a brand's personality with interactive audio communications. Immedia also provides leading edge visual display technology and its systems enable the management and delivery of essential marketing communications to a localised level.

The markets targeted by the Group include those brands who position themselves at the forefront of their peers in their use of advanced communications media. Immedia's positioning within these markets is at the high quality end delivering bespoke solutions. The Group's competitive advantage derives from excellence in communication through its use of skilled production teams and presenters and patented technologies.

Immedia is currently one of the smaller companies listed on the Alternative Investment Market. Immedia's continuing objective is to grow the business and improve profitability. Winning new business is a key focus for the management team and opportunities for growth are reviewed regularly at Board meetings.

The process of winning new business often includes providing a trial broadcast period to a prospective client during which the format and content of the broadcast is confirmed. Independent market research provides feedback on the effectiveness of the trial.

The Group works closely with technology suppliers to ensure the quality and reliability of its music and audio visual services. It undertakes research and development through its own resources as well as in collaboration with technology suppliers, and protects its designs by patents and trademarks. Development projects include new methods for the integration and delivery of the Group's services to its clients.

Past performance has seen success in working closely with clients in delivering the highest standards of communication to both staff and customers. Different technologies are used to deliver radio and audio visual content to customers' estates.

Business Review

The following consolidated financial information is presented for the Company and its subsidiaries (together referred to as the "Group"). Revenue in 2015 was £2,366,293 *(2014: £2,578,740)*. Earnings before interest, taxation, depreciation, amortisation and impairment charges (EBITDA) were £54,767 *(2014: £204,307)*. The profit from operations was £6,274 *(2014: £152,949)* and the profit before taxation was £5,379 *(2014: profit £150,930)*. The loss for the year attributable to equity shareholders was £94,681 *(2014: loss £86,310).* In 2015 the Directors reassessed the classification of the Audioboom investment as available for sale and have restated fair value gains (for 2014) and losses (in 2015) within other comprehensive income. The total comprehensive loss for 2015 was £446,881 (2014: total comprehensive profit £430,890). The basic and diluted loss per share was 0.69 pence *(2014: loss 0.63 pence)* and the basic pre-tax earnings per share was 0.04 pence *(2014: earnings 1.1 pence)* as detailed in note 11. Further financial information is given in the Financial Review on page 8.

Key performance indicators

The management team uses a number of key performance indicators, including:

- Audience reach, where the business continued its positive trend;
- Service reliability, where the business achieved 99.87% uptime whilst streaming over 10 million hours of music and content to many thousands of customer sites via broadband and satellite;
- Response times to service equipment under contract, where the business achieved 92% within service level agreements.

For forward looking performance measurement the Board monitors the level and speed of progress of new business prospects with which the Group is in discussion.

Strategic Report *(continued)*

Risk

The Board is responsible for the identification and evaluation of key risks to the business. These risks are assessed continuously and include operational risks (business interruption, disruption to computer and other business systems, competition, regulation) and financial risks (capital, market, credit, liquidity). The Board seeks to minimise the effect of financial risk by management of the Group's financial resources. Specific risks associated with interest rates, liquidity, foreign currency and credit are discussed further in note 26.

Principal risks and uncertainties

The principal risks the Group faces are market related and similar to those faced by other small companies servicing larger businesses within UK retail, banking, leisure and hospitality sectors. The Group has a relatively small number of long-term customers making up a large proportion of its business where the loss of a key customer (see note 4) would adversely impact performance and the board continues to pursue its strategy of diversification and growth into new markets to reduce this risk.

Other primary risks remain within the economic cycle (including the effect of prolonged reduction in consumer spending adversely impacting marketing expenditure amongst clients), competition (for new technologies and for market share) and regulation (including licensing costs and their effect on pricing). The main impact of these risks is continuous pressure on operating margins which inhibits growth; the Board's strategy to mitigate these risks is to develop the Group's services whilst continuing to reduce costs.

Risk description	**Importance**	**How mitigated**
Loss of key customer	Serious	Expansion of business and diversification into new markets (including overseas) to reduce concentration.
Reduced customer activity (lack of economic growth)	Important	Expansion of business and diversification into new markets (including overseas) to reduce concentration.
Competition	Important	Continued development of services, some exclusive; continuous review of costs.
Regulatory (licensing)	Important	Sourcing lower cost material outside the iconic music licensing regime.

Capital management

The Group's capital management objectives are to ensure its ability to continue as a going concern, to support opportunities for growth, to provide financial stability, and to provide adequate returns to shareholders. Capital comprises total equity.

Staff development

The development and retention of staff are essential foundations of the Group's strategy to grow the business, and employees are kept informed through regular quarterly briefing meetings. Staff are encouraged to pursue further education courses and the Group assists wherever practicable.

Analysis of staff employed by gender as at 31 December 2015

	Female	Male	Total
Employees	3	3	6
Senior managers	1	1	2
Directors	-	5	5
Totals	**4**	**9**	**13**

Strategic Report *(continued)*

Environment

The Group's policy is to minimise the environmental impact of its activities and in line with best practice and in compliance with Waste Electrical and Electronic Equipment requirements it recycles all computer equipment at the end of its useful life, ensuring data storage devices are securely erased. Wherever possible, the Group sources services from local suppliers.

Trends and outlook

The economic turbulence of the past four years has resulted in an intensification of competition for growth amongst leading retail brands whilst the potential conflicts between improved value for money and improved retail experience have taken priority with consumers. Physical stores compete with low overhead web-based operations; shoppers share their experiences and are as quick to criticise as they are to recommend.

The Group's objectives are to grow as a leading provider of tailored digital music and entertainment channels to enable clients to deliver outstanding customer service in their own markets; to collaborate with media, technology and marketing specialists to develop innovative solutions and diversify services offered; to continue to grow the business profitably and to maximise returns for its shareholders.

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

Charles Barker-Benfield
Director

20 April 2016

7-9 The Broadway
Newbury
Berkshire
RG14 1AS

Directors' report

The Directors present their report and the audited financial statements of Immedia Group Plc ("the Company", "Immedia") for the year to 31 December 2015.

Market value of shares

The share price at 31 December 2015 was 15.5 pence and shares were traded between 14.5 pence and 26.5 pence during the year.

Employee Benefit Trust

At 31 December 2015 the Employee Benefit Trust held 832,374 shares in Immedia Group Plc in trust for employees against the future exercise of share options granted under the Immedia EMI Share Option Scheme *(2014: 832,374 shares).* This holding represents 5.7% of the company's issued shares.

Proposed dividend

The Directors do not recommend the payment of a dividend *(2014: £Nil)*.

Directors

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

Geoff Howard-Spink
Bruno Brookes
Charles Barker-Benfield
Mark Horrocks
Ross Penney

Geoff Howard-Spink, having been first elected as a non-executive director in 2003, has held office for over 10 years and will retire and seek re-election at the forthcoming Annual General Meeting.

Charles Barker-Benfield retires by rotation and, being eligible, offers himself for re-election at the forthcoming Annual General Meeting.

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

No new options to subscribe for shares in the Company were granted to directors during the year, and full details of options held according to the register of Directors' interests are shown in note 29 below. No options to subscribe for shares in the Company were exercised by directors or their immediate families during the financial year.

Board of Directors

During the year the Board was chaired by Geoff Howard-Spink, with Bruno Brookes as Chief Executive Officer, Charles Barker-Benfield as Finance Director and Company Secretary, Ross Penney as Business Affairs Director and Mark Horrocks as Non-Executive Director and Chairman of the Audit and Remuneration Committees. Geoff Howard-Spink is recognised as the senior independent Non-Executive Director.

The Board meets monthly and has a schedule of matters reserved for its consideration, principally concerning business strategy, direction, financial performance and control.

All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that all Board procedures are observed, and to the Group's professional advisers.

Directors' report *(continued)*

Board Committees

The Board has two principal standing committees: the Audit Committee and the Remuneration Committee, each with specific terms of reference.

Audit Committee
The Audit Committee comprises the two Non-Executive Directors and is chaired by Mark Horrocks. It meets a minimum of twice a year, has written terms of reference and its remit is to review the annual and interim accounts and the appropriateness of accounting policies, to review the internal controls and financial reporting, and to make recommendations on these matters to the Board. It also considers the appointment and fees of the external auditor, the resulting auditor reports and discusses the action taken on problem areas identified by Board members or in external audit reports. The Chairman of the Audit Committee reports the outcome of the Audit Committee meetings to the Board and the Board receives the minutes of all Audit Committee meetings.

Remuneration Committee
The Remuneration Committee, which comprises the two Non-Executive Directors, is chaired by Mark Horrocks and meets a minimum of twice a year. Its remit is to assess the performance of the Executive Directors and to consider and make recommendations to the Board on remuneration policy for Executive Directors and Senior Managers of the required calibre.

Report of the Board of Directors on remuneration

During the year the Remuneration Committee comprised Mark Horrocks (as Chairman) and Geoff Howard-Spink. The terms of reference of the committee are to review and make recommendations to the Board regarding the terms and conditions of employment of the executive and operational Directors, including any proposed allocations within the Immedia EMI Share Option Scheme and other benefits. The remuneration of the Non-Executive Directors is fixed by the Board as a whole. In framing its remuneration policy, the Remuneration Committee has given full consideration to the matters set out in the UK Corporate Governance Code.

Remuneration Policy
The Remuneration Committee has been actively involved in assessing salary levels for Directors and implementing the share option scheme. The remuneration policy is determined by a number of factors including individual performance, the need to attract, motivate and retain Directors and remuneration levels in comparative companies.

Remuneration
The amounts of remuneration for each Director are shown below. These include basic salary, bonus and the estimated monetary value of benefits in kind.

Director's name	**Salary and fees**	**Bonus**	**Taxable benefits**	**Total remuneration**	**NIC total**	**2015 Total**	2014 Total
	£	**£**	**£**	**£**	**£**	**£**	£
G Howard-Spink	**35,000**	**-**	**-**	**35,000**	**3,617**	**38,617**	38,399
T Brookes	**134,193**	**-**	**3,161**	**137,354**	**16,958**	**154,312**	149,484
C Barker-Benfield	**68,675**	**-**	**5,169**	**73,844**	**4,192**	**78,036**	78,183
M Horrocks	**20,000**	**-**	**-**	**20,000**	**-**	**20,000**	20,030
R Penney	**80,525**	**-**	**3,115**	**83,640**	**9,740**	**93,380**	94,373
	338,393	**-**	**11,445**	**349,838**	**34,507**	**384,345**	380,469

Taxable benefits relate to private medical cover for the Directors and their immediate families. No pension contributions were made for directors during the year. Details of share options held by directors are disclosed in note 29 to the financial statements.

Directors' report *(continued)*

Corporate Governance Report

The Company's shares are traded on AIM, a market operated by the London Stock Exchange, and the Company is not therefore required to report on compliance with the UK Corporate Governance Code ("the Code"). However, the Board of Directors support the Code and also the recommendations made by Quoted Companies Alliance in its bulletin "Corporate Governance Code for Small and Mid-Sized Quoted Companies 2013". The bulletin provides a series of recommendations for smaller quoted companies in approaching the question of corporate governance which the Company has complied with where it is considered justified as being relevant to a business of this size.

Going concern

On the basis of current financial projections prepared up to 30 June 2017, recent news of new contracts and contract renewals, and continuing improvements in management of costs, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future and consequently the financial statements have been prepared on the going concern basis. Further details are set out in note 2 to the financial statements and in the liquidity risk disclosures in note 26.

Auditor

Nexia Smith & Williamson were appointed as the Group's auditor in 2015 and have indicated that they are willing to continue in office. A resolution to reappoint Nexia Smith & Williamson as auditor for the ensuing year will be proposed at the Annual General Meeting.

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

Charles Barker-Benfield
Company Secretary

20 April 2016

7-9 The Broadway
Newbury
Berkshire
RG14 1AS

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report and Directors' Annual Report, the Remuneration 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and profit or loss of the company and group for that period. 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 IFRSs 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 and the Remuneration report comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for preparing the annual report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the Directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the company's performance, business model and strategy and is fair, balanced and understandable.

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

To the best of our knowledge:

- the group financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the annual report including the Strategic Report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Charles Barker-Benfield
Director

20 April 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMMEDIA GROUP PLC

We have audited the financial statements of Immedia Group Plc for the year ended 31 December 2015 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 the 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.

Andrew Edmonds
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Chartered Accountants & Statutory Auditor
Imperial House
18-21 Kings Park Road
Southampton
SO15 2AT

25 April 2016

Consolidated statement of profit or loss

for the year ended 31 December 2015

	Note	**2015** £	Restated 2014 £
Revenue	4	**2,366,293**	2,578,740
Cost of sales		**(1,119,619)**	(1,151,147)
Gross profit	4	**1,246,674**	1,427,593
Administrative expenses		**(1,240,400)**	(1,274,644)
Profit from operations	5	**6,274**	152,949
Finance income	8	**11,481**	11,555
Finance cost	8	**(12,376)**	(13,574)
Profit before tax		**5,379**	150,930
Tax expense	10	**(100,060)**	(237,240)
Loss for the year		**(94,681)**	(86,310)
Loss per share			
Basic (pence)	11	**(0.69)**	(0.63)
Diluted (pence)	11	**(0.69)**	(0.63)

The notes on pages 24 to 52 form part of these financial statements.

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2015

	Note	**2015** £	Restated 2014 £
Loss for the year		**(94,681)**	(86,310)
Other comprehensive income			
Net fair value (loss)/gain on available for sale assets during the year	9, 18	**(352,200)**	517,200
Total comprehensive (loss)/income for the year		**(446,881)**	430,890

The notes on pages 24 to 52 form part of these financial statements.

Consolidated balance sheet

At 31 December 2015

	Note	**2015** £	Restated 2014 £
Assets			
Non-current assets			
Property, plant and equipment	12	**211,481**	136,235
Intangible assets	13	**201,694**	203,684
Deferred tax assets	14	**60,700**	160,760
Available for sale assets	9, 18	**255,000**	607,200
Total non-current assets		**728,875**	1,107,879
Current assets			
Inventories	15	**89,621**	76,523
Trade and other receivables	17	**859,610**	960,986
Prepayments		**85,360**	52,903
Cash and cash equivalents	19	**353,435**	324,345
Total current assets		**1,388,026**	1,414,757
Total assets		**2,116,901**	2,522,636
Equity			
Share capital	20	**1,455,684**	1,455,684
Share premium		**3,586,541**	3,586,541
Merger reserve		**2,245,333**	2,245,333
Share based payment reserve		**4,578**	4,578
Investment valuation reserve		**165,000**	517,200
Retained losses		**(6,335,948)**	(6,241,267)
Total equity		**1,121,188**	1,568,069
Liabilities			
Non-current liabilities			
Finance leases	22	**-**	8,771
Trade and other payables	23	**103,347**	-
Provisions	24	**14,063**	-
Total non-current liabilities		**117,410**	8,771
Current Liabilities			
Borrowings	21	**-**	76,502
Finance leases	22	**8,771**	35,084
Trade and other payables	23	**732,891**	635,073
Deferred income	25	**136,641**	199,137
Total current liabilities		**878,303**	945,796
Total liabilities		**995,713**	954,567
Total equity and liabilities		**2,116,901**	2,522,636

These financial statements were approved by the Board of Directors on 20 April 2016 and were signed on its behalf by:

TN Brookes
Director

Company registered number 04947859

The notes on pages 24 to 52 form part of these financial statements.

Company balance sheet

At 31 December 2015

	Note	**2015** **£**	Restated 2014 £
Assets			
Non-current assets			
Investments in subsidiaries	16	**766,278**	766,278
Trade and other receivables	17	**55,882**	55,282
Available for sale assets	9, 18	**255,000**	607,200
Total non-current assets		**1,077,160**	1,428,760
Current assets			
Prepayments		**3,679**	1,686
Total current assets		**3,679**	1,686
Total assets		**1,080,839**	1,430,446
Equity			
Share capital	20	**1,455,684**	1,455,684
Share premium		**3,586,541**	3,586,541
Share based payment reserve		**4,578**	4,578
Investment valuation reserve		**165,000**	517,200
Retained losses		**(4,994,678)**	(4,855,419)
Total equity		**217,125**	708,584
Liabilities			
Current liabilities			
Trade and other payables	23	**863,714**	721,862
Total current liabilities		**863,714**	721,862
Total equity and liabilities		**1,080,839**	1,430,446

These financial statements were approved by the Board of Directors on 20 April 2016 and were signed on its behalf by:

TN Brookes
Director

Company registered number 04947859

The notes on pages 24 to 52 form part of these financial statements.

Consolidated statement of changes in equity

							Attributable to equity shareholders of the Company
Total equity as at 31 December 2015	Share capital	Share premium account	Merger reserve	Share based payment reserve	Investment valuation reserve	Retained losses	Total equity
	£	£	£	£	£	£	£
Balance at 1 January 2015	1,455,684	3,586,541	2,245,333	4,578	517,200	(6,241,267)	1,568,069
Loss for the year	-	-	-	-	-	(94,681)	(94,681)
Other comprehensive income for the year:							
Net fair value loss on available for sale financial assets	-	-	-	-	(352,200)	-	(352,200)
Total comprehensive loss for the year	-	-	-	-	(352,200)	(94,681)	(446,881)
Balance at 31 December 2015	**1,455,684**	**3,586,541**	**2,245,333**	**4,578**	**165,000**	**(6,335,948)**	**1,121,188**

							Restated
Total equity as at 31 December 2014	Share capital	Share premium account	Merger reserve	Share based payment reserve	Investment valuation reserve	Retained losses	Total equity
	£	£	£	£	£	£	£
Balance at 1 January 2014	1,455,684	3,586,541	2,245,333	4,578	-	(6,147,219)	1,144,917
Purchase of own shares by employee benefit trust	-	-	-	-	-	(7,738)	(7,738)
Transactions with owners	-	-	-	-	-	(7,738)	(7,738)
Loss for the year	-	-	-	-	-	(86,310)	(86,310)
Other comprehensive income for the year:							
Net fair value gain on available for sale financial assets					517,200	-	517,200
Total comprehensive income for the year	-	-	-	-	517,200	(86,310)	430,890
Balance at 31 December 2014	**1,455,684**	**3,586,541**	**2,245,333**	**4,578**	**517,200**	**(6,241,267)**	**1,568,069**

The notes on pages 24 to 52 form part of these financial statements.

Company statement of changes in equity

						Attributable to equity shareholders of the Company
Total equity as at 31 December 2015	Share capital	Share premium account	Share based payment reserve	Investment revaluation reserve	Retained losses	Total equity
	£	£	£	£	£	£
Balance at 1 January 2015	1,455,684	3,586,541	4,578	517,200	(4,855,419)	708,584
Loss for the year	-	-	-	-	(139,259)	(139,259)
Other comprehensive income for the year:						
Net fair value loss on available for sale financial assets	-	-	-	(352,200)	-	(352,200)
Total comprehensive loss for the year	-	-	-	(352,200)	(139,259)	(491,459)
Balance at 31 December 2015	**1,455,684**	**3,586,541**	**4,578**	**165,000**	**(4,994,678)**	**217,125**

						Restated
Total equity as at 31 December 2014	Share capital	Share premium account	Share based payment reserve	Investment revaluation reserve	Retained losses	Total equity
	£	£	£	£	£	£
Balance at 1 January 2014	1,455,684	3,586,541	4,578	-	(4,706,695)	340,108
Loss for the year	-	-	-	-	(148,724)	(148,724)
Other comprehensive income for the year:						
Net fair value gain on available for sale financial assets	-	-	-	517,200	-	517,200
Total comprehensive income for the year	-	-	-	517,200	(148,724)	368,476
Balance at 31 December 2014	**1,455,684**	**3,586,541**	**4,578**	**517,200**	**(4,855,419)**	**708,584**

The notes on pages 24 to 52 form part of these financial statements.

Consolidated and company statements of cash flows

for the year ended 31 December 2015

	Note	Consolidated		Company	
			Restated		Restated
		2015	2014	**2015**	2014
		£	£	**£**	£
Cash flows from operating activities					
Profit/(loss) for the year before income tax		**5,379**	150,930	**(139,259)**	(148,724)
Adjustments for:					
Depreciation, amortisation and impairment charges		**48,493**	51,358	**-**	-
Financial income		**(11,481)**	(11,555)	**(600)**	(600)
Financial expense		**12,376**	13,574	**-**	-
Decrease/(increase) in trade and other receivables and prepayments		**68,919**	(271,450)	**(2,593)**	(642)
(Increase)/decrease in inventories		**(13,098)**	38,743	**-**	-
Increase/(decrease) in trade and other payables and deferred income		**138,669**	(19,384)	**141,852**	239,366
Increase in provisions		**14,063**	-	**-**	-
Net cash from operating activities		**263,320**	(47,784)	**(600)**	89,400
Taxation					
Taxation		**-**	-	**-**	-
Cash flows from investing activities					
Interest received		**11,481**	11,555	**600**	600
Acquisition of property, plant and equipment	12	**(121,499)**	(18,152)	**-**	-
Acquisition of intangible assets	13	**(250)**	(1,800)	**-**	-
Acquisition of investments	18	**-**	(90,000)	**-**	(90,000)
Net cash from investing activities		**(110,268)**	(98,397)	**600**	(89,400)
Cash flows from financing activities					
Repayment of bank loan		**(18,750)**	(22,500)	**-**	-
Repayment of finance leases		**(35,084)**	(35,084)	**-**	-
Interest paid		**(12,376)**	(13,574)	**-**	-
Amounts repaid under invoice financing facility		**(57,752)**	(65,323)	**-**	-
Purchase of own shares for EBT		**-**	(7,738)	**-**	-
Net cash from financing activities		**(123,962)**	(144,219)	**-**	-
Net increase/(decrease) in cash and cash equivalents		**29,090**	(290,400)	**-**	-
Cash and cash equivalents at 1 January		**324,345**	614,745	**-**	-
Cash and cash equivalents at 31 December	19	**353,435**	324,345	**-**	-

The notes on pages 24 to 52 form part of these financial statements.

Notes to the consolidated and company financial statements
(forming part of the financial statements)

1 Reporting entity

Immedia Group Plc (the "Company") is a company incorporated and domiciled in the United Kingdom. The address of the Company's registered office, and its principal place of business, is 7-9 The Broadway, Newbury, Berkshire RG14 1AS.

The parent company financial statements present information about the Company as a separate entity and not about its group. The consolidated financial statements of the Company as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is involved in marketing and communication services through the provision of interactive digital channels using music, radio and screen-based media to provide brand conversation and engaging entertainment. It also supplies, installs and maintains the equipment required to deliver these services.

2 Basis of preparation

Both the parent company financial statements and the consolidated financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU ("Adopted IFRSs"). On publishing the parent company financial statements here together with the consolidated financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these approved financial statements. The Company's total comprehensive loss for the year is £491,459 *(2014 profit: £368,476)*.

The Directors have decided it is more appropriate to classify the Company's investment in Audioboom Group Plc as available-for-sale (see note 18) and have restated the 2014 fair value gains which are now disclosed, together with fair value losses arising in 2015, in the Consolidated Statement of Other Comprehensive Income. The effect of the restatement has been to change the 2014 profit before tax in the Consolidated Statement of Profit or Loss from £668,130 to £150,930 and to change the net fair value gain on available for sale assets in the Consolidated Statement of Profit or Loss and Other Comprehensive Income from £Nil to £517,200. The total comprehensive income for 2014 remains unchanged at £430,890. Earnings per share (eps) for 2014 have been restated following the removal from the calculation of the net fair value gain of £517,200 and are based on the after tax loss of £86,310. Basic eps is restated from 3.14 pence to (0.63) pence loss and diluted eps from 3.02 pence to (0.63) pence loss.
Other changes in presentation comprise the classification of available for sale assets with non-current assets in the Consolidated and Company Balance Sheets. Deferred taxation (see note 14) has been restated on a net basis and is classified with non-current assets in the Consolidated and Company Balance Sheets. An investment valuation reserve has been included in Equity (see Consolidated and Company Statements of Changes in Equity and note 18). Intercompany liabilities have been classified as current liabilities in the Company Balance Sheet (see note 23).

As highlighted in note 26, the Group meets its day to day working capital requirements through the combined use of its cash balances, the receivables and payables balances and the invoice financing facility. The Group's forecasts and projections to 30 June 2017, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its working capital.

The Directors have considered the Group's prospects for winning new business and reviewed a range of possible outcomes when reviewing forecasts of future cash flows of the Group. On the basis of current financial projections prepared to 30 June 2017, recent news of new contracts won and of contract renewals, and continuing improvements in the management of costs, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future and consequently the financial statements have been prepared on the going concern basis.

The financial statements were approved by the Board of Directors on 20 April 2016.

Notes *(continued)*

2 Basis of preparation *(continued)*

(a) Statement of compliance
The AIM Rules require that the consolidated financial statements of the Group be prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU ("Adopted IFRSs").

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2(c).

(b) Measurement convention
The consolidated financial statements have been prepared on the historical cost basis except where explicitly stated otherwise.

(c) Use of estimates and judgements
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these judgements and estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 13 intangible assets (goodwill impairment tests);
- Note 14 deferred tax assets (where the extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deductible temporary differences can be utilised);
- Note 17 trade and other receivables (review and provisions against doubtful debts);
- Note 30 contingent liabilities (reliable estimate of potential future economic outflow).

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by all Group entities.

(a) Basis of consolidation

(i) Subsidiaries
Subsidiaries are entities controlled by the Group. Control exists when the Group has the power over the investee significantly to direct the activities; exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The Group includes an Employee Benefit Trust which is included in the consolidation.

Notes *(continued)*

3 Significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

(ii) Acquisitions

Acquisitions are accounted for using the acquisition method. The cost of an acquisition is measured at fair value at the date of exchange of the consideration. Identifiable assets and liabilities of the acquired business are recognised at their fair value at the date of acquisition. To the extent that the cost of an acquisition exceeds the fair value of the net assets acquired the difference is recorded as goodwill. Where the fair value of the net assets acquired exceeds the cost of an acquisition the difference is recorded in profit and loss.

(iii) Transactions eliminated on consolidation

Intra-group balances and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

(iv) Merger

On 20 November 2003 a new holding company was brought into the Group. This was carried out by a share for share exchange and the existing shareholders of Immedia Broadcast Limited received 1,000 10p Ordinary shares in Immedia Group Plc for every share held. There was no cash consideration. As part of its transition to IFRS on 1 January 2006 the Group did not restate the Group reconstruction which had been accounted for as a merger as permitted by UK GAAP.

(b) Property plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of any part that is replaced is derecognised. The cost of the day-to-day servicing of property, plant and equipment is recognised in income and expenditure as incurred.

(iii) Depreciation

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives for the current and comparative periods are as follows:

Plant and equipment	-	3 years
Fixtures and fittings		
• Office and IT equipment	-	3 to 5 years
• Leasehold improvements	-	unexpired period of 8 year lease term
Network equipment	-	5 years, or contract term if shorter

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Notes *(continued)*

3 Significant accounting policies *(continued)*

(c) Goodwill

Goodwill arises on the acquisition of subsidiaries and is stated at cost less any accumulated impairment losses. Goodwill, which under IFRSs is not amortised, is tested annually for impairment.

For acquisitions on or after 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

(d) Research and development expenditure (Intangible Assets)

(i) Recognition and measurement
Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.
Costs that are directly attributable to the development phase of new customised technologies are recognised as intangible assets provided they meet the following recognition requirements:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

(ii) Amortisation of intangible assets
Amortisation is recognised as an administrative expense in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Content delivery - 3 years

Content delivery includes certain development costs for equipment to deliver content to customers which has been recognised as intangible assets and is being amortised over three years as shown above.

Development costs not meeting the criteria for capitalisation are expensed as incurred.

(e) Investments in subsidiaries

Investments in subsidiaries in the parent company accounts are stated at cost less impairment. Investments in subsidiaries are reviewed for impairment on an annual basis or when events or other changes in circumstances indicate that the investment carrying value may be impaired.

(f) Lease payments

The economic ownership of a finance leased asset is transferred to the lessee as the lessee bears substantially all the risks and rewards of ownership of the asset. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or (if lower) the present value of the lease payments plus incidental payments (if any). A corresponding amount is recognised as a finance lease liability and is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss as finance cost over the period of the lease.

Notes *(continued)*

3 Significant accounting policies *(continued)*

(f) Lease payments *(continued)*

All other leases are treated as operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives are recognised as an integral part of the total lease expense, over the term of the lease.

(g) Inventories

Inventories include audio, screen and content delivery equipment and are measured at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods, cost is taken as production cost which includes an appropriate proportion of attributable overheads.

(h) Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Investments other than investments in subsidiaries are classified as either held-for-trading or as available-for-sale at initial recognition and this designation is re-evaluated at each year-end date. At the year-end date all such investments are classified as available-for-sale.

Available for sale investments are initially measured at fair value, which ordinarily equates to cost, including transaction costs. At subsequent reporting dates available-for-sale investments are measured at fair value or at cost where fair value is not readily measurable.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and taken to the investment revaluation reserve until the investment is disposed of or is determined to be impaired, at which time the accumulated fair value adjustments recognised in equity are included in the statement of profit or loss as ‘gains and losses from investments’.

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in the statement of profit or loss.

Cash and cash equivalents comprise cash balances held by the Group and overnight call deposits.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

(i) Accrued contract income

When equipment supplied within an audio services contract is paid for over the contract term, the Group continues to recognise equipment sales revenues consistently with the revenue recognition policy below, which gives rise to accrued income on the equipment sales (see also note 17).

Notes *(continued)*

3 Significant accounting policies *(continued)*

(j) Trade and other payables

Trade and other payables are recognised at fair value on initial recognition and subsequently at amortised cost.

(k) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(l) Impairment

Non-financial assets
Assets that have indefinite lives (goodwill) are tested for impairment annually. Assets that are subject to amortisation or depreciation (customer relationships, video library, content delivery, property plant & equipment) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

The test for impairment under IAS 36 compares the carrying value of an asset against its economic value (recoverable amount to the business), where economic value is defined as the higher of the asset's fair value less costs to sell or its value in use. (These measures are based on the net present value of future cash flows). If the carrying value exceeds the economic value, impairment exists.

An impairment loss is recognised if the carrying amount of an asset or the cash-generating unit in which the asset is used exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognised in consolidated statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

Financial assets
All financial assets are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Revenue

Revenue represents the amounts receivable by the Group for the provision of its goods and services, excluding value added tax. In the **production** segment (see note 3(u) below), services comprise the broadcasting of live and as live radio programmes to customers' premises using appropriate technologies, together with the production of advertising content for use in those programmes. Revenue from these services is billed on time based subscriptions and recognised on the date of broadcast. In the **operations** segment (see note 3(u) below), revenue from equipment sales is recognised on the earlier of date of delivery and configuration, or when risk and rewards pass to the customer; revenue from content delivery and equipment maintenance services is billed on time based subscriptions and is recognised monthly on completion.

To the extent that invoices are raised to a different pattern than revenue recognition described above, appropriate adjustments are made through deferred and accrued income to account for revenue when the underlying service has been performed or goods have transferred to the customer.

Notes *(continued)*

3 Significant accounting policies *(continued)*

(n) Finance income and cost

Finance income comprises interest income on bank deposits and interest income from customers on deferred payment terms, both of which are recognised as accrued using the effective interest method.

Finance cost comprises interest expense on borrowings which is recognised in profit or loss using the effective interest method.

(o) Taxation

The tax expense comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income. In this case, the tax is also recognised directly in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Merger reserve represents the consolidation difference that arises under merger accounting. This consists of the difference between the cost of investment and the nominal value of the share capital acquired.

Other reserves include share based payments charges.

The investment revaluation reserve includes accumulated gains on available for sale assets.

Retained losses include retained profits and losses relating to current and prior years and purchases and sales of own shares by the Employee Benefit Trust.

All transactions with owners of the parent are recorded separately within equity.

(q) Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit or loss account. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(r) Cancellation and forfeiture of share options

In the event that the financial performance criteria required for vesting are not met, unvested share options are cancelled; time expired vested share options are cancelled on expiry. When an employee leaves the Group's employment, any unvested share options are forfeited, together with any vested share options not exercised.

Notes *(continued)*

3 Significant accounting policies *(continued)*

(s) Earnings per share

Basic and diluted

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Pre-tax

Pre-tax EPS is calculated by dividing the profit or loss before tax by the weighted average number of ordinary shares outstanding during the period.

(t) Employee benefits

(i) Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due (see note 29).

(ii) Share-based compensation
The Group operates an equity settled compensation scheme which grants options to qualifying employees. The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the expected number of share options that vest unless this adjustment is due to the share price not achieving the set thresholds for vesting.

(iii) Employee benefit trust
The Group operates an employee benefit trust (EBT) for the benefit of its employees through Immedia Broadcasting Trustees Limited which acts as Trustee. Transactions of the EBT are treated as being those of the Group and are therefore reflected in the consolidated financial statements. In particular, the trust's purchases and sales of shares in the Company are debited and credited directly to equity (see statements of changes in equity on pages 21 and 22).

(u) Segment reporting

In identifying its operating segments, management follows the Group's service lines, which represent the main products and services provided by the Group. There are two operating segments: production and operations.

The revenue streams in the **production** segment comprise the content created for customers, including audio (live and recorded radio, music, advertising and branding) and visual (RadioVision, TextVision, music, advertising and branding), together with applicable licensing charges.

The revenue streams in the **operations** segment comprise the supply and installation of equipment to deliver content to customers, the delivery of the content (including via broadband or satellite technologies), and the maintenance of the equipment.

The Group's segment reporting is based on internal management reporting information. The Chief Operating Decision Maker, which is deemed to be the executive Board, reviews management information which is the same as is reported and prepared under IFRS.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements except that corporate assets and central overheads are not allocated to a segment as they are not directly attributable to the activities of either operating segment. All inter-segment transfers are carried out at arm's length prices.

Notes *(continued)*

3 Significant accounting policies *(continued)*

(v) Provisions

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

(v) Adopted IFRSs not yet applied

New standards and interpretations currently in issue but not effective, based on EU mandatory effective dates, for accounting periods commencing on 1 January 2015 are:

- IFRS 9 Financial Instruments (IASB effective date 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017)
- IFRS 16 Leases (effective 1 January 2019)
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (IASB effective date 1 January 2016)
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (IASB effective date 1 January 2016)
- Annual Improvements to IFRSs 2012-2014 Cycle (effective 1 January 2016)
- Amendments to IAS 27: Equity Method in Separate Financial Statements (effective 1 January 2016)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective 1 January 2016)

Other standards not listed above are not expected to have an impact on the Group.

4 Segment reporting

Segment information is presented in respect of the Group's two operating segments as described in note 3(v) and is based on the Group's management and internal reporting structure.

Segment results include items directly attributable to a segment. Unallocated items comprise administrative expenses, finance income and expense and income tax income or expense.

Geographical analysis

	UK 2015 £	**EEA 2015 £**	**Total 2015 £**	UK 2014 £	EEA 2014 £	Total 2014 £
Revenue	**2,365,457**	**836**	**2,366,293**	2,577,990	750	2,578,740

Notes *(continued)*

4 Segment reporting *(continued)*

Operating segment analysis	**Production 2015 £**	**Operations 2015 £**	**Total 2015 £**	Production 2014 £	Operations 2014 £	Restated Total 2014 £
Revenue	**1,774,885**	**591,408**	**2,366,293**	1,840,144	738,596	2,578,740
Cost of sales	**(774,566)**	**(345,053)**	**(1,119,619)**	(788,921)	(362,226)	(1,151,147)
Gross profit	**1,000,319**	**246,355**	**1,246,674**	1,051,223	376,370	1,427,593
Administrative expenses			**(1,240,400)**			(1,274,644)
Profit from operations			**6,274**			152,949
Finance income			**11,481**			11,555
Finance cost			**(12,376)**			(13,574)
Profit before tax			**5,379**			150,930

There were five customers where revenue was greater than 10% of the total *(2014: five)*. Revenue from each of these customers is derived from both production and operations segments.

Significant customer analysis	**Total revenue 2015 £**	**2015 %**	Total revenue 2014 £	2014 %
Customer 1	**343,184**	**14.5**	646,885	25.1
Customer 2	**311,855**	**13.2**	388,633	15.1
Customer 3	**275,738**	**11.5**	270,295	10.5
Customer 4	**270,532**	**11.4**	261,140	10.1
Customer 5	**261,140**	**11.0**	259,614	10.1

Analysis of revenue between goods and services	**2015 £**	2014 £
Goods	**226,779**	150,222
Services	**2,139,514**	2,428,518
	2,366,293	2,578,740

Notes *(continued)*

5 Profit from operations

	2015	2014
	£	£
Included in profit are the following:		
Auditor's remuneration *(2014 refers to amounts paid to former auditors)*		
Group - audit of these financial statements	**17,900**	23,000
- fees paid to the auditor and their associates in respect of other services	**4,000**	1,000
Included in Group audit total: Company - audit	**2,500**	2,650
Depreciation and amounts written off property, plant and equipment and intangible assets		
- Owned	**48,493**	51,358
Hire of other assets – operating leases	**43,127**	41,396
Foreign exchange losses/(gains)	**34**	112

Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

6 Remuneration of Directors

	2015	2014
	£	£
Directors' emoluments	**349,838**	346,244
Contributions to defined contribution plans	**-**	-
	349,838	346,244

The aggregate emoluments of the highest paid Director were £137,354 *(2014: £133,009)*.

Remuneration for each individual director, which is required to be disclosed under the AIM rules, is shown in the Directors' Report on page 13.

	2015 Number of Directors	2014 Number of Directors
The number of Directors who exercised share options was	**-**	-
Retirement benefits are accruing in a paid up scheme to the following numbers of Directors under money purchase pension schemes	**1**	1

Notes *(continued)*

7 Staff numbers and costs

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

	Group Number of employees	
	2015	2014
Administration and sales	**10**	10
Production and distribution	**2**	3
	12	13

The aggregate payroll costs of these persons were as follows:

	2015	2014
	£	£
Wages and salaries	**592,193**	640,764
Compulsory social security contributions	**65,610**	71,734
	657,803	712,498

The Group made no pension contributions in the year *(2014: £Nil).*

Key management of the Group and the parent company are considered to be only the Board of Directors. The remuneration of key management including employer's national insurance was £384,345 *(2014: £380,469)*. Details of share options held by key management are shown in note 29. There was no share-based payment charge in 2015 *(2014: £nil).*

8 Finance income and finance cost

	2015	2014
	£	£
Finance income		
Interest income on bank deposits	**391**	572
Other interest income	**11,090**	10,983
	11,481	11,555
Finance cost		
Interest expense on bank loan and invoice finance facility	**(1,763)**	(2,291)
Finance lease interest	**(10,613)**	(10,613)
Other interest payable	**-**	(670)
	(12,376)	(13,574)

Notes *(continued)*

9 Other comprehensive income items

	2015	Restated 2014
	£	£
(Loss)/gain from financial assets classified as available for sale	**(352,200)**	517,200

10 Tax expense

	2015	2014
	£	£
Current tax expense		
Current period	**-**	-
Adjustment in respect of prior periods	**-**	-
	-	-
Deferred tax expense		
Deferred tax (see note 14)	**(100,060)**	(237,240)
Total tax expense in consolidated statement of profit or loss	**(100,060)**	(237,240)

Reconciliation of effective tax rate

The current tax expense for the year is based on an effective rate of 20% *(2014: 20%)* and is higher *(2014: higher)* than the standard rate of corporation tax in the UK for small companies (20%, *2014: 20%*). The differences are explained below:

	2015	Restated 2014
	£	£
Profit before tax	**5,379**	150,930
Current tax at 20% *(2014: 20%)*	**(1,076)**	(30,186)
Effects of:		
Expenses not deductible for tax purposes	**(2,805)**	(125)
Changes in amount of deferred tax asset	**3,881**	30,311
De-recognition of deferred tax asset	**(100,060)**	(237,240)
Total tax expense	**(100,060)**	(237,240)

Notes *(continued)*

11 Loss per share

	2015 Number	Restated 2014 Number
Basic		
Weighted average number of shares in issue	**14,556,844**	14,556,844
Less weighted average number of own shares	**(832,374)**	(832,374)
Weighted average number of shares in issue for basic earnings per share	**13,724,470**	13,724,470
Basic loss per share	**(0.69)p**	(0.63)p

	2015 Number	2014 Number
Diluted		
Weighted average number of shares in issue	**13,724,470**	13,724,470
Add shares which dilute	**-**	-
Weighted average number of shares in issue for diluted earnings per share	**13,724,470**	13,724,470
Diluted loss per share	**(0.69)p**	(0.63)p

The **basic** and **diluted** loss per share are calculated using the after tax loss attributable to equity shareholders for the financial period of £94,681 *(2014: loss £86,310).*

In accordance with IAS 33 the diluted basic loss per share is stated as the same amount as basic as there is no dilutive effect in both 2015 and 2014.

Pre-tax earnings per share	**2015**	2014
Basic pre-tax earnings per share	**0.04p**	1.10p
Diluted pre-tax earnings per share	**0.04p**	1.06p

The basic and diluted **pre-tax** earnings per share are calculated using the before tax earnings attributable to equity shareholders for the financial period of £5,379 *(2014: earnings £150,930).*

Notes *(continued)*

12 Property, plant and equipment

	Plant and equipment	Fixtures & fittings	Network equipment	Total
	£	£	£	£
Group				
Cost				
At 1 January 2015	**822,040**	**482,545**	**188,420**	**1,493,005**
Additions	**6,644**	**114,855**	**-**	**121,499**
Disposals and retirements	**-**	**(4,518)**	**(1,036)**	**(5,554)**
At 31 December 2015	**828,684**	**592,882**	**187,384**	**1,608,950**
Depreciation and impairment losses				
At 1 January 2015	**803,187**	**365,163**	**188,420**	**1,356,770**
Charge for year	**6,954**	**39,299**	**-**	**46,253**
On disposals and retirements	**-**	**(4,518)**	**(1,036)**	**(5,554)**
At 31 December 2015	**810,141**	**399,944**	**187,384**	**1,397,469**
Carrying amounts				
At 31 December 2015	**18,543**	**192,938**	**-**	**211,481**
Cost				
At 1 January 2014	821,865	464,568	188,420	1,474,853
Additions	175	17,977	-	18,152
Disposals and retirements	-	-	-	-
At 31 December 2014	822,040	482,545	188,420	1,493,005
Depreciation and impairment losses				
At 1 January 2014	785,864	334,362	188,396	1,308,622
Charge for year	17,323	30,801	24	48,148
On disposals and retirements	-	-	-	-
At 31 December 2014	803,187	365,163	188,420	1,356,770
Carrying amounts				
At 31 December 2014	18,853	117,382	-	136,235

Finance leases

There were no outstanding finance leases (see note 22) in respect of property, plant and equipment at 31 December 2015 *(2014: £Nil).*

Notes *(continued)*

13 Intangible assets

	Customer relationships	Video library	Content delivery	Goodwill	Total
	£	£	£	£	£
Group					
Cost					
At 1 January 2015	**566,880**	**-**	**51,135**	**1,173,310**	**1,791,325**
Additions in year	**-**	**-**	**250**	**-**	**250**
Disposals and retirements	**-**	**-**	**-**	**-**	**-**
At 31 December 2015	**566,880**	**-**	**51,385**	**1,173,310**	**1,791,575**
Amortisation and impairment losses					
At 1 January 2015	**566,880**	**-**	**46,761**	**974,000**	**1,587,641**
Charge for year	**-**	**-**	**2,240**	**-**	**2,240**
On disposals and retirements	**-**	**-**	**-**	**-**	**-**
At 31 December 2015	**566,880**	**-**	**49,001**	**974,000**	**1,589,881**
Carrying amounts					
At 31 December 2015	**-**	**-**	**2,384**	**199,310**	**201,694**
Cost					
At 1 January 2014	566,880	126,000	49,335	1,173,310	1,915,525
Additions in year	-	-	1,800	-	1,800
Disposals and retirements	-	(126,000)	-	-	(126,000)
At 31 December 2014	566,880	-	51,135	1,173,310	1,791,325
Amortisation and impairment losses					
At 1 January 2014	566,880	126,000	43,551	974,000	1,710,431
Charge for year	-	-	3,210	-	3,210
On disposals and retirements	-	(126,000)	-	-	(126,000)
At 31 December 2014	566,880	-	46,761	974,000	1,587,641
Carrying amounts					
At 31 December 2014	-	-	4,374	199,310	203,684

Disposals and retirements

In 2014 the Group disposed of its video library for £Nil consideration subject to certain conditions in respect of transferred licensing obligations and the requirement to provide digital copies of certain material free of charge to the Group in future.

Impairment review and movements in intangible assets and goodwill

The annual impairment review of goodwill in the Production segment is undertaken by reference to its ‘value in use’; the Production segment (to which all goodwill has been allocated) forms its own cash generating unit (CGU) within the Group.

The recoverable amount of the Production segment CGU was determined from value in use calculations covering a detailed forecast followed by an extrapolation of expected cash flows using growth rates determined by management. A growth rate of minus 10% was used to test value in use and reflects management’s estimate of the potential change in the Production segment CGU over the medium term, excluding new business. Key assumptions for the value in use calculations are discount rates, growth rates and expected changes to selling prices and direct costs during the forecasting period. Management has estimated the discount rate using the weighted average cost of capital of the business.

Notes *(continued)*

13 Intangible assets *(continued)*

Estimates of changes in selling prices and direct costs are based on past experience and expectations of future change in the market, excluding new business, and have been extrapolated over a five year period starting 1 January 2016. The recoverable amount of the production segment CGU is £636,000 *(2014: £706,000)*.

The following assumptions were used to test the sensitivity of the value in use calculations: management's range of forecasts using minus 10% to plus 2% growth to extrapolate future cash flows, with a post-tax discount rate of 17% *(2014: 17%)* applied to its cash flow projections (equivalent to a pre-tax rate of approximately 21% *(2014: 21%)*.

The annual impairment review of goodwill concluded that there is no impairment.

14 Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses are summarised as follows:

Deferred tax assets/(liabilities)	1 January 2015	Recognised in profit or loss	**31 December 2015**
	£	£	**£**
Non-current assets			
Unused tax losses	264,200	(170,500)	**93,700**
Provisions	(103,440)	70,440	**(33,000)**
	160,760	(100,060)	**60,700**

Deferred tax assets/(liabilities)	1 January 2014	Recognised in profit or loss	Restated **31 December 2014**
	£	£	**£**
Non-current assets			
Unused tax losses	398,000	(133,800)	**264,200**
Provisions	-	(103,440)	**(103,440)**
	398,000	(237,240)	**160,760**

The deferred tax asset arising in respect of temporary differences between capital allowances and depreciation of £63,000 *(2014: asset of £48,000)* has not been recognised.

The residual trading losses carried forward of £1,667,000 create a potential deferred tax asset of £333,000 *(2014: £356,000)* of which £60,700 remains recognised in 2015 *(£160,760 remained recognised in 2014)*. The balance has not been recognised as there is uncertainty over when these amounts will be utilised.

In addition, within the parent company, a deferred tax liability of £103,440 was recognised in 2014 on gains from financial assets classified as available for sale. A deferred tax asset of £103,440 was also recognised in respect of residual losses which will be utilised upon realisation of this gain. These amounts have both been reduced by £70,440 to £33,000 in 2015 following losses from financial assets available for sale, with a net total of £Nil *(2014: £Nil)*.

The movements on deferred tax arising from valuation changes in available for sale assets and related losses have been offset within the Consolidated Statement of Other Comprehensive Income.

Notes *(continued)*

15 Inventories

	Group	
	2015	2014
	£	£
Work in progress	**25,831**	19,429
Finished goods	**63,790**	57,094
	89,621	76,523

Work in progress represents the cost of equipment installations in the course of completion where the project has not yet been handed over to customers. The inventory expense included in cost of sales in the consolidated statement of comprehensive income was £38,837 *(2014: £62,774)*. Impairment charges for obsolete and slow moving inventories totalled £4,896 *(2014: £26,249)* and the carrying value of inventories subjected to impairment charges and included in the above totals was £21,820 *(2014: £65,494).*

16 Investments in subsidiaries

Subsidiary undertakings - Company

	2015	2014
	£	£
Cost and net book value		
At beginning and end of year	**766,278**	766,278

The following companies are wholly owned subsidiaries whose ultimate parent company is Immedia Group Plc.

Name	**Registered No.**	**Country of incorporation**	**Shareholding**	**Activity**
Immedia Broadcast Limited	03873102	England & Wales	100%	Marketing services
Immedia Broadcasting Trustees Limited	04552356	England & Wales	100%	Trustee to EBT; dormant
The Cube Group of Companies Limited	03845864	England & Wales	100%	Dormant
Cube Music Limited	03822694	England & Wales	100%	Dormant
Immedia Broadcasting Limited	06336935	England & Wales	100%	Dormant
You TV Limited	06546384	England & Wales	100%	Dormant
Immedia TV Limited	06546391	England & Wales	100%	Dormant
Pay to Play Music Limited	07303112	England & Wales	100%	Dormant
Play 4 Pay Limited	07303130	England & Wales	100%	Dormant
Pay to Play Limited	07303663	England & Wales	100%	Dormant
Dreamstream Music Limited	07375463	England & Wales	100%	Dormant

At 31 December 2015 and 31 December 2014 the Company held 100% of the ordinary share capital of Immedia Broadcast Limited, The Cube Group of Companies Limited, Immedia Broadcasting Limited, You TV Limited and Immedia TV Limited.

At 31 December 2015 and 31 December 2014, Immedia Broadcast Limited held 100% of the ordinary share capital of Immedia Broadcasting Trustees Limited (a trust holding company), Pay to Play Music Limited, Play 4 Pay Limited, Pay to Play Limited and Dreamstream Music Limited.

Notes *(continued)*

16 Investments in subsidiaries *(continued)*

At 31 December 2015 and 31 December 2014, The Cube Group of Companies Limited held 100% of the ordinary share capital of Cube Music Limited.

17 Trade and other receivables

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Trade receivables (i)	**518,694**	456,778	**-**	-
Accrued income	**339,916**	503,208	**-**	-
Amounts owed by subsidiary undertakings (ii)	**-**	-	**55,882**	55,282
Other debtors	**1,000**	1,000	**-**	-
	859,610	960,986	**55,882**	55,282

At 31 December 2015 trade receivables are shown after a provision for impairment of £3,580 *(31 December 2014: £3,580)* arising from slow moving debts and disputed charges. Provisions for impairment were unchanged in 2015. *(In 2014 additional provisions for impairment were made totalling £1,200).*

(i) At 31 December the total of trade receivables past due, net of provision for impairment, was as follows:

	Group	
	2015	2014
	£	£
Up to three months past due	**109,013**	116,878
Over three months past due	**176,860**	17,597

(ii) The above totals include the following amounts falling due after more than one year:

	Company	
	2015	2014
	£	£
Amounts owed by subsidiary undertakings	**55,882**	55,282

Notes *(continued)*

18 Available for sale assets

In March 2014 the Group invested £90,000 in the purchase of 6,000,000 shares in Audioboom Group Plc, an AIM-quoted audio social media platform, as part of the Group's strategy to broaden its digital marketing and communications services.

At 31 December 2015 the investment has been designated as available for sale with fair value changes recognised in other comprehensive income (see note 3(h) above). At 31 December 2015 the fair value of the investment was £255,000 *(31 December 2014: £607,200)* with a net fair value loss in 2015 of £(352,200) recognised in other comprehensive income *(2014: profit £517,200)*.

As at the date of approval of this report, the investment represents c.1.12% of Audioboom Group Plc's shares in issue and has a fair value of £172,500.

19 Cash and cash equivalents

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Bank balances	**11,627**	24,926	**-**	-
Call deposits	**341,808**	299,419	**-**	-
Cash and cash equivalents	**353,435**	324,345	**-**	-

20 Capital management and share capital

The Group's objectives when managing its capital structure are:

- to provide adequate working capital to support growth;
- to protect against volatility in earnings and net asset values;
- to ensure the Group's ability to continue as a going concern; and
- over the longer term, to provide adequate returns to equity shareholders.

The Group regularly reviews and manages its capital in order to maintain an optimal structure, taking account of its future capital requirements, projected profitability, operating cash flows, capital expenditure and projected strategic investment opportunities. The management regards capital as total equity and reserves.

Reconciliation of movement in capital

Share capital	**2015**	2014
	£	£
Authorised		
36,000,000 Ordinary shares of 10 pence each	**3,600,000**	3,600,000
Allotted, called up and fully paid		
14,556,844 Ordinary shares of 10 pence each	**1,455,684**	1,455,684

There are no restrictions on the transfer of shares in Immedia Group Plc. All shares carry equal voting rights.

Notes *(continued)*

21 Borrowings

	Group	
	2015	2014
	£	£
Current		
Invoice financing facility (secured) (i)	**-**	57,752
Bank loan (secured) (ii)	**-**	18,750
	-	76,502

(i) The Group has an invoice financing facility with HSBC Invoice Financing (UK) Limited under which advances up to £250,000 are secured by floating charge on the assets of Immedia Broadcast Limited.

(ii) In 2015, a two year loan with HSBC Bank Plc to part finance the conversion of ground floor space into offices in the Newbury studios building was fully repaid. The loan was secured by floating charge on the assets of Immedia Broadcast Limited.

22 Finance lease arrangements

Certain equipment supplied to customers under contract has been financed under finance lease arrangements with Aurora Leasing Limited under which advances are secured by floating charge on the assets of Immedia Broadcast Limited. The equipment supplied has been recognised as a sale in accordance with the Group's revenue recognition accounting policy as detailed in note 3(m); there are therefore no assets held under finance lease within Property, plant and equipment (note 12).

Future minimum finance lease payments at 31 December were as follows:

		Group	
Falling due:	Within 1 year	1 to 5 years	**Total**
	£	£	**£**
31 December 2015			
Lease payments	11,424	-	11,424
Finance charges	(2,653)	-	(2,653)
Net present values	**8,771**	**-**	**8,771**
31 December 2014			
Lease payments	45,698	11,424	57,122
Finance charges	(10,614)	(2,653)	(13,267)
Net present values	35,084	8,771	43,855

The lease agreement includes fixed payments and a purchase option at the end of the three year lease term. The agreement is non-cancellable and does not contain any further restrictions.

Notes *(continued)*

23 Trade and other payables

	Group		Company	
				Restated
	2015	2014	**2015**	2014
	£	£	**£**	£
Current				
Trade payables (i)	**231,507**	114,920	**-**	-
Other taxation and social security	**83,576**	74,102	**-**	-
Amounts owed to subsidiary undertakings	**-**	-	**861,728**	720,566
Non-trade payables and accrued expenses (ii)	**417,808**	446,051	**1,986**	1,296
	732,891	635,073	**863,714**	721,862

	Group		Company	
				Restated
	2015	2014	**2015**	2014
	£	£	**£**	£
Falling due after more than one year				
Trade payables	**103,347**	-	**-**	-

(i) There were no foreign currency amounts included within trade payables.
(ii) In 2015 and 2014 included within Non-trade payables and accrued expenses are uninvoiced charges for servicing, maintenance and licensing costs for the Group's music and radio networks, plus accruals for legal and professional fees.

24 Provisions

	Leasehold premises dilapidations	Totals
	£	£
At 1 January 2015	**-**	-
Arising during the year	**14,063**	14,063
At 31 December 2015	**14,063**	14,063

Provision has been made in 2015 for the estimated cost of reinstating the Group's leasehold studios and offices in Newbury to their original state at the end of the current lease term.

25 Deferred income

	Group	
	2015	2014
	£	£
Media services	**136,641**	199,137

Where media services are billed in advance, income is deferred until it can be recognised in accordance with the revenue recognition policy as detailed in note 3(m).

Notes *(continued)*

26 Financial instruments

Treasury

The Group's financial instruments through which it meets its day to day working capital requirements comprise cash and liquid resources, an invoice financing facility, and receivables and payables. The principal risk on the financial assets is credit risk, which the Board has reviewed and manages through its policies summarised below. The Group maintains a policy of not trading in financial instruments. This policy has remained unchanged since the beginning of the year.

Borrowing facilities

The Group had £Nil borrowings at 31 December 2015 *(2014: £57,752)* under its invoice financing facility provided by HSBC Invoice Financing (UK) Limited and secured by floating charge per note 21 on Immedia Broadcast Limited's assets. There were no further committed borrowing facilities at 31 December 2015 *(2014: none)* under the invoice financing facility which provides a total facility of up to £250,000. The Group owed £8,771 *(2014: £43,855)* under a three year finance lease facility provided by Aurora Leasing Limited and secured by floating charge per note 21 on the assets of Immedia Broadcast Limited. A two year bank loan provided by HSBC Bank Plc and secured by floating charge per note 21 on Immedia Broadcast Limited's assets was fully repaid during the year *(2014: borrowings totalled £18,750).*

Interest rate risk

The Group finances part of its operations through a secured invoice financing facility where it has borrowed at floating rates of interest. At 31 December 2015 borrowings were charged interest at 2.56% above the HSBC Bank Plc base rate.

The HSBC Bank base rate was 0.5% at 31 December 2015. The exposure to interest rates for the Group's borrowings is not considered material: an increase in interest rates of 100 basis points if applied throughout 2016 would reduce profits and equity by £1,000 per £100,000 borrowed.

The Group has financed the cost of certain equipment supplied under contract to customers through a secured finance lease where borrowings were charged a fixed interest rate of 18.2% and there is no exposure to interest rate risk.

Liquidity risk (see also table 3 on page 48)

Short-term flexibility is normally achieved by the combined use of cash balances (primarily held on short-term deposit) and the invoice financing facility. Financial liabilities as shown in notes 21 and 22 are payable within one year. The directors consider that the Group's exposure to liquidity risk is minimal.

Foreign currency risk

The Group's foreign currency denominated transactions remain a very low percentage of the total value of all transactions and are expected to remain so in 2016. In 2015 Euro denominated revenues totalled €1,000 *(2014: €Nil)* and Euro denominated costs totalled €1,125 *(2014: €1,443)*. There were no US$ denominated revenues in either 2015 or 2014. In 2015 there were US$ denominated costs totalling $29,770 *(2014: $Nil)*. The Group has no material financial exposure to foreign exchange gains and losses on monetary assets and liabilities at the year-end and does not hedge any of its trading activities.

Credit risk

The Group's exposure to credit risk is mitigated by the quality of its predominantly blue chip multinational customers. The trade receivables balance of £518,694 *(2014: £456,778)* represents the maximum exposure to credit risk, of which 0.1% *(2014: 2.4%)* relates to smaller and/or more recently established companies. Policies are maintained to ensure the Group makes credit sales only to customers with an appropriate credit rating, and credit limits are set and reviewed based on credit references, debt ageing and collection history.

Notes *(continued)*

26 Financial instruments *(continued)*

Bad debt risk

The Group has predominantly blue chip customers whose relative financial strength and stability minimises the risk of bad debts. Continuous monitoring and review of debt ageing, collection history and credit ratings for all customers provides further reduction of bad debt risk for the Group.

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

All financial assets held at fair value are measured at level 1 within the hierarchy in 2015 and 2014. There were no transfers between Level 1 and Level 2 in 2015 or in 2014.

Table 1: Categories of financial assets and liabilities: financial assets

	Available for sale (carried at fair value)	**Loans and receivables (carried at amortised cost)**	**Total**
Group			
	2015	**2015**	**2015**
	£	**£**	**£**
Trade and other receivables (note 17)	**-**	**518,694**	**518,694**
Accrued income and other debtors (note 17)	**-**	**340,916**	**340,916**
Available for sale assets (note 18)	**255,000**	**-**	**255,000**
Cash and cash equivalents (note 19)	**-**	**353,435**	**353,435**
Total financial assets	**255,000**	**1,213,045**	**1,468,045**
			Restated
	2014	2014	2014
	£	£	£
Trade and other receivables (note 17)	-	456,778	456,778
Accrued income and other debtors (note 17)	-	504,208	504,208
Available for sale assets (note 18)	607,200	-	607,200
Cash and cash equivalents (note 19)	-	324,345	324,345
Total financial assets	607,200	1,285,331	1,892,531

Notes *(continued)*

26 Financial instruments *(continued)*

Table 2: Categories of financial assets and liabilities: financial liabilities

Group	**Other liabilities (carried at amortised cost)**	**Total**
	2015	**2015**
	£	**£**
Interest bearing loans and borrowings (secured) (note 21)	**-**	**-**
Lease financing (secured) (note 22)	**8,771**	**8,771**
Trade and other payables (note 23)	**315,083**	**315,083**
Non trade payables and accrued expenses (note 23)	**417,808**	**417,808**
Total financial liabilities	**741,662**	**741,662**
		Restated
	2014	2014
	£	£
Interest bearing loans and borrowings (secured) (note 21)	76,502	76,502
Lease financing (secured) (note 22)	43,855	43,855
Trade and other payables (note 23)	189,022	189,022
Non trade payables and accrued expenses (note 23)	446,051	446,051
Total financial liabilities	755,430	755,430

Table 3: Analysis of trade and other payables by due date

	Due date as at 31 December 2015				
	< 30 days	>30<183 days	>183 < 366 days	>366 days	Total
	£	**£**	**£**	**£**	**£**
Trade and other payables	**105,194**	**57,415**	**68,898**	**103,347**	**334,854**
Non trade payables and accrued expenses	**141,093**	**236,865**	**18,189**	**21,661**	**417,808**

	Due date as at 31 December 2014				
	< 30 days	>30<183 days	>183 < 366 days	>366 days	Total
	£	£	£	£	£
Trade and other payables	189,022	-	-	-	189,022
Non trade payables and accrued expenses	192,461	228,935	-	24,655	446,051

Notes *(continued)*

27 Commitments

(a) The total of future minimum lease payments under non-cancellable operating leases is as follows:

	2015		2014	
	Land and buildings	**Other**	Land and buildings	Other
	£	**£**	£	£
Group				
Amount payable				
Not later than one year	**40,313**	**1,208**	40,313	164
Later than one year and not later than five years	**161,250**	**-**	161,250	82
After five years	**30,324**	**-**	70,546	-
	231,887	**1,208**	272,109	246

The land and buildings leases shown above relate to the Group's rental of offices in Newbury.

(b) Capital commitments

There were no unprovided capital commitments at 31 December 2015 *(2014: £24,518)*.

28 Related party disclosures

In 2015 Immedia Broadcast Limited paid £20,000 to Intrinsic Capital Services Limited, a company controlled by Mark Horrocks for non-executive director services, and paid £29,392 to Morchard Bishop & Co, an accountancy practice controlled by Charles Barker-Benfield, for accountancy services. These amounts are included in the directors' remuneration table on page 13.

In 2014 Immedia Broadcast Limited paid £15,000 to Intrinsic Capital Services Limited, a company controlled by Mark Horrocks for non-executive director services, and paid £30,228 to Morchard Bishop & Co, an accountancy practice controlled by Charles Barker-Benfield, for accountancy services. These amounts are included in the directors' remuneration table on page 13.

29 Employee benefits

Pension schemes – Group and Company

The Group operates a defined contribution pension scheme (the Immedia Broadcast Limited Stakeholder Pension Scheme) with Allied Dunbar Assurance Plc which is open to all employees to join. There were no contributions paid or payable by the Group to the scheme during the year *(2014: £Nil)* and there were no outstanding or prepaid contributions at either the beginning or the end of the current or previous financial years.

The Group also operates a defined contribution pension scheme (the Immedia Broadcast Limited Retirement Benefit Scheme) which currently has two members. This scheme is closed to new members. There were no contributions paid or payable by the Group to the scheme during the year *(2014: £Nil)* and there were no outstanding or prepaid contributions at either the beginning or the end of the current or previous financial years.

Notes *(continued)*

29 Employee benefits *(continued)*

Share-based payments – Group and Company

The numbers of share options outstanding at 31 December (including options awarded to Directors) are as follows:

Option scheme	Terms note (page 51)	Date of grant	Exercise price per share	**2015** Number of shares	2014 Number of shares
Immedia EMI Share Option Scheme	(i)	18 Oct 2013	10.0 pence	**712,000**	712,000
Immedia EMI Share Option Scheme	(ii)	18 Oct 2013	10.0 pence	**397,225**	397,225
				1,109,225	1,109,225

The movements in the number of share options outstanding and their weighted average exercise prices are as follows:

	Number of shares	Weighted average exercise price (pence)
Outstanding at 1 January 2014	1,166,283	10.00
Exercised	(47,058)	10.00
Forfeited	(10,000)	10.00
Outstanding at 31 December 2014	1,109,225	10.00
Awarded	-	-
Exercised	-	-
Forfeited	-	-
Cancelled	-	-
Outstanding at 31 December 2015	**1,109,225**	**10.00**
Of which		
Exercisable at 31 December 2015	**1,109,225**	**10.00**
Exercisable at 31 December 2014	712,000	10.00

Notes *(continued)*

29 Employee benefits *(continued)*

Share-based payments – Group and Company *(continued)*

There were no share options granted to employees (including Directors) during 2015 or 2014. The terms and conditions of share options granted to employees (including Directors) during 2013 were as follows:

(i) Options over a total of 47,058 shares were granted to non-board employees on 18 October 2013 under the Immedia EMI Share Option Scheme subject to the Group achieving minimum audited profits before income tax for the financial year ending 31 December 2013 of £250,000; options over a total of 712,000 shares were granted to directors on 18 October 2013 under the Immedia EMI Share Option Scheme subject to the Group achieving minimum audited profits before income tax for the financial year ending 31 December 2013 of £350,000. These options vested on 20 March 2014 with the publication of the Group's audited financial statements for the financial year ending 31 December 2013 and may be exercised over a ten year period commencing on that date.

(ii) Options over a total of 51,225 shares were granted to non-board employees on 18 October 2013 under the Immedia EMI Share Option Scheme subject to the Group achieving minimum audited profits before income tax for the financial year ending 31 December 2014 of £475,000; options over a total of 356,000 shares were granted to directors on 18 October 2013 under the Immedia EMI Share Option Scheme subject to the Group achieving minimum audited profits before income tax for the financial year ending 31 December 2014 of £475,000. These options vested on 30 March 2015 with the publication of the Group's audited financial statements for the financial year ending 31 December 2014 and may be exercised over a ten year period commencing on that date.

At 31 December 2015 the Employee Benefit Trust held 832,374 shares in Immedia Group Plc in trust for employees against the future exercise of share options granted under the Immedia EMI Share Option Scheme *(2014: 832,374 shares).*

The fair value of share options granted in 2013 (the IFRS 2 charge) was £4,578. This was determined using the Black Scholes model which takes into account factors specific to the share incentive plans such as the vesting period. The following principle assumptions were used in the valuation of options granted in 2013:

Options granted in respect of performance for financial year ending:	**31 December 2014**	31 December 2013
Grant date	**18 October 2013**	18 October 2013
Vesting period ends	**31 March 2015**	31 March 2014
Share price at date of grant	**8.75p**	8.75p
Volatility	**40%**	40%
Option life	**10 years**	10 years
Dividend yield	**n/a**	n/a
Risk-free investment rate	**5%**	5%
Fair value at grant date	**1.45p**	0.56p
Exercise price at date of grant	**10.0p**	10.0p
Exercisable from / to	**1 April 2015 / 31 March 2025**	1 April 2014 / 31 March 2024
Weighted average remaining contractual life at 31 December 2015	**10.25 years**	9.25 years

The underlying expected volatility was determined by reference to historical data of the Company's shares over a period of time since its AIM flotation. No special features inherent to the options granted were incorporated into measurement of fair value.

Notes *(continued)*

29 Employee benefits *(continued)*

Share-based payments – Group and Company *(continued)*

At 31 December 2015 Directors' and other employees' share options outstanding were as follows:

	Number of shares during the year					Exercise price	Date from which exercisable	Expiry date
	At start of year	Granted	Exercised	Cancelled or forfeited	At end of year			
T Brookes	348,000	-	-	-	348,000	10p	See note (i) above	See note (i) above
T Brookes	174,000	-	-	-	174,000	10p	See note (ii) above	See note (ii) above
C Barker-Benfield	187,000	-	-	-	187,000	10p	See note (i) above	See note (i) above
C Barker-Benfield	93,500	-	-	-	93,500	10p	See note (ii) above	See note (ii) above
R Penney	177,000	-	-	-	177,000	10p	See note (i) above	See note (i) above
R Penney	88,500	-	-	-	88,500	10p	See note (ii) above	See note (ii) above
Other employees	41,225	-	-	-	41,225	10p	See note (ii) above	See note (ii) above
Totals	1,109,225	-	-	-	1,109,225			

The weighted average remaining contractual life of the share options in issue at 31 December 2015 was 8.59 years.

30 Contingent liabilities

The Group is in discussion with certain music licensing authorities on the existence and amount of prior period liabilities for which management has included its best estimate within payables and for which the probability and amount of any outflow of resources is uncertain. These contingent liabilities are not described in detail so as not to prejudice the Group's position in the related discussions.

Notice of Annual General Meeting

Immedia Group Plc ("the Company")

(Registered in England and Wales under number 04947859)

NOTICE is hereby given that the Annual General Meeting of the Company for the financial year ended 31 December 2015 will be held at the Company's Newbury offices, 7-9 The Broadway, Newbury, Berkshire RG14 1AS at 10 am on 09 June 2016 for the purpose of:

(a) considering in accordance with section 656 of the Companies Act 2006 whether any, and if so what, steps should be taken to deal with the situation that the net assets of the Company currently represent less than half of its called-up share capital; and

(b) considering and, if thought fit, passing the following resolutions which in respect of resolutions numbered 1 to 6 (inclusive) will be proposed as ordinary resolutions and which in respect of resolutions numbered 7 to 9 will be proposed as special resolutions.

ORDINARY BUSINESS: Ordinary Resolutions

1 To receive and adopt the Company's annual accounts for the year ended 31 December 2015 together with the last directors' report and auditor's report.
2 To receive and approve the Directors' remuneration report for the year ended 31 December 2015.
3 To re-elect Geoff Howard-Spink as a director of the Company, who retires by rotation.
4 To re-elect Charles Barker-Benfield as a director of the Company, who retires by rotation.
5 To re-appoint the auditors, Nexia Smith & Williamson.
6 To authorise the Directors to fix the remuneration of the auditors.

SPECIAL BUSINESS: Special Resolutions

That in substitution for the existing authorities of the Company, the Directors be and they are hereby given the authority and power contained in Article 5 of the Company's Articles of Association for the period ending on the date of the Annual General Meeting in 2017 or the date which is 15 months after the date of the passing of the Resolution, whichever is the earlier and for such period:

7 the Section 551 (CA 2006) Amount shall be £485,228; and
8 the Section 570 (CA 2006) Amount shall be £291,136;
9 that subject to the passing of resolutions 7 and 8 the Article 5.5.3 (relating to the Section 551 Amount) and Article 5.5.4 (relating to the Section 570 Amount) be amended to reflect the amounts given in these resolutions and that all reference to previous authorities be removed.

Consideration of section 656 of the Companies Act 2006

Section 656 of the Companies Act 2006 (section 656) was brought to the attention of the Directors as part of the audit of the financial statements for the year to 31 December 2015. Section 656 states that where the net assets of a public company are half or less of its called-up share capital the directors must call a general meeting of the company to consider whether any, and if so what, steps should be taken to deal with the situation.

The Directors have noted that as at 31 December 2015, the net assets of the Company were £217,125 which is less than half the nominal value of its called-up share capital of £1,455,684. The net assets of the Group at 31 December 2015 were £1,121,188.

Historic diminution of the Company's net assets was caused primarily by the impairment in 2007 of intangible assets following the acquisition of and subsequent loss of business in Cube Music Limited, and in 2009 the forgiving of intercompany indebtedness between the Company and its trading subsidiary Immedia Broadcast Limited.

The annual financial statements of the Company for the year ended 31 December 2015 include a going concern statement which confirms that the Directors have prepared projected cash flow information to 30 June 2017 (more than twelve months from 20 April 2016, the date of approval of the financial statements) and have reviewed this information as at 20 April 2016.

As noted in the financial statements, the Group repaid borrowings and reduced debt during 2015 and as a result net funds increased by 69% from £203,988 at 31 December 2014 to £344,664 at 31 December 2015.

Notice of Annual General Meeting *(continued)*

Consideration of section 656 of the Companies Act 2006 *(continued)*

No formal resolution is being put to the General Meeting in connection with section 656 and it is the Directors' view that the most appropriate course of action is to continue to maintain tight control over the running costs of the Company whilst optimising strategies to develop the Group's business and maximise shareholder value.

By Order of the Board

Charles Barker-Benfield
Company Secretary

20 April 2016

Registered Office:
7-9 The Broadway
Newbury
Berkshire RG14 1AS

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.

2. To be valid, a form of proxy, together with a power of attorney or other authority, if any, under which it is executed or a notarially certified copy thereof, must be deposited at the offices of the Company's registrars, Share Registrars Limited, Suite E, First Floor, 9 Lion & Lamb Yard, Farnham, Surrey GU9 7LL not less than 48 hours before the time for holding the meeting or the adjourned meeting. A form of proxy is enclosed with this notice.

3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

4. In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.

5. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members registered in the register of Members of the Company as at 5 pm on 07 June 2016 shall be entitled to attend and vote, whether in person or by proxy, at the Annual General Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries in the register of members after 5 pm on 07 June 2016 shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting. If the Annual General Meeting is adjourned, entitlements to attend and vote will be determined by reference to the register of members of the Company 48 hours before the time of the adjourned meeting.

6. Completion and return of the form of proxy will not preclude members from attending or voting in person at the meeting if they so wish.

7. Registered shareholders and/or duly authorised corporate representatives or proxies attending the Annual General Meeting are advised to bring evidence of their shareholding or authorisation with them.