Immedia Group Plc

Annual report and consolidated financial statements
31 December 2013

Registered number 04947859

Contents

General Information

Directors

Geoff Howard-Spink *Chairman*

Bruno Brookes *Chief Executive*

Charles Barker-Benfield

Mark Horrocks

Ross Penney

Company Secretary

Charles Barker-Benfield

Registered Office

7-9 The Broadway

Newbury

Berkshire RG14 1AS

Registered number 04947859

Solicitors

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London

EC4M 7RD

Bankers

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The Pavilions

Bridgwater Road

Bristol

BS99 6ZZ

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 liability in respect thereof is 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 Directors' report and consolidated financial statements of the Group for the year ended 31 December 2013. Pages 5 to 15, including the Chairman's Statement, Chief Executive's Review, Financial Review, Directors' Report and the Directors' Responsibilities Statement form part of the Report of the Directors.

Chairman's Statement

2013 was a successful year for the Group with a return to profitability on an increase in revenue and a reduction in expenses following the full year effect of the cost reduction and restructuring programme undertaken in 2012.

On revenue of £2,841,740, up 14.3% on the previous year, your company delivered EBITDA of £488,842 which translates to underlying earnings per share before taxation of 2.96p.

The balance sheet has been strengthened and the Group has continued to maintain good cash balances.

The drive to win new business has continued with trials undertaken for a number of new customers, some in market sectors in which the company was not previously providing services.

We are optimistic for the coming year although with the long awaited economic recovery still fragile a degree of caution is appropriate.

The Board's key objective as always is to create shareholder value and we believe that this set of results provides a foundation upon which that objective can be achieved.

Lastly I'd like to thank Peter Teague who retired from the Board in 2013 after serving as Non-Executive Director since 2003; we are pleased to acknowledge the contribution he has made since the admission of the company to AIM. His counsel has helped steer the company through testing times. We wish him continued success in his other business interests.

Geoff Howard-Spink
Chairman

19 March 2014

Chief Executive's Review

I am pleased to present our full year results for the financial year to 31st December 2013 where we have achieved profit before tax of £405,619 on revenues of £2,841,740. Revenues are up 14.3% on last year whilst the profit before tax is an improvement of £572,792 on the comparable period. We have strengthened shareholders' equity by £812,908 (up 245%) over the year.

We have engaged and provided services to eleven new brands and entered into four new retail markets. We have also developed new opportunities into consumer channels which we aim to launch in 2014. Our operational restructuring has worked well and, as growth is expected, we have concentrated on strengthening departmental leadership with new executives to drive content and channel development. Our marketplace has matured with an unprecedented interest in our company's services.

For the year ahead, whilst there will be new challenges, I am confident we will benefit from a buoyant need for a broader digital marketing and communications mix in the business sector to deliver new channels to a wider audience world-wide.

Bruno Brookes

Chief Executive
19 March 2014

Directors

Geoff Howard-Spink, Chairman aged 69

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

Trevor (known as "Bruno") Brookes, Chief Executive Officer aged 54

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 60

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 aged 51, Chairman of Remuneration Committee

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. In 1999 he jointly created and launched the Small Company Investment Trust Intrinsic Value Plc and is currently a Partner in Intrinsic Capital LLP.

Ross Penney, Business Affairs Director aged 50

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

When we reported 2012 results in March 2013 we had restructured the business, reduced our overhead costs and noted that the business was well placed to deliver profits in 2013. A key component remained the winning of new business and we can now report significant progress during 2013 in improving our new business generation model.

The improvement in the Group's financial performance in 2013 is evident; new business has contributed to growth in revenues (overall up 14.3% year on year) and in margins (up 8.5% year on year); overhead costs have been reduced by 27.9%, EBITDA has improved by £538,530 and profit before tax has improved by £572,792 year on year. In 2014 the Group will benefit from further annual savings in office accommodation costs following relocation of its offices to the ground floor of the studio building in Newbury.

With the improvement in profitability comes the opportunity for the Group to utilise historical tax losses and consequently the recognition in 2013 of a deferred tax asset of £398,000 in respect of its available tax losses.

Consolidated balance sheet and cash flows

Shareholders' equity increased by 245% from £332,009 to £1,144,917 in 2013, reflecting the improvement in retained earnings / net assets. The 2012 outflow of cash from operating activities was reversed in 2013 (see statement of cash flows on page 21) and new financing was obtained both for equipment supplied over long term customer contracts and for part of the cost of refurbishing the Group's new office accommodation. The Group closed the year with cash balances up £324,171 at £614,745.

Charles Barker-Benfield
Finance Director

19 March 2014

Strategic Report

This report has been prepared by the directors in accordance with the requirements of Section 414A of the Companies Act 2006. The Group's independent auditor is required by law to report on whether the information given in the strategic report is consistent with the financial statements. The auditor's report is set out on page 16.

Principal 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 2013 was £2,841,740 *(2012: £2,486,783)*. Earnings/(loss) before interest, taxation, depreciation, amortisation and impairment charges (EBITDA) were £488,842 *(2012: loss £49,688)*. The operating profit was £406,945 (2012: loss £166,583*)* and the profit before taxation was £405,619 *(2012: loss £167,173)*. The profit for the year attributable to equity shareholders was £808,330 *(2012: loss £150,755).* The basic and diluted profit per share were 5.89 pence *(2012: loss 1.10 pence)* whilst the underlying profit per share before taxation was 2.96 pence *(2012: loss 1.22 pence)*. 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:

- Performance against budget by gross profit for each business segment, where during 2013 production performed 8.0% above budget, operations performed 13.4% above budget and overall the business performed 10.6% above budget (see also Financial review on page 8);
- Performance against budget by overall gross profit percentage where the business achieved 55.3% in 2013 against its budget of 54.4%;
- Cash overheads where in 2013 expenditure was 4.0% above budget.

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.

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 23.

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	**Impact**	**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 and reserves.

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 at 31 December 2013:

	Female	Male
Employees	2	2
Senior managers	2	3
Directors	-	5

Environment

The Group's policy is to minimise the environmental impact of its activities and in line with best practice 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 three 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 remain 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; to continue to grow the business profitably and to maximise returns for its shareholders.

By order of the Board

Charles Barker-Benfield
Director
19 March 2014

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 2013.

Market value of shares

The share price at 31 December 2013 was 9.38 pence and shares were traded between 6.25 pence and 10.25 pence during the year.

Material shareholdings

Shareholdings over 3.0% advised to the Company at the date of this report were as follows: Mr. M Horrocks and related family interests 29.3%, Mr. T Brookes 17.9%, Dr. J Gayner 14.6%, Immedia Broadcasting Trustees Limited 5.7%, Mrs. A Clough and related family interests 4.0%, Mr. R Penney 3.0%.

Employee Benefit Trust

At 31 December 2013 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 *(2012: 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 *(2012: £nil).*

Directors

The directors who held office during the year were as follows:
G Howard-Spink
T Brookes
C Barker-Benfield
M Horrocks
R Penney
P Teague (retired 22 May 2013)

Geoff Howard-Spink, having been first elected as a non-executive director in 2003, has held office for over 9 years and will retire and seek re-election at the forthcoming Annual General Meeting.

Bruno Brookes and Ross Penney retire by rotation and, being eligible, offers themselves 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.

A total of 1,068,000 new options to subscribe for shares in the Company were granted to directors during the year and full details, according to the register of Directors' interests, are shown in note 26 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 & Company Secretary, Ross Penney as Business Affairs Director and Mark Horrocks as Non-Executive Director. Geoff Howard-Spink is recognised as the senior independent Non-Executive Director. Peter Teague served as a Non-Executive director until his retirement from the board at the Annual General Meeting on 22 May 2013.

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), Geoff Howard-Spink and Peter Teague (to 22 May 2013). 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 (* to date of resignation) are shown below. These include basic salary, bonus and the estimated money value of benefits in kind.

Director's name	**Salary and fees**	**Bonus**	**Taxable benefits**	**Total remuneration**	**NIC total**	**2013 Total**	2012 Total
	£	**£**	**£**	**£**	**£**	**£**	£
G Howard-Spink	**5,833**	**-**	**-**	**5,833**	**554**	**6,387**	18,527
T Brookes	**100,003**	**-**	**3,050**	**103,053**	**8,989**	**112,042**	142,000
C Barker-Benfield	**50,724**	**-**	**2,833**	**53,557**	**3,643**	**57,200**	80,878
M Horrocks	**2,917**	**-**	**-**	**2,917**	**-**	**2,917**	9,198
R Penney	**66,003**	**-**	**1,709**	**67,712**	**7,783**	**75,585**	76,582
P Teague*	**-**	**-**	**-**	**-**	**-**	**-**	9,198
	225,480	**-**	**7,592**	**233,072**	**21,059**	**254,131**	336,383

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 26 to the financial statements.

Corporate Governance Report

The Group is not required to comply with the UK Corporate Governance Code and does not currently comply with all of its requirements. However, the Board is committed to achieving high standards of corporate governance and the Group does voluntarily comply with some of the requirements of the UK Corporate Governance Code as described in this statement and the Report on Directors' Remuneration.

Going concern

On the basis of current financial projections prepared up to 30 June 2015, 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 23.

Auditor

Grant Thornton UK LLP have indicated that they are willing to continue in office. A resolution to reappoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the Annual General Meeting.

By order of the Board

Charles Barker-Benfield
Company Secretary
19 March 2014

7-9 The Broadway
Newbury
Berkshire
RG14 1AS

Directors’ Responsibilities Statement

The directors are responsible for preparing the Strategic Report, the Directors’ Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the consolidated financial statements and have elected to prepare the company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors confirm that:

- so far as each of the directors is aware, there is no relevant audit information of which the company’s auditor is unaware; and
- the directors have taken all 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 auditor is aware of that information.

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.

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 2013 which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flow, 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 set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's profit 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 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.

Nicholas Watson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford

19 March 2014

Consolidated statement of comprehensive income

for the year ended 31 December 2013

	Note	**2013** **£**	2012 £
Revenue	4	**2,841,740**	2,486,783
Cost of sales		**(1,270,789)**	(1,038,608)
Gross profit		**1,570,951**	1,448,175
Administrative expenses before depreciation, amortisation and impairment charges		**(1,082,109)**	(1,497,863)
Earnings/(loss) before interest, taxation, depreciation, amortisation and impairment charges (EBITDA)		**488,842**	(49,688)
Other administrative expenses			
Depreciation, amortisation and impairment charges		**(81,897)**	(116,895)
Total administrative expenses		**(1,164,006)**	(1,614,758)
Results from operating activities		**406,945**	(166,583)
Finance income	8	**9,168**	1,079
Finance cost	8	**(10,494)**	(1,669)
Net finance cost		**(1,326)**	(590)
Profit/(loss) before income tax	5	**405,619**	(167,173)
Income tax	9	**402,711**	16,418
Profit/(loss) and total comprehensive income for the year attributable to equity shareholders of the parent		**808,330**	(150,755)
Continuing and total operations			
Earnings/(loss) per share – basic and diluted	10	**5.89p**	(1.10)p

Consolidated balance sheet

At 31 December 2013

	Note	**2013** £	2012 £
Assets			
Property, plant and equipment	11	**166,231**	95,814
Intangible assets	12	**205,094**	215,265
Deferred tax asset	13	**288,700**	-
Total non-current assets		**660,025**	311,079
Current assets			
Inventories	14	**115,266**	134,292
Trade and other receivables	16	**712,451**	482,709
Prepayments		**29,988**	74,822
Deferred tax asset	13	**109,300**	-
Cash and cash equivalents	17	**614,745**	290,574
Total current assets		**1,581,750**	982,397
Total assets		**2,241,775**	1,293,476
Equity			
Share capital	18	**1,455,684**	1,455,684
Share premium		**3,586,541**	3,586,541
Merger reserve		**2,245,333**	2,245,333
Other reserves		**4,578**	-
Retained losses		**(6,147,219)**	(6,955,549)
Total equity		**1,144,917**	332,009
Liabilities			
Borrowings	19	**18,750**	-
Finance leases	20	**43,855**	-
Total non-current liabilities		**62,605**	-
Borrowings	19	**145,575**	129,800
Finance leases	20	**35,084**	-
Trade and other payables	21	**653,263**	659,712
Deferred income	22	**200,331**	171,955
Total current liabilities		**1,034,253**	961,467
Total liabilities		**1,096,858**	961,467
Total equity and liabilities		**2,241,775**	1,293,476

These financial statements were approved by the Board of Directors on 19 March 2014 and were signed on its behalf by:

TN Brookes
Director

Company registered number 04947859

Company balance sheet

At 31 December 2013

	Note	2013 £	2012 £
Assets			
Investments in subsidiaries	15	**766,278**	761,700
Total non-current assets		**766,278**	761,700
Current assets			
Prepayments		**1,644**	17,321
Total current assets		**1,644**	17,321
Non-current assets			
Trade and other receivables	16	**54,682**	54,082
Total non-current assets		**54,682**	54,082
Total assets		**822,604**	833,103
Equity			
Share capital	18	**1,455,684**	1,455,684
Share premium		**3,586,541**	3,586,541
Other reserves		**4,578**	-
Retained losses		**(4,706,695)**	(4,613,968)
Total equity		**340,108**	428,257
Liabilities			
Trade and other payables	21	**482,302**	404,756
Total non-current liabilities		**482,302**	404,756
Trade and other payables	21	**194**	90
Total current liabilities		**194**	90
Total liabilities		**482,496**	404,846
Total equity and liabilities		**822,604**	833,103

These financial statements were approved by the Board of Directors on 19 March 2014 and were signed on its behalf by:

TN Brookes
Director

Company registered number 04947859

Consolidated and company statements of changes in equity

Consolidated

Total equity as at 31 December 2013	Share capital	Share premium account	Merger reserve	Share based payment reserve	Retained loss	Total equity
	Attributable to equity shareholders of the Company					
	£	£	£	£	£	£
Balance at 1 January 2013	1,455,684	3,586,541	2,245,333	-	(6,955,549)	332,009
Equity settled share based payments	-	-	-	4,578	-	4,578
Transactions with owners	-	-	-	4,578	-	4,578
Profit and total comprehensive income for the year	-	-	-	-	808,330	808,330
Balance at 31 December 2013	**1,455,684**	**3,586,541**	**2,245,333**	**4,578**	**(6,147,219)**	**1,144,917**

Total equity as at 31 December 2012	Share capital	Share premium account	Merger reserve	Share based payment reserve	Retained loss	Total equity
	£	£	£	£	£	£
Balance at 1 January 2012	1,455,684	3,586,541	2,245,333	-	(6,804,794)	482,764
Loss and total comprehensive income for the year	-	-	-	-	(150,755)	(150,755)
Balance at 31 December 2012	**1,455,684**	**3,586,541**	**2,245,333**	**-**	**(6,955,549)**	**332,009**

Company

Total equity as at 31 December 2013	Share capital	Share premium account	Share based payment reserve	Retained loss	Total equity
	Attributable to equity shareholders of the Company				
	£	£	£	£	£
Balance at 1 January 2013	1,455,684	3,586,541	-	(4,613,968)	428,257
Equity settled share based payments	-	-	4,578	-	4,578
Transactions with owners	-	-	4,578	-	4,578
Loss and total comprehensive income for the year	-	-	-	(92,727)	(92,727)
Balance at 31 December 2013	**1,455,684**	**3,586,541**	**4,578**	**(4,706,695)**	**340,108**

Total equity as at 31 December 2012	Share capital	Share premium account	Share based payment reserve	Retained loss	Total equity
	£	£	£	£	£
Balance at 1 January 2012	1,455,684	3,586,541	-	(4,504,113)	538,112
Loss and total comprehensive income for the year	-	-	-	(109,855)	(109,855)
Balance at 31 December 2012	**1,455,684**	**3,586,541**	**-**	**(4,613,968)**	**428,257**

Consolidated and company statements of cash flows

for the year ended 31 December 2013

	Note	Consolidated		Company	
		2013	2012	**2013**	2012
		£	£	**£**	£
Cash flows from operating activities					
Profit/(loss) for the year before income tax		**405,619**	(167,173)	**(92,727)**	(109,855)
Adjustments for:					
Depreciation amortisation and impairment charges		**81,897**	116,895	**-**	-
Financial income		**(9,168)**	(1,079)	**(600)**	(600)
Financial expense		**10,494**	1,669	**-**	-
(Profit)/loss on sale of property, plant and equipment		**(365)**	4,562	**-**	-
(Increase)/decrease in trade and other receivables and prepayments		**(184,908)**	276,567	**15,077**	(16,419)
Decrease in inventories		**19,026**	11,825	**-**	-
Increase/(decrease) in trade and other payables and deferred income		**21,929**	(595,571)	**77,650**	126,274
Share based payment		**4,578**	-	**-**	-
Net cash from operating activities		**349,102**	(352,305)	**(600)**	(600)
Taxation					
Taxation		**4,711**	16,418	**-**	-
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**1,206**	8,310	**-**	-
Interest received		**9,168**	1,079	**600**	600
Acquisition of property, plant and equipment	11	**(137,285)**	(5,797)	**-**	-
Acquisition of intangible assets	12	**(5,700)**	(800)	**-**	-
Net cash from investing activities		**(132,611)**	2,792	**600**	600
Cash flows from financing activities					
New bank loan		**45,000**	-	**-**	-
Repayment of bank loan		**(3,750)**	-	**-**	-
New finance leases		**116,675**	-	**-**	-
Repayment of finance leases		**(37,737)**	-	**-**	-
Interest paid		**(10,494)**	(1,669)	**-**	-
Amounts repaid under invoice financing facility		**(6,725)**	(112,812)	**-**	-
Net cash from financing activities		**102,969**	(114,481)	**-**	-
Net increase/(decrease) in cash and cash equivalents		**324,171**	(447,576)	**-**	-
Cash and cash equivalents at 1 January		**290,574**	738,150	**-**	-
Cash and cash equivalents at 31 December	17	**614,745**	290,574	**-**	-

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 2013 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in marketing and communication services through radio and screen based media together with the installation and maintenance of associated equipment.

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 loss for the year is £92,727 *(2012 loss: £109,855)*.

The consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the financial statements for the year to 31 December 2012.

As highlighted in note 23 below, 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 2015, 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 2015, 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 19 March 2014.

Notes *(continued)*

2 Basis of preparation *(continued)*

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

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

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 ongoing 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 12 intangible assets (goodwill impairment tests);
- Note 13 deferred tax asset (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 16 trade and other receivables (review and provisions against doubtful debts).

Notes *(continued)*

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 to govern the financial and operating policies of an entity so as to obtain benefits from its activities. 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.

(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.

Notes *(continued)*

3 Significant accounting policies *(continued)*

(b) Property plant and equipment *(continued)*

(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 (* new in 2013) 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
Motor vehicles	-	4 years
Network equipment	-	5 years, or contract term if shorter

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

(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.

Acquisitions on or after 1 January 2006.
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)

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.

Amortisation of intangible assets
Amortisation is recognised as an administrative expense in profit and 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
Video library	-	10 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.

Notes *(continued)*

3 Significant accounting policies *(continued)*

(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.

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) Trade and other receivables

Trade and other receivables are classified as loans and receivables under IAS 39 and are stated initially at fair value plus transaction costs then measured at amortised cost less provisions for impairment. Provisions for impairment are recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The impairment recorded is the difference between the carrying value of the receivables and the estimated future cash flows discounted where appropriate. Any impairment required is recorded in the income statement.

(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 policy **(n) revenue** below, which gives rise to accrued income on the equipment sales (see also note 16 below).

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and overnight call deposits.

(k) Trade and other payables

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

(l) 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.

Notes *(continued)*

3 Significant accounting policies *(continued)*

(m) 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 profit and loss. 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.

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.

(n) 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(v) 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(v) below), revenue from equipment sales is recognised on the date of delivery and configuration 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 on completion.

(o) 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.

Notes *(continued)*

3 Significant accounting policies *(continued)*

(p) Taxation

Tax on the profit or loss for the year comprises current and deferred tax.

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 difference 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.

(q) Equity and reserves

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

Share premium incudes 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.

Retained earnings include all current and prior year retained profit and share-based employee remuneration.

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

(r) 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 and 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.

(s) 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)*

(t) 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.

Underlying

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

(u) 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 26).

(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 actual 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 the share based payments reserve in equity (see statements of changes in equity on page 20).

Notes *(continued)*

3 Significant accounting policies *(continued)*

(v) 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.

(w) Adopted IFRSs not yet applied

New standards and interpretations currently in issue but not effective for accounting periods commencing on 1 January 2013 are:

- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements (effective 1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2014)
- Transition Guidance – Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective 1 January 2014).

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(t) 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 2013 £	**EEA 2013 £**	**Total 2013 £**	UK 2012 £	EEA 2012 £	Total 2012 £
Revenue	**2,841,740**	**-**	**2,841,740**	2,484,980	1,803	2,486,783

Notes *(continued)*

4 Segment reporting *(continued)*

Operating segment analysis	**Production 2013 £**	**Operations 2013 £**	**Total 2013 £**	Production 2012 £	Operations 2012 £	Total 2012 £
Revenue	**1,400,313**	**1,441,427**	**2,841,740**	1,251,993	1,234,790	2,486,783
Cost of sales	**(598,001)**	**(672,788)**	**(1,270,789)**	(524,528)	(514,080)	(1,038,608)
Gross profit	**802,312**	**768,639**	**1,570,951**	727,465	720,710	1,448,175
Administrative expenses before depreciation, amortisation and impairment charges			**(1,082,109)**			(1,497,863)
Earnings before interest, taxation, depreciation, amortisation and impairment charges (EBITDA)			**488,842**			(49,688)
Other administrative expenses Depreciation, amortisation and impairment charges			**(81,897)**			(116,895)
Total administrative expenses			**(1,164,006)**			(1,614,758)
Results from operating activities			**406,945**			(166,583)
Finance income			**9,168**			1,079
Finance cost			**(10,494)**			(1,669)
Net finance cost			**(1,326)**			(590)
Profit/(loss) before income tax			**405,619**			(167,173)
Income tax income			**402,711**			16,418
Profit/(loss) and total comprehensive income for the year attributable to equity shareholders of the parent			**808,330**			(150,755)

There were three customers where revenue was greater than 10% of the total *(2012: four)*. Revenue from each of these customers is derived from both production and operations segments.

Significant customer analysis	**Total revenue 2013 £**	**2013 %**	Total revenue 2012 £	2012 %
Customer 1	**1,039,910**	**36.6**	507,080	20.4
Customer 2	**502,618**	**17.7**	310,788	12.5
Customer 3	**326,354**	**11.5**	283,671	11.4
Customer 4	**-**	**-**	261,140	10.5

Analysis of revenue between goods and services	**2013 £**	2012 £
Goods	**771,883**	722,594
Services	**2,069,857**	1,764,189

Notes *(continued)*

5 Profit/(loss) before income tax

	2013	2012
	£	£
Included in profit/loss are the following:		
Auditor's remuneration		
Group - audit of these financial statements	**22,000**	22,000
- fees paid to the auditor and their associates in respect of other services	**750**	1,970
Included in Group audit total: Company - audit	**2,500**	2,500
Depreciation and amounts written off property, plant and equipment and intangible assets		
- Owned	**81,897**	116,895
(Profit)/loss on disposal of property, plant and equipment	**(365)**	4,562
Research and development costs	**-**	25,691
Hire of other assets – operating leases	**72,021**	69,742
Foreign exchange (gains)/losses	**(3)**	405

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

	2013	2012
	£	£
Directors’ emoluments (including employer’s national insurance of £21,059 in 2013 and £35,195 in 2012)	**254,131**	336,383
Contributions to defined contribution plans	**-**	-
	254,131	336,383

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid Director was £103,053 *(2012: £126,083)*.

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

	2013 Number of Directors	2012 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 full time equivalent average number of persons employed (including Directors) during the year, analysed by category, was as follows:

	Group		**Company**	
	Number of employees		**Number of employees**	
	2013	2012	**2013**	2012
Administration	**9**	13	**3**	3
Production and distribution	**3**	7	**-**	-
	12	20	**3**	3

The aggregate payroll costs of these persons were as follows:

	2013	2012	**2013**	2012
	£	£	**£**	£
Wages and salaries	**491,057**	867,034	**184,439**	293,420
Compulsory social security contributions	**52,166**	96,804	**21,059**	35,194
Contributions to defined contribution plans	**-**	-	**-**	-
	543,223	963,838	**205,498**	328,614

The Group made no pension contributions in the year *(2012: £nil).*

Key management of the Group and the parent company are considered to be only the Board of Directors. The remuneration of key management is therefore as set out above in note 6. Details of share options held by key management are shown in note 26. The share-based payment charge in respect of all options awarded in 2013 was £4,578 *(2012: £nil).*

8 Finance income and cost

	2013	2012
	£	£
Interest income on bank deposits	**321**	1,079
Other interest income	**8,847**	-
	9,168	1,079
Interest expense on bank loan and invoice finance facility	**(1,848)**	(1,617)
Finance lease interest	**(7,960)**	-
Other interest payable	**(686)**	(52)
	(10,494)	(1,669)
Net finance cost	**(1,326)**	(590)

Notes *(continued)*

9 Income tax credit in the income statement

	2013	2012
	£	£
Current tax credit		
Current period	**-**	-
Adjustment in respect of prior periods	**(4,711)**	(16,418)
	(4,711)	(16,418)
Deferred tax credit		
Deferred tax (see note 13)	**(398,000)**	-
Total tax credit in consolidated income statement	**(402,711)**	(16,418)

Reconciliation of effective tax rate

The current tax credit for the period is based on an effective rate of 20% *(2012: 20%)* and is lower *(2012: lower)* than the standard rate of corporation tax in the UK for small companies (20%, *2012: 20%*). The differences are explained below:

	2013	2012
	£	£
Profit/(loss) before tax	**405,619**	(167,173)
Current tax at 20% *(2012: 20%)*	**81,124**	(33,435)
Effects of:		
Expenses not deductible for tax purposes	**854**	(2,744)
Capital allowances less than/(in excess of) depreciation	**(31,743)**	(212)
Utilisation of losses brought forward	**(66,991)**	-
Unrelieved losses carried forward	**16,756**	40,069
Other short term timing differences	**-**	(3,678)
Adjustments to tax charge in respect of previous periods	**(4,711)**	(16,418)
Recognition of deferred tax asset (losses previously unrecognised)	**(398,000)**	-
Total income tax credit	**(402,711)**	(16,418)

Notes *(continued)*

10 Earnings / (loss) per share

	2013 Number	2012 Number
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

The **basic and diluted** earnings / (loss) per share are calculated using the after tax earnings / (loss) attributable to equity shareholders for the financial period of £808,330 *(2012: loss of £150,755).*

For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. During 2013 all outstanding share options in issue had an exercise price in excess of the average market price in the year therefore there was no material dilutive effect arising from options in issue during 2013 and the basic and diluted earnings per share figures are the same.

In 2012 in accordance with IAS 33 the diluted basic loss per share is stated as the same amount as basic as there was no dilutive effect.

	2013	2012
Underlying earnings / (loss) per share	**2.96p**	(1.22)p

The underlying earnings / (loss) per share is calculated using the before tax earnings / (loss) attributable to equity shareholders for the financial period of £405,619 *(2012: loss of £167,173).*

Notes *(continued)*

11 Property, plant and equipment

	Plant and equipment	Fixtures & fittings	Motor Vehicles	Network equipment	Total
	£	£	£	£	£
Group					
Cost					
At 1 January 2013	**797,859**	**491,925**	**-**	**188,420**	**1,478,204**
Additions	**24,006**	**113,279**	**-**	**-**	**137,285**
Disposals & retirements	**-**	**(140,636)**	**-**	**-**	**(140,636)**
At 31 December 2013	**821,865**	**464,568**	**-**	**188,420**	**1,474,853**
Depreciation and impairment losses					
At 1 January 2013	**762,227**	**432,482**	**-**	**187,681**	**1,382,390**
Charge for year	**23,637**	**41,674**	**-**	**715**	**66,026**
On disposals & retirements	**-**	**(139,794)**	**-**	**-**	**(139,794)**
At 31 December 2013	**785,864**	**334,362**	**-**	**188,396**	**1,308,622**
Carrying amounts					
At 31 December 2013	**36,001**	**130,206**	**-**	**24**	**166,231**
Cost					
At 1 January 2012	795,059	489,419	22,000	661,436	1,967,914
Additions	2,800	2,947	-	50	5,797
Disposals & retirements	-	(441)	(22,000)	(473,066)	(495,507)
At 31 December 2012	797,859	491,925	-	188,420	1,478,204
Depreciation and impairment losses					
At 1 January 2012	731,548	366,710	4,854	659,690	1,762,802
Charge for year	30,679	66,213	4,313	1,018	102,223
On disposals & retirements	-	(441)	(9,167)	(473,027)	(482,635)
At 31 December 2012	762,227	432,482	-	187,681	1,382,390
Carrying amounts					
At 31 December 2012	35,632	59,443	-	739	95,814

Disposals & retirements
In 2013, fully amortised leasehold improvements and office equipment were retired following vacation of office premises. *(In 2012, fully amortised network equipment was retired following termination of a contract).*

Finance leases
There were no outstanding finance leases (see note 20) in respect of property, plant and equipment at 31 December 2013 *(2012: £nil).*

Notes *(continued)*

12 Intangible assets

	Customer relationships	Video library	Content delivery	Goodwill	Total
	£	£	£	£	£
Group					
Cost					
At 1 January 2013	**566,880**	**126,000**	**43,635**	**1,173,310**	**1,909,825**
Additions in year	**-**	**-**	**5,700**	**-**	**5,700**
At 31 December 2013	**566,880**	**126,000**	**49,335**	**1,173,310**	**1,915,525**
Amortisation and impairment losses					
At 1 January 2013	**566,880**	**126,000**	**27,680**	**974,000**	**1,694,560**
Charge for year	**-**	**-**	**15,871**	**-**	**15,871**
At 31 December 2013	**566,880**	**126,000**	**43,551**	**974,000**	**1,710,431**
Carrying amounts					
At 31 December 2013	**-**	**-**	**5,784**	**199,310**	**205,094**
Cost					
At 1 January 2012	566,880	126,000	42,835	1,173,310	1,909,025
Additions in year	-	-	800	-	800
At 31 December 2012	566,880	126,000	43,635	1,173,310	1,909,825
Amortisation and impairment losses					
At 1 January 2012	566,880	126,000	13,008	974,000	1,679,888
Charge for year	-	-	14,672	-	14,672
At 31 December 2012	566,880	126,000	27,680	974,000	1,694,560
Carrying amounts					
At 31 December 2012	-	-	15,955	199,310	215,265

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. 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 2014. The recoverable amount of the production segment CGU is £439,000 *(2012: £324,600)*.

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% *(2012: 17%)* applied to its cash flow projections (equivalent to a pre-tax rate of approximately 21% *(2012: 24%)*.

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

Notes *(continued)*

13 Deferred tax asset

	Group	
	2013	2012
	£	£
Due within one year		
Deferred tax	**109,300**	-
Due after more than one year		
Deferred tax	**288,700**	-

There were no recognised deferred tax liabilities *(2012: £nil).*

The deferred tax asset arising in respect of temporary differences between capital allowances and depreciation of £48,000 *(2012: asset of £80,000)* has been added to *(2012: added to)* accumulated trading losses. The residual trading losses carried forward of £2,045,000 create a potential deferred tax asset of £409,000 *(2012: £840,000)* of which £398,000 has been recognised in 2013; £109,300 of this total is held as a current asset and £288,700 as due after more than one year, as shown above. *(Prior to 2013 no deferred tax asset was recognised due to uncertainty of recovery).*

14 Inventories

	Group	
	2013	2012
	£	£
Work in progress	**16,678**	5,165
Finished goods	**98,588**	129,127
	115,266	134,292

Work in progress represents the cost of equipment installations in 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 £359,707 *(2012: £238,558).* Impairment charges for obsolete and slow moving inventories totalled £412 *(2012: £21,446)* and the carrying value of inventories subjected to impairment charges and included in the above totals was £51,487 *(2012: £51,075).*

Notes *(continued)*

15 Investments in subsidiaries

Subsidiary undertakings - Company

	2013	2012
	£	£
Cost and net book value		
At beginning of year	**761,700**	761,700
Capital contribution (share based payment)	**4,578**	-
At end of year	**766,278**	761,700

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 2013 and 31 December 2012 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 2013 and 31 December 2012, 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.

At 31 December 2013 and 31 December 2012, The Cube Group of Companies Limited held 100% of the ordinary share capital of Cube Music Limited.

Notes *(continued)*

16 Trade and other receivables

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
Trade receivables (i)	**433,352**	475,038	**-**	-
Accrued income (ii)	**273,388**	-	**-**	-
Amounts owed by subsidiary undertakings (iii) (note 25)	**-**	-	**54,682**	54,082
Other debtors	**5,711**	7,671	**-**	-
	712,451	482,709	**54,682**	54,082

At 31 December 2013 trade receivables are shown after a provision for impairment of £2,380 *(31 December 2012: £365)* arising from slow moving debts and disputed charges. During 2013 £365 of the 2012 provision for impairment was utilised. *(In 2012, £18,284 of the 2011 provision for impairment was released).*

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

	Group	
	2013	2012
	£	£
Up to three months past due	**168,827**	182,152
Over three months past due	**24,983**	1,810

(ii) Accrued income (see note 3(i) above) is receivable as follows:

	Group	
	2013	2012
	£	£
Within one year	**173,553**	-
After one but less than two years	**83,748**	-
After two years	**16,087**	-
	273,388	-

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

	Company	
	2013	2012
	£	£
Amounts owed by subsidiary undertakings (note 25)	**54,682**	54,082

Notes *(continued)*

17 Cash and cash equivalents

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
Bank balances	**137,864**	5,384	**-**	-
Call deposits	**476,881**	285,190	**-**	-
Cash and cash equivalents	**614,745**	290,574	**-**	-

18 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	**2013**	2012
	£	£
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)*

19 Borrowings

	Group	
	2013	2012
	£	£
Current		
Invoice financing facility (secured) (i)	**123,075**	129,800
Bank loan (secured) (ii)	**22,500**	-
	145,575	129,800
Falling due after more than one year		
Bank loan (secured) (ii)	**18,750**	-

(i) The Group has an invoice financing facility with HSBC Invoice Financing (UK) Limited under which advances are secured by debenture on Immedia Broadcast Limited's assets.

(ii) In 2013 a two year loan was arranged with HSBC Bank Plc to part finance the conversion of ground floor space into offices in the Newbury studios building. The loan is secured by debenture on Immedia Broadcast Limited's assets.

20 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 debenture on Immedia Broadcast Limited's assets. The equipment supplied has been recognised as a sale in accordance with the Group's revenue recognition accounting policy as detailed in note 3(n) on page 27 above; there are therefore no assets held under finance lease within Property, plant and equipment (note 11).

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

		Group	
Falling due:	Within 1 year	1 to 5 years	Total
	£	£	£
31 December 2013			
Lease payments	45,698	57,121	102,819
Finance charges	(10,614)	(13,266)	(23,880)
Net present values	**35,084**	**43,855**	**78,939**
31 December 2012			
Net present values	-	-	-

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)*

21 Trade and other payables

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
Current				
Non-trade payables (secured) (i)	**-**	150,000	**-**	-
Trade payables (ii)	**416,997**	227,271	**-**	-
Other taxation and social security	**54,101**	108,456	**-**	-
Non-trade payables and accrued expenses (iii)	**182,165**	173,985	**194**	90
	653,263	659,712	**194**	90

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
Falling due after more than one year				
Amounts owed to subsidiary undertakings (see note 25)	**-**	-	**482,302**	404,756

(i) In December 2012 a certain music licencing authority was granted security for payment of the remainder of a prior period liability by debenture on Immedia Broadcast Limited's assets; the debenture was released after the liability was fully repaid in 2013.

(ii) All trade payables are due within 30 days of the year end. There were no foreign currency amounts included within trade payables.

(iii) In 2013 and 2012 included within Non-trade payables and accrued expenses are uninvoiced charges for servicing, maintenance and licensing costs for the Group's radio networks, plus accruals for legal and professional fees.

22 Deferred income

	Group	
	2013	2012
	£	£
Media services	**200,331**	171,955

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(n).

Notes *(continued)*

23 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 borrowings of £123,075 at 31 December 2013 *(2012: £129,800)* under an invoice financing facility provided by HSBC Invoice Financing (UK) Limited, secured by floating charge on Immedia Broadcast Limited's assets. There were no further committed borrowing facilities at 31 December 2013 *(2012: none)* under the invoice financing facility which provides a total of up to £250,000. The Group also had borrowings of £41,250 *(2012: £nil)* under a two year bank loan provided by HSBC Bank Plc, secured by floating charge on Immedia Broadcast Limited's assets, and owed £78,939 *(2012: £nil)* under a three year finance lease facility provided by Aurora Leasing Limited and secured by floating charge on Immedia Broadcast Limited's assets.

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 2013 borrowings were charged interest at 2.56% above the HSBC Bank Plc base rate.

Additionally the cost of building work on new offices has been partly financed by a two year secured bank loan at floating rates of interest. At 31 December 20013 borrowings were charged interest at 4.5% above the HSBC Bank Plc base rate.

The HSBC Bank base rate was 0.5% at 31 December 2013. 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 2014 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

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 19 and 20 are payable in up to three years. 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 low percentage of the total value of its transactions and are expected to remain so in 2014. In 2013 there were no revenues denominated in Euros *(2012: €2,200*) and Euro denominated costs totalled €1,286 *(2012: €7,700).* There were no US $ denominated revenues or costs in 2013 or 2012. 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 multinational blue chip customers. The trade receivables balance of £433,352 *(2012: £475,038)* represents the maximum exposure to credit risk, of which less than 2.5% relates to smaller or more recently established companies. Policies are maintained to ensure the Group makes credit sales only to customers with an appropriate credit rating.

Notes *(continued)*

23 Financial instruments *(continued)*

Bad debt risk

Despite the relative financial resilience of its blue chip clients, bad debts impacted significantly the Group's 2012 results. Actions taken to restructure the business and reduce costs have subsequently reduced the magnitude of impact that further bad debts could have on the business. The innovative and high quality services the Group provides to its clients, and the methods it uses to protect its position in the market continue to mitigate the risk of downturn to the services the Group provides.

IAS 39 categories of financial instruments

	Group Carrying amount		**Company Carrying amount**	
	2013	2012	**2013**	2012
	£	£	**£**	£
Financial assets: loans and receivables				
Cash and cash equivalents (note 17)	**614,745**	290,574	**-**	-
Trade and other receivables (note 16)	**433,352**	475,038	**54,682**	54,082
Total financial assets	**1,048,097**	765,612	**54,682**	54,082
Financial liabilities: measured at amortised cost				
Interest bearing loans and borrowings (note 19)	**164,325**	129,800	**-**	-
Lease financing (secured) (note 20)	**78,939**	-	**-**	-
Non-trade payables (secured) (note 21)	**-**	150,000	**-**	-
Trade and other payables (note 21)	**416,997**	227,271	**482,496**	404,846
Total financial liabilities	**660,261**	507,071	**482,496**	404,846

Notes *(continued)*

24 Commitments

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

	2013		2012	
	Land and buildings	**Other**	Land and buildings	Other
	£	**£**	£	£
Group				
Amount payable				
Not later than one year	**40,313**	**720**	59,500	742
Later than one year and not later than five years	**161,250**	**246**	-	742
After five years	**110,859**	**-**	-	-
	312,422	**966**	59,500	1,484

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 outstanding at 31 December 2013 *(2012: £nil)*.

Notes *(continued)*

25 Related party disclosures

The Group defines related parties as the senior executives of the Group, their immediate families and companies that these persons could have a material influence on as related parties.

In 2013 Immedia Broadcast Limited paid £25,998 to BBME Limited, a company controlled by Bruno Brookes, for training services, and paid £14,852 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. *(There were no related party disclosures for current directors in 2012).*

Between Immedia Group Plc and its subsidiary companies:

During the year to 31 December 2013 Immedia Group Plc completed the following transactions with its subsidiary companies:

With Immedia Broadcast Limited:

- recharge of management charges totalling £164,109 *(2012: £253,307);*

With the Immedia Broadcasting Employee Benefit Trust:

- loan interest charge of £600 *(2012: £600).*

The indebtedness between Immedia Group Plc and its subsidiary undertakings was as follows:

	2013	2012
	£	£
Amounts owed by subsidiary undertakings		
Immedia Broadcasting Employee Benefit Trust	**54,682**	54,082
Amounts owed to subsidiary undertakings		
Immedia Broadcast Limited	**482,303**	404,756

26 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 *(2012: £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 *(2012: £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)*

26 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 49)	Date of grant	Exercise price per share	**2013** Number of shares	2012 Number of shares
Immedia EMI Share Option Scheme	(i)	02 Nov 2010	10.0 pence	**-**	9,999
Immedia EMI Share Option Scheme	(ii)	18 Oct 2013	10.0 pence	**759,058**	
Immedia EMI Share Option Scheme	(iii)	18 Oct 2013	10.0 pence	**407,225**	
				1,166,283	9,999

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 2012	169,665	10.00
Cancelled	(153,000)	10.00
Forfeited	(6,666)	10.00
Outstanding at 31 December 2012	9,999	10.00
Awarded	1,166,283	10.00
Cancelled	(9,999)	10.00
Outstanding at 31 December 2013	**1,166,283**	**10.00**
Of which		
Exercisable at 31 December 2013	-	n/a
Exercisable at 31 December 2012	9,999	10.00

No options were exercised in 2013 or in 2012.

Notes *(continued)*

26 Employee benefits *(continued)*

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

The terms and conditions of share options awarded to employees (including Directors) are as follows:

(i) Options over a total of 19,998 shares were granted to non-board employees on 2 November 2010 under the Immedia EMI Share Option Scheme in recognition of their contribution to the Group. These options vested immediately on grant and were exercisable at any time before expiry on 1 November 2013; no options were exercised before 1 November 2013 so these options have now expired and have been cancelled.

(ii) 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. Vested options may be exercised over a ten year period commencing with the date of first publication of the audited results for the financial year ending 31 December 2013.

(iii) 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. Vested options may be exercised over a ten year period commencing with the date of first publication of the audited results for the financial year ending 31 December 2014.

At 31 December 2013 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 *(2012: 832,374 shares).*

The fair value of 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. *(In 2012 there was no charge as the amount was not material).* The following principle assumptions were used in the valuation of options granted in 2013:

Options granted in respect of financial year ending:	31 December 2013	31 December 2014
Grant date	18 October 2013	18 October 2013
Vesting period ends	31 March 2014	31 March 2015
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	0.56p	1.45p
Exercise price at date of grant	10.0p	10.0p
Exercisable from / to	1 April 2014 / 31 March 2024	1 April 2015 / 31 March 2025
Weighted average remaining contractual life	10.25 years	11.25 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)*

26 Employee benefits *(continued)*

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

At 31 December 2013 Directors' and other employees' share options were outstanding 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 (ii) above	See note (ii) above
T Brookes	-	174,000	-	-	174,000	10p	See note (iii) above	See note (iii) above
C Barker-Benfield	-	187,000	-	-	187,000	10p	See note (ii) above	See note (ii) above
C Barker-Benfield	-	93,500	-	-	93,500	10p	See note (iii) above	See note (iii) above
R Penney	-	177,000	-	-	177,000	10p	See note (ii) above	See note (ii) above
R Penney	-	88,500	-	-	88,500	10p	See note (iii) above	See note (iii) above
Other employees	9,999	-	-	(9,999)	-	10p	See note (i) above	See note (i) above
Other employees	-	47,058	-	-	47,058	10p	See note (ii) above	See note (ii) above
Other employees	-	51,225	-	-	51,225	10p	See note (iii) above	See note (iii) above
Totals	9,999	1,166,283	-	(9,999)	1,166,283			

The weighted average remaining contractual life of the share options in issue at 31 December 2013 was 10.60 years.

27 Post balance sheet events

In February 2014 the Group disposed of its video library (see note 12) 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.

In March 2014 the Group invested £90,000 in the purchase of 6,000,000 shares in One Delta Plc an AIM listed media and technology investment company, as part of the Group's strategy to broaden its digital marketing and communications services to the business sector. The investment represents c.2.1% of One Delta's shares in issue.

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 2013 will be held at the Company’s Newbury offices, 7-9 The Broadway, Newbury, Berkshire RG14 1AS at 10 am on 22 May 2014 for the purpose of considering and, if thought fit, passing the following resolutions which in respect of resolutions numbered 1 to 7 (inclusive) will be proposed as ordinary resolutions and which in respect of resolutions numbered 8 to 10 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 2013 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 2013.
3. To re-elect Geoff Howard-Spink as a director of the Company, who retires by rotation.
4. To re-elect Bruno Brookes as a director of the Company, who retires by rotation.
5. To re-elect Ross Penney as a director of the Company, who retires by rotation.
6. To re-appoint the auditors, Grant Thornton UK LLP.
7. 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 2015 or the date which is 15 months after the date of the passing of the Resolution, whichever is the earlier and for such period:

8. the Section 551 (CA 2006) Amount shall be £485,228; and
9. the Section 570 (CA 2006) Amount shall be £291,136;
10. that subject to the passing of resolutions 8 and 9 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.

By Order of the Board

Charles Barker-Benfield
Company Secretary
19 March 2014

Registered Office:
7-9 The Broadway
Newbury 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, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY 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 6 pm on 20 May 2014 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 6 pm on 20 May 2014 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.