ZINC
media group plc

Financial statements for the year ended **30th June 2016**

Zinc Media Group plc, formerly known as Ten Alps plc

Contents

Company no SC075133

Overview and Financial Highlights

We are a multimedia producer of TV programming together with publishing and communications content. We bring insight and clever strategic thought together with compelling ideas and stories, combining these with top creative and technical skills.

Our three expert divisions offer a fully integrated service when it comes to content creation for television production, publishing and digital communications.

Financial performance

- Group revenues of £22.62m (2015: £18.03m)
- Adjusted EBITDA loss of £(0.43)m (2015: £(0.30)m)
- Loss before tax from continuing operations of £(3.66)m (after goodwill impairment of £3.2m) (2015: £(1.03)m)
- Diluted loss per share from continuing activities (0.91)p (2015: (0.37)p)
- Total assets £15.23m (2015: £14.46m)
- Gross borrowings at £2.78m (2015: £9.01m)
- Cash at £3.54m (2015: £1.91m)
- Net cash at £0.76m (2015: Net debt £7.1m)
- Post year end £1.27m fundraising (detailed below)

Highlights

- Transitional year for the Group with decisive action taken to position the Group for profitability with a significantly simplified product offering
- Main focus of the Group now on its award winning (including a BAFTA in May 2016) TV division, with a complementary digital communications business alongside
- Successful acquisition and integration of Reef Television ("Reef"), which has performed strongly and above expectations
- Acquisition of Straker Films, providing the communications division with a strong footprint into short-form film production in the corporate market
- Majority of the Group's publishing business exited from, leaving Macclesfield-based LABC division, which is operating profitably
- Strategic shift in TV programming, with a move towards higher value series for international broadcasters
- Strengthened Board of Directors, with the additions of David Galan as Chief Financial Officer and Luke Johnson and Jonathan Goodwin as non-executive directors
- Current TV commissioned order book at circa. 40% of budgeted TV revenues for the year which gives a basis for confidence in the outlook for the full year

Post year-end activity & Outlook

On 26 October 2016, the Company announced a fundraising and debt restructuring package, raising £1.27 million of gross proceeds (comprising £0.84 million of new equity and £0.43 million of new long term debt). The bullet repayment date on the Company's current debt obligations (both long and short term) has been extended to 31 December 2020. This financing, which is subject to shareholder approval at a general meeting to be held on 15 November 2016, will strengthen the Group's working capital position and position the Company for growth.

The Company will also complete its renaming to Zinc Media Group plc, also being subject to shareholder approval at the general meeting later this month, following on from the rebranding of the Group's trading businesses earlier this year.

The majority of the business is now focussed around TV production. Commissioned programmes currently account for 40 per cent. of the budgeted TV revenues for FY17, which gives management confidence in the outlook for the full year. The Group's focus over the coming months will be to convert its pipeline into commissions. The current pipeline has a strong mix and volume of programme proposals across the different factual genres and across multiple broadcasters, both domestic and international.

Trading since the start of the new financial year has also been encouraging in communications, with a strong win rate on new business and the start of an integrated offering including short-form video led communications.

Following the exit from the majority of the Group's publishing business, the remaining unit in Macclesfield is trading well at an operational level, although there is further restructuring work to do ensure that the overheads of the unit are appropriate to a much smaller business.

Chairman, Peter Bertram commented:

"Whilst the loss for the past year is extremely disappointing, hard decisions have been made and remedial actions taken to structure the business for success.

The Reef acquisition has been a real success and we aim to use this as a template for future deals. We believe that scale, depth in talent, customer base and the ability to work seamlessly across the different factual genres makes us attractive for both acquisition targets and to our customer base.

All business units are forecast to operate profitably during the current financial year.

We are extremely grateful to all our stakeholders, including our talented and dedicated employees, and our supportive shareholders."

Chairman's Statement

The year has been a disappointing and painful period for the Group. However, whilst the financial losses were significant, the actions taken mark a transition for the business. The Group is now simplified, with its main focus going forward on TV production and the digital communications business. The foundations for profitability have been laid and we expect the current financial year to be profitable.

During the year the Group made a transformational acquisition in Reef, which, as planned, helped scale and improve the commerciality of our television operation. Following the exit from the loss making publishing businesses, the management team is now able to focus on its core business of television production and how to grow that division.

The Board is pleased to report the successful restructuring of its debt obligations and an equity placing, which is due to complete this month. We have raised new funds of approximately £1.2 million (gross); £0.4 million as a new long term loan and £0.8 million through an equity placing. Furthermore we have restructured the repayment dates on all of the Group's short and long term debt with a bullet payment due on 31 December 2020. This has a significant positive effect on the working capital profile of the Group and positions the business for growth over the coming years.

The Board is appreciative of our major shareholders and debt-holders for facilitating the restructuring and to the new investors who have shown confidence in the planned trajectory of the business.

We are delighted to welcome Luke Johnson and Jonathan Goodwin who joined as new non-executive Board members in July 2015, both of whom participated significantly in the fundraising at the time of the Reef acquisition. We are also delighted to welcome David Galan as Chief Financial Officer. David is a commercially experienced CFO and has worked in a number of sectors including investment banking and business services. At the end of the past financial year, Mark Wood, CEO, resigned from the Group. We thank him for his commitment and support during his time at the Group and wish him well for the future.

Following Mark's departure, I have been spending more time within the business on an operational basis, working closely with David Galan who has taken on additional responsibilities. We are supported by a strong operating board comprising senior management from core TV, Reef and Ten Alps Communicate divisions. In addition each business unit has a managing director with clear responsibilities and reporting lines. We continue to review the management function of the Group, however are confident that the current structure is well positioned to lead the renamed Zinc Media as it moves into this new phase of growth.

The Group has signed a new lease on its London premises to 2020. The TV and digital communications business are in one premises now and this cements our desire and ability to act as a unified and consistent business with clear aims and strategy.

Finally, the Board would once again like to thank all our employees for their professional and dedicated work across the Group.

Peter Bertram
Chairman

4 November 2016

Business Review

The last twelve months have been a difficult and transitional period for the Group, with the publishing division generating substantial losses. Remedial action has been taken, with the majority of the Group's publishing business having been exited from, leaving only the Macclesfield publishing division which concentrates primarily on one contract in the home and build sector for LABC (Local Authority Building Control, a not for profit membership organisation that represents all local authority building control teams in England and Wales). The communications division, strengthened through the acquisition of Straker Films Limited, remains a profitable and important part of the Group, complementing our television production business with a digital and communications skillset with a specialism in short-form film production.

The strategy of the Group is now to focus predominantly on its core strength of television production. Based on current budgets, over 80 per cent. of the Group's revenues will be derived from television production in FY17.

The directors believe that there is a clear opportunity for the Group to expand its position as one of the UK's leading independent television production businesses. The Company is known and recognised for being a leader in the production of factual television content, spanning heavily formatted daytime TV series to single high production value landmark documentaries, supplying its content to the majority of broadcasters in the UK and now also to certain broadcasters internationally. We aim to take advantage of our market position to grow organically, through focussing more on the Group's relationships with international broadcasters who are able to commission higher value series and through recruiting more executive talent to push new ideas and expand our traditional content boundaries into new factual genres and formats. The directors also believe that there exists an opportunity to grow through carefully selected acquisitions. The independent television production market is consolidating as there is a drive towards scale, in what is a cyclical industry which is dependent upon a relatively small number of customers/broadcasters.

The key driver of organic growth is the Group's ability to attract, grow and retain commercial and creative talent. Examples of recent additions to the team who have flourished within the Group include Greg Sanderson, joining from a senior BBC role as managing director of Brook Lapping, Lucy van Beek, who joined initially as an executive producer in Brook Lapping and is now managing director of Blakeway and Annette Clowes, former managing director of Loot, who has taken over our Macclesfield-based publishing operations and home improvement portfolio. We are actively engaged in discussions with a view to adding further talent to the team and enabling our brands to expand organically.

In terms of acquisitions, the past year saw the acquisition of Reef and its successful integration into the Group. We are delighted to have Reef's management team on board and they now play a major role within the senior management of the Group. Reef's focus on popular factual and specialist factual, both for daytime and peak time viewing slots, has helped to diversify our TV business. Reef has been extremely profitable in the past year and has exceeded our expectations in its first year since the acquisition.

We have made a deliberate shift in the type of programmes we develop and are trying to broaden our TV customer base. We are focussed on growing our international presence in the sector and securing higher value, longer running series and formats.

The renewal of the lease on our London property until 2020 and the subsequent build of 20 new edit suites and integration of our office onto a single floor has created a new dynamism and spirit which we believe will help us build the business into one of the UK's leading independent TV production companies.

Television – delivering engaging, intelligent and entertaining content

Core television

The core television division (Blakeway, Brook Lapping and Films of Record) had a mixed set of results between the brands, and was breakeven as whole. The core television division has been consistently profitable over a number of years historically, so whilst anomalous, this was particularly disappointing.

There were two main reasons for the underperformance. Firstly, there was administrative change at the BBC and ITV, two key clients of the Group. Restructuring at the top of the organisations resulted in a five month hiatus in new commissioning at both broadcasters, adversely affecting expected programme targets. Secondly, staff changes within the core television division also affected margins within the year but we are now in a strong position for growth.

We have appointed two new managing directors. Greg Sanderson, a former senior executive at the BBC, joined to manage Brook Lapping. Lucy van Beek was promoted from an Executive Producer role in Brook Lapping to run Blakeway London, following a decision by Denys Blakeway to move to a freelance status with the company.

In line with our objectives, we have succeeded in maintaining a reputation for high end factual programming while extending the portfolio to new clients (most significantly in the US), new genres and longer running series. The evidence is a slew of prestigious awards for our programmes, including three wins from six BATFA nominations in 2016, including the category of best factual series for '*The Murder Detectives*'.

In editorial terms, we extended the range of commissioners we work with this year. Films of Record made a series for BBC World that was financed by J. Walter Thompson ('JWT') – the first time the advertising agency has sponsored programming.

Brook Lapping also made a successful move into specialist factual programming with, '*The Secret Life of Puppies and Kittens*' for Channel 5 which also won a book deal for the series. The success of the programmes triggered an immediate recommission of eight episodes.

Brook Lapping also won a landmark commission from National Geographic in the US. The documentary about the first Emperor of China was a co-production with the BBC. As part of our access agreement with Emperor Qin Shihuang's Mausoleum museum we organised a 3-day conference at University College London which assembled forty of the world's leading academics on Chinese archaeology to review the revelations contained in the film.

Despite the disappointing financial performance, we did make progress against our strategic aims of our drive to pitch for larger-budget, repeatable series across serious factual and factual entertainment programming. Another objective was to increase non-UK revenues through co-production partnerships; successfully achieved during the past year with significant relationships established with broadcasters such as National Geographic and HBO. Our ongoing objectives are to target growth in royalty revenues through sale of current and past catalogues on a more ambitious scale and a drive to sell series and formats into other major markets, including the US.

Reef Television
Newly acquired Reef had a very strong set of results during the almost full year since the completion of the acquisition in July 2015. Reef comprehensively outperformed targets set within the share purchase agreement, meeting its year 1 earn out target, and delivered both a commercially and editorially successful twelve months.

The company continued to strengthen its relationship with key clients BBC and Channel 4, but also made its first shows for US broadcaster Scripps through the Food Network channel. Reef's ability to harness big name talent such as Penelope Keith and Paul Hollywood has been a key plank of the impressive results for FY16 alongside a strong catalogue and successful exploitation of international rights.

The television division as a whole delivered revenues of £16.33m (2015: £10.01m) and segment EBITDA of £0.82m (2015: £0.43m) before allocation of plc costs.

Communications – creating content that counts

We continue to see significant potential in the development of content marketing and corporate 'story-telling' markets in the UK.

Communications had a strong year in which it extended the management of CSR (corporate social responsibility) campaigns and websites for a number of major brands. Its client base includes TfL (Transport for London); for whom it manages a major road safety programme (Children's Traffic Club), Siemens and Nationwide Building Society.

During the year Ten Alps Communicate Limited acquired Straker Films Limited ("Straker Films"), an award winning corporate video production business that works with companies and organisations to help them communicate with their customers, staff and the public through moving image. The acquisition furthers the Group's strategy of becoming a major player in the corporate story-telling market, having brought with it a blue chip client base and an impressive show reel. Straker Films has won industry awards every year for the last 10 years for the quality of its videos, including 11 awards at the 2015 EVCOM (Event and Visual Communication Association) Awards and has a client base which includes Rio Tinto, National Grid, TfL, Aviva, Nationwide and The Department for Education. Straker Films is now located in Ten Alps' London office, working closely with the existing Ten Alps corporate communications team and the Group's TV production businesses.

The division reported revenues of £2.21m (2015: £1.84m) with segment EBITDA of £0.19m (2015: £0.13m) before allocation of plc costs.

Publishing

Closed/Exited Publishing Operations
The publishing unit as a whole experienced significant losses in FY16. The decision was taken by management during the year to exit from loss making operations, rather than invest more funds and management time in continuing efforts to turn these businesses around.

During the year many unprofitable titles were closed down and loss making contract publishing deals exited from, significantly reducing the size of the business. In June 2016 the Group announced the sale of the trade of Grove House Publishing ("Grove"). Grove, based in Groombridge, is a niche publisher and event organiser, specialising in the food, agriculture and animal medicines markets. The Group also attempted to secure a buyer for Ten Alps Media Limited ("Ten Alps Media"), the London based publishing business formerly known as Atalink. Ten Alps Media has been loss-making over a number of years and although the Company had gone through a significant review process during the year in an attempt to turn the division around, it continued to generate substantial losses. In the year ended 30 June 2016 Ten Alps Media generated revenue of £0.82m (2015: £1.3m) and a loss before tax of £0.87m (2015: loss before tax of £0.33m). Post year end, in August 2016, having been unsuccessful in its attempts to secure a commercially viable deal for Ten Alps Media, it was placed into a creditors voluntary liquidation.

Continuing Publishing Operations – Macclesfield based LABC contract (home and build consumer content)
The remaining publishing unit is Ten Alps Communications Limited ("Ten Alps Communications"), which is based in Macclesfield. The operations of Ten Alps Communications have been restructured during the past year, with the Group having exited many unprofitable titles and contracts; it now primarily consists of the LABC publishing business, which is

operating profitably. There is further restructuring work to do to ensure that the overheads of the unit are appropriate to a much smaller business, however the unit has a strong managing director and we are confident that it will emerge as a profitable, self-sufficient business on a standalone basis.

Revenue from continuing publishing operations for the year was £4.00m (2015: £8.44m) and segment EBITDA from continuing publishing operations was £(0.64)m (2015: £(0.51)m) before allocation of plc costs.

Highlights of the year:

Television

Ten Alps produces television programming under the Blakeway, Brook Lapping and Films of Record and now Reef TV brands:

- 3 BAFTA Awards for '*The Murder Detectives*' (Films of Record/Channel 4) including Best Factual Series. In the final four nominations of this category at the BAFTAs, Films of Record was competing with itself with its series on Great Ormond Street Hospital.
- '*The Murder Detectives*' also won Best Documentary Series in the Broadcasting Press Guild Awards and was Winner of The Real Screen Award in Los Angeles for 'Non Fiction, Crime and Investigation'.
- '*Charlie Hebdo: 3 Days that Shook Paris*' (More 4) won Best Popular Factual Programme at the Broadcast Digital Awards.
- Blakeway North won Independent of the Year in The Prolific North Awards and Best Factual Entertainment programme for '*Michael Jackson's Thriller with Ashley Banjo*' in the RTS North West Awards.
- '*Murder Detectives*', a series following a real murder investigation in Bristol, won extensive media coverage in the UK for its innovative approach – widely described as a new form of documentary-making.
- '*Great Ormond Street*', which closely follows individual cases at the children's hospital, was another highly successful series which won rave reviews and generated high audiences for BBC Two and a BAFTA nomination.
- '*The Children who beat Ebola*' and '*Ebola Frontline*' were both acquired by HBO and broadcast as a mini series on the Ebola crisis in West Africa.
- '*The Secret Letters of John Paul II*', a documentary for BBC One, ARTE and PBS revealing the Pope's relationship with a female publisher had a huge international impact. Resales of the programme worldwide are strong.
- '*Inside Obama's White House*' a high profile series for BBC Two, ARTE and Al Jazeera US was broadcast to universal acclaim. President Obama was interviewed for the series and the programmes have been acquired by National Geographic for rebroadcasting in the US.
- '*Secrets of the Deathly Tomb*' – a landmark drama documentary on the First Emperor of China was commissioned by BBC and National Geographic.
- '*The Secret Life of Puppies*', a four part series for Channel 5 won us a book deal and a recommission of a further 8 episodes in a second series.
- '*Bargain Loving Brits in the Sun*', an eight part series for Channel 5 was commissioned as a follow up to the highly successful 20 part series Benidorm ER.
- *Reef TV*: following the acquisition, our portfolio now includes long-running daytime series such as *'French Collection'* and *'Dealers – Put Your Money Where Your Mouth Is'* to music special *'La Traviata'*.
- '*Paul Hollywood's City Bakes*', a ten part series commissioned for Food Network EMEA from Reef doubled the audience for the channel. Reef has just been commissioned for a second series.
- '*Put Your Money Where Your Mouth Is*', was commissioned by BBC One for a 14th series and continues to be one of Reef's strongest brands.
- '*Selling Houses with Amanda Lamb*' recommissioned for More 4 alongside two new series featuring Penelope Keith for Channel 4.
- Landmark documentary on West Side Story commissioned by BBC Two.

Communications

- *Transport for London*
  There has been positive feedback for the new London-centric Children's Traffic Club since its launch in September 2015. The key target of engaging with all London borough nurseries has been met, including the registration of over 104,000 three year-olds living in London into the new multi-platform programme.
- *Nationwide Building Society*
  A varied portfolio of projects with Nationwide which includes the development of a new website, www.yourstudentmoney.co.uk to support part of a new student account launch. It also includes an innovative augmented reality programme that brings together our strengths in digital, video and 3D imaging, together with an online employee volunteering tool.

- *BMW*
  We are re-launching BMW's education portal with fresh branding and a wider internal and external reach, the focus being extended beyond road safety and into urban sustainability in line with BMW's new corporate citizenship strategy.

- *IKEA*
  To mark the opening of IKEA's flagship store in Reading, we brought democratic design and sustainability to life with an experiential, community engagement programme.

- *SGN*
  As an initial campaign for this new client, we have re-imagined their existing website with the aim of exciting inspiring and engaging their entire workforce on the employee engagement positioning.

Straker

- *Vodafone*
  Produced a product promotion film featuring an innovative animation to raise awareness around the distribution of money by text to developing countries.

- *Rio Tinto*
  A series of 'vison and value' films to communicate Rio Tinto's new leadership for success programme. Also 'Cave Tracker', an animation about safer ways to mine, intended to help operatives to detect air gaps in rock before hitting them.

Publishing

- Our Macclesfield unit has completed the second year of a 5-year contract to produce planning guidelines for local authorities across the UK and sell trader advertising. A successful transition from print products to e-books and digital through the 'Home & Build' website, a nationwide directory of trusted (and council endorsed) trades people.

Financial Review

The past financial year delivered disappointing financial results. Decisive action has been taken and is underway to structure the Group for success and profits. The exit from heavily loss making publishing units has left only one publishing unit in Macclesfield, which has strong management and is profitable at an operating level. A project is underway to ensure that this unit will be profitable as a standalone business, including any administrative and support overheads.

The focus of the Group is now television production and facilitating organic and acquisitive growth. The Group's management focus will move from restructuring to working with the business units to enable margin improvement, efficiencies and the creation of a structure that will enable acquisitions to be efficiently integrated.

Revenue from continuing operations for the 12 month period was £22.62m (2015: £18.03m) and gross profit was £6.39m (2015: £6.10m). The main variance in revenues (from continuing operations) was in the Group's publishing division, which saw a decrease of 53 per cent. or £4.44m year on year. This was predominantly due to underperformance across all of the publishing units other than the LABC division. TV revenues were up by 63 per cent. due to the acquisition of Reef TV. The TV division increased its revenues year on year from £10.01m to £16.33m. Communicate had an increase of 20 per cent. to £2.21m compared to £1.84m.

Gross margin decreased from 34 per cent. to 28 per cent. in the year, with operating expenses representing 30 per cent. of revenues (2015: 36 per cent.) as a consequence of significant restructuring undertaken by the Group over the year. The charge for reorganisation and restructuring was £0.04m (2015: £0.12m).

Adjusted EBITDA equated to a loss of £0.43m (2015: £0.30m). Operating loss increased to £3.75m (2015: £0.52m) after an amortisation charge of £3.18m (2015: £0.04m). The large amortisation charge in the current year relates to the impairment of the carrying value of goodwill in relation to the publishing subsidiaries. The EBITDA loss was in the main due to the discontinued publishing units, particularly Ten Alps Media, which was placed into creditors voluntary liquidation post year end. The losses in Ten Alps Media were due in part to significant loss making consumer publishing contracts, but predominantly a failure to adjust to the changing nature of the print publishing industry by rationalising the product portfolio and managing a timely transition from print to digital and other revenue streams. The core TV division was approximately breakeven; Reef delivered EBITDA of approximately £0.91m. All other parts of the businesses were operating profitably before allocation of central overheads of publishing and plc costs.

The amortisation charge of £3.18m reflects the impairment charge for the carrying value of the goodwill held in the Group balance sheet related to Ten Alps Media, Ten Alps Communications and Grove, which was written off entirely during the year.

Although the Group made overall losses in FY16 there was a small corporation tax charge during the year relating to Reef and Straker Films.

Discontinued operations relate to Grove and Ten Alps Media. The trade of Grove House Publishing was sold before year end and the Group was actively involved in a sale process for Ten Alps Media during the year. A sale of Ten Alps Media was ultimately not successful and the company was placed into creditor's voluntary liquidation post period end, therefore Ten Alps Media is accounted for as a discontinued operation.

The Board do not recommend the payment of a dividend for FY16.

Earnings per share

Basic and diluted loss per share from continuing operations in the year was (0.91)p (2015: (0.37)p) and was calculated on the losses for the year attributable to Ten Alps shareholders of £3.71m (2015: loss £1.03m) divided by the weighted average number of shares in issue during the year being 406,760,864 (2015: 276,666,012).

Statement of Financial Position

Assets

The Group's non-current assets comprise of goodwill of £7.33m (2015: £6.9m), reflecting both a significant impairment of the publishing subsidiaries and the acquisition of Reef during FY16, investment in associate of £0.1m, property, plant and equipment of £0.21m (2015: £0.16m) and deferred tax asset of £Nil (2015: £0.49m).

Inventories and trade receivables have decreased by £0.58m to £0.20m (2015: £0.78m) reflecting the impact of the disposals in the year and reduction in publishing revenues. Other receivables have decreased to £1.36m (2015: £1.94m) reflecting a decrease in accrued income in the year.

The Group had a cash balance of £3.54m as at 30 June 2016 (2015: £1.91m). The balance is higher than last year, reflecting the financing activities during the year.

Total assets for the Group were £15.23m (2015: £14.46m).

Equity and Liabilities

Retained losses as at 30 June 2016 were £30.55m (2015: £24.18m) and total shareholders' equity at that date was of £1.65m (2015: deficit of £2.72m).

During the year in July 2015, as part of the Reef acquisition and fundraising, the Group also carried out a debt conversion which resulted in a reduction of the Group's total debt obligations to £2 million and a reduction in its short-term debt obligation to £Nil. In February 2016 the Group received a short term loan of £0.75 million. As at 30 June 2016 the Group's debt consisted of £2 million in long term loans, repayable in December 2017 and the short term loan repayable in December 2016.

Post year end, and as detailed below in 'Post Balance Sheet Events (PBSE)', the Group announced a debt variation, whereby it announced a renegotiated repayment date for all the loans, both short and long term, to a bullet repayment on 31 December 2020. The Group also announced that it had secured an additional long term loan of £0.43 million.

Current liabilities consisting of trade and other creditors have remained broadly the same with an increase of £0.1m to £8.28m (2015: £8.17m). Deferred income has also remained static at £1.31m (2015: £1.30m). Deferred tax liabilities have increased to £0.26m (2015: £Nil).

Cash flows

The Group used cash of £3.38m in the year (2015: £0.88m) in its operations. The net movement in the year was an increase in cash of £1.62m (2015: decrease of £0.67m) after financing activity cash inflow of £5.1m (2015: £0.25m).

Post Balance Sheet Events (PBSE)

The Company announced on 27 October 2016 its intention to raise over £0.84 million by way of a placing of 111,711,471 new ordinary shares at 0.75 pence per share (before expenses) with certain institutional and other investors. The placing is not being underwritten.

The Company also announced that is has secured a long term loan of £0.43 million, to be provided by its existing debt holders. Furthermore, the Company also announced that it proposes to issue 66,666,667 new ordinary shares to the Reef Television vendors in line with the terms of the deferred consideration due under the Reef share purchase agreement, which was entered into in June 2015, 10,666,667 settlement shares to former CEO, Mark Wood and 3,333,334 new ordinary shares in respect of certain adviser fees.

In order to provide a capital structure which is in line with the current strategy of the business, the Company also announced that it is proposing a debt variation through the amendment of the repayment dates of all existing short and long term debt provided by the debt holders; the repayments will become a single repayment (of both principal and interest) due to be repaid on 31 December 2020. Furthermore, the Company is proposing to undertake a share reorganisation, in order to enable the conversion rights attaching to the preference shares to operate without a breach of Company law.

The proposals are all subject to shareholder approval at the general meeting to be held on 15 November 2016.

Strategic report

The Directors of the Company and its subsidiary undertakings (which together comprise "the Group") present their Strategic Report for the year ended 30 June 2016.

This report is a key component of the annual report and accounts which provides an opportunity for the directors to communicate our strategy and goals (**Our Strategy**), the measures we use to determine how well the business is performing (**Key Performance Indicators**) and the principal risks (**Principal Risks**) faced by the business which could prevent these goals being achieved.

We also provide an overview of how our business is structured.

Our Strategy and Business – *storytelling through compelling content*

Our strategy is to create the UK's leading independent television production business, specialising in factual programming genres. We are also active through our communications division in the digital content market.

Ten Alps has three business divisions: Television, Communications and Publishing.

TV production is under four brands: Reef TV, Blakeway, Brook Lapping and Films of Record. Our strengths are in factual programming, where we are one of the UK's market leaders. We are active across the different factual programming genres, including current affairs, specialist factual, popular factual and documentaries. Reef TV is strong in daytime TV, producing a number of long-running popular factual series. The acquisition of Reef TV has helped to create an 'indie' television business with suitable scale. The ambition is to pitch for larger-budget, repeatable series across serious factual and tactual entertainment programming. Another objective is to increase significantly non-UK revenues through co-production partnerships and a drive to sell series and formats into other major markets, including the US.

Ten Alps Communicate manages a digital, cross-platform education programme for Transport for London (The Children's Traffic Club) and educational websites for Siemens, BMW, Nationwide, AstraZeneca and other major organisations. The aim is to make the Group a bigger player in the fast-growing corporate and commercial market for high-quality digital content. It intends to expand into content marketing, brand building and corporate communications, targeting large-scale international organisations seeking high-quality content and editorial production.

Publishing is now based in Macclesfield only and concentrates primarily on one contract in the home and build sector for LABC (Local Authority Building Control, a not for profit membership organisation that represents all local authority building control teams in England and Wales).

The Board aims to focus the Group on growing revenues primarily in the expanding, high-margin television and digital content markets. As well as bringing in the commercial and creative talent needed to drive organic growth, the Group will continue to review further opportunities for growth through strategic acquisitions, where it sees relevant opportunities at acceptable valuations.

Key performance indicators (KPIs)

In monitoring the performance of the business, the executive management team uses a number of KPIs including:

- Sales, sales conversion and sales cycle time;
- Cash flow and cash conversion cycle;
- Pipeline and order book growth;
- Programme profitability and performance against budgets;
- Audience and market response to programming content (viewing ratings, industry awards etc); and
- Customer feedback

Risks and uncertainties

In this section we describe the principal risks and uncertainties that the Directors believe could materially affect our business. Sound risk management is an essential discipline for running the business efficiently and pursuing our strategy successfully.

The Group operates in a highly competitive environment that is subject to constant and unpredictable changes in client demand and the advertising economy. In order to remain competitive it must continue to invest in and adapt its TV, Publishing and Communication businesses.

Risk is reduced by creating and maintaining a balanced portfolio of products which evolves to meet the needs of our clients. Investing internally in people and infrastructure while maintaining the highest quality in the factual media content we produce and manage will further mitigate these risks.

Key customers and potential impact on Group cashflows

The Group relies on a number of key customers, such as Channel 4 and the BBC. The business plan produced by management assumes new and continuing revenue from such key customers. In the event that existing contracts were terminated or new revenue streams were to fail to materialise, this could affect the projected growth of the Group. Furthermore, Ten Alps' core production businesses are dependent on the BBC, Channel 4, ITV, Channel 5 and various international broadcasters as key clients and as such are vulnerable to BBC budget cuts, advertising pressure on commercial broadcasters and market trends.

Given the significance of this concentration, the revenue profile of the Group and the nature of the projects, particularly in the TV and Communications divisions, mean that any delay in commissions, which may or may not be in the control of the Group, could have a material impact on the revenue, forecasting and cash flow. We seek to mitigate this by establishing good relations with clients, enhance our reputation and delivery and increase code of conduct and quality of creative output.

Royalty income

Across the TV industry royalty income can be a significant profit generator for the intellectual property holder. This income can vary in amounts, be difficult to forecast, require continuous monitoring and upgrading with new products to maintain a steady stream of income. There is a risk that the development of new programmes and formats will not generate the same level of income in the future, as is derived from current products in the portfolio of Reef and Ten Alps. To mitigate this risk the Group invests in the development of new ideas and intellectual property assets that will, hopefully, be attractive to its client base.

Key relationships

Both Ten Alps and Reef rely on the strong relationships within their respective television businesses that its key employees have established with its broadcasting clients. The loss of one or more of these key business relationships may have a material adverse effect on the Group's revenues. Furthermore, the loss of key management or other key personnel, particularly to competitors, and, as a consequence, the loss of these key relationships, could have adverse consequences for the Group. Again we seek to mitigate this by continually fostering strong relationships with key clients.

Ability to attract and retain employees

The Group depends on its key management and qualified and experienced employees, especially in relation to its creative and development staff, to enable it to generate and retain business. Furthermore, the Group's ability to manage its financing and development activities will depend in large part on the efforts of these individuals.

Key staff are incentivised through a mixture of sales commissions, profit related bonuses and participation in employee share incentive plans, however should the Group be unable to attract new employees or retain existing employees this could have a material adverse effect on the Group's ability to grow or maintain its business.

Terms of trade

The Group's TV division trades with UK broadcasters who are bound by the Terms of Trade of the Code of Practice introduced under the 2003 Communications Act. Due to recent consolidation of the UK TV independent sector, the Directors expect that certain broadcasters will lobby OFCOM for these Terms of Trade to be renegotiated in the coming years, one potential consequence of which being that the current position relating to intellectual property rights may change. There is, therefore, a risk that the share of revenue generated from intellectual property rights which the Group is currently entitled to could be reduced in the future, which could have a subsequent impact on the financial performance of the Group. Our individual TV subsidiaries are all members of the Producers Association of Cinema and Television (PACT), a trade body that lobbies to secure the best possible regulatory and legislative environment for the independent production sector and defend their member's position, particularly in respect of any changes to these Terms of Trade.

Risks and uncertainties (continued)

International sales, geographic expansion and foreign exchange risk

The Group intends to increase sales in new and existing overseas markets. This inevitably brings risk such as capacity, managerial, operational and financial issues. The ability to manage future growth will depend on the Group's ability to implement and manage these issues efficiently and adequately. Geographic expansion, which may be a potential strategy the Group could deploy, brings with it economic, foreign exchange, legislative and political risks. All these factors and risks may affect the Group's ability to grow and expand and could therefore reduce revenues, cashflows and profitability in the future.

Technology

The creative industry and in particular the media industry is experiencing a fundamental technology change, the so called 'digital revolution'. As a consequence the market is evolving rapidly and constantly. The Group cannot anticipate accurately or respond strategically to all technology advancements in a timely and effective manner. There is a risk that product development could fail to meet market expectations.

The Group may not be able fully to realise the benefits of recent and future acquisitions

The Group's success will partially depend upon the Directors' ability to integrate recent and future acquisitions without significant disruption. This integration process may divert management's attention from the ordinary course operation of the business and raise unexpected issues and may take longer or prove more costly than anticipated.

Although the Directors believe that such disruption is unlikely, issues may come to light during the course of integrations that may have an adverse effect on the financial condition and results of operations of the Group. There is no assurance that the Company will realise the potential benefits of acquisitions including, without limitation, potential synergies and cost savings (to the extent and within the time frame contemplated). If the Company is unable to integrate acquisitions successfully into the Group then this could have a significantly negative impact on the results of operations and/or financial condition of the Group. There is no certainty that customers of Ten Alps or of its future or recent acquisitions will continue to be customers of the Group following the acquisitions, particularly if customer service is affected whether before or after completion of the acquisitions or in the event that strategic decisions taken by the Directors after completion of the acquisitions cause customers to terminate contractual relations.

An effective acquisition strategy will be a key plank to deliver the Group's anticipated growth and profitability aspirations. There is a risk that its ability to target, execute and integrate such acquisitions may fail and thereby reduce the Group's growth and profitability targets. Further, it may require additional funding to pursue such acquisitions through the issue of equity or debt.

To mitigate these risks the Group follows:

- A tried and tested procedure for integrating acquisitions
- Application of strict financial criteria to any potential acquisition
- A formal legal, financial and tax due diligence process
- Constant monitoring and review of the acquisition's performance

Market and competition

The Group will operate in highly competitive markets which are rapidly evolving and adapting, in particular due to factors such as consumer tastes, trends and technology advancements, and which may become more competitive. Key clients can change programming, strategy and advertising priorities at short notice, which could lead to volatility in revenues, or in the predictability thereof, for the Group. Furthermore, due to the increased level of opportunities for independent television producers, in particular in light of the anticipated change in policy by the BBC in relation to commissioning quotas, this may result in an increased number of competitors entering the market, and there can be no guarantee that the Group's competitors will not develop similar or superior commission proposals which may render the Group uncompetitive.

Intellectual property rights

The commercial success of the Group depends in part on its ability to protect its intellectual property rights. The Group relies upon various intellectual property protections, including trademarks and contractual provisions, to preserve its intellectual property rights. No assurance is given that the Group will be able to protect and preserve its intellectual property rights.

Substantial costs may be incurred if the Group is required to defend its intellectual property rights and trade marks against third parties. Other parties may copy without authorisation the Group's intellectual property. Due to the Group's size and resources, it may not be able effectively to detect and prevent any infringement of its intellectual property rights. Policing unauthorised use of intellectual property is difficult, and some foreign laws do not protect proprietary rights to the same extent as the laws of the United Kingdom.

To protect the Group's intellectual property, the Group may become involved in litigation, which, even if successful could result in substantial expense, divert the attention of its management, cause significant delays, materially disrupt the conduct of the Group's business or adversely affect its revenue, financial condition and results of operations.

In any event, the Group's intellectual property rights may not provide meaningful commercial protection of its content. There can be no assurance that the Group will not receive communications from third parties asserting that the Group's content and other intellectual property infringe, or may infringe, their proprietary rights. Any such claims, with or without merit, could be time consuming, result in costly litigation and the diversion of technical and management personnel, cause delays or require the Group to enter into royalty or licensing agreements or re-brand products. Such royalty or licensing agreements, if required, may not be available on terms acceptable to the Group or at all. In the event of a successful claim of infringement against the Group's business, operating results or financial condition could be materially adversely affected.

Exposure to economic cycle

The Group is exposed to the general economic cycle through its customers' ability to purchase new content. Such content could be vulnerable to delay or cancellation in the event of a continuing and prolonged downturn.

Litigation risks

All industries are subject to legal claims, with and without merit. The Group may become involved in legal disputes in the future. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on the Group.

By order of the Board

Peter Bertram
Chairman

David Galan
CFO

Corporate governance

The Board of directors

The Company is controlled through a Board of Directors, comprising of a Chairman, one executive director and two non-executive directors. Short biographies of each director are below and set out on www.tenalps.com/investors/governance.

Chairman: Peter Bertram

Peter is currently Senior Independent Non-executive Director of Microgen plc. He was previously Chairman of Alphameric plc, AttentiV Systems Group plc and Phoenix IT Group plc and also a Non-executive director of Anite plc and Psion plc. Peter was chief executive of Azlan Group plc from 1998 until its takeover in 2003. He is a fellow of the Institute of Chartered Accountants in England and Wales.

Chief Financial Officer: David Galan

David joined Ten Alps in January 2016. David has previously worked as a CFO in the early stage technology sector and also with medium-sized businesses. After qualifying as a chartered accountant with Arthur Andersen in London, he went on to work in investment banking with Teather & Greenwood, specialising in corporate finance and small cap IPOs. Since 2004, David has held various CFO and CEO roles, including with Picklive, the award winning online gaming start-up. During 2015, David held an interim finance role with Casual Dining Group, the owner and operator of Café Rouge, Bella Italia and Belgo restaurant brands, where he managed the integration of the acquisitions of Las Iguanas and La Tasca.

Non-Executive Director: Luke Johnson

Luke Johnson is the Chairman of private equity house Risk Capital Partners LLP. He is Chairman and part-owner of Patisserie Holdings plc and Bread Ltd. He is also Chairman and majority owner of cruise holiday website operator Cruise.co.uk and Neilson Active Holidays. In 1993, Luke took control of Pizza Express with partners, subsequently becoming Chairman, and grew the business from 12 owned restaurants to over 250, and the share price from 40p to over 900p. Luke was Chairman of Channel 4 from January 2004 to January 2010, during which time he appointed a new CEO, restructured the board and saw the organisation enjoy record ratings, revenues and surplus.

Non-Executive Director: Jonathan Goodwin

Jonathan Goodwin founded Lepe Partners in 2011. Lepe Partners is a merchant bank created to help entrepreneurs and CEOs in the media, consumer and internet sectors grow their businesses. Prior to founding Lepe, Jonathan was CEO and Co-founder of LongAcre Partners, where he built the company into Europe's leading mid-market media and corporate finance house prior to selling it to Jeffries in 2007. To date, Jonathan has advised on over 100 transactions in the media and internet space. In 2006, Jonathan created the Founders Forum, an entrepreneur's event held annually in London, New York, Brazil and India. In 2009, Jonathan also Co-Founded PROfounders Capital, an early stage fund backed by entrepreneurs for digital entrepreneurs. Previously, Jonathan focused on the media sector at Apax Partners and later joined the MBI team of Talk Radio, backed by News Corporation and Liberty Media. Talk Radio then became the foundation for The Wireless Group PLC, where Jonathan was Group Managing Director. Jonathan is also currently on the advisory board of Opera Solutions and Kelkoo.

Corporate governance statement

The Chairman is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role and setting its agenda. The Chairman also ensures that the directors receive accurate, timely and clear information and that there is effective communication with shareholders.

The Board is authorised to manage the business of the Company on behalf of the shareholders and in accordance with the Company's Articles of Association. The Board is responsible for overseeing the management of the business and for ensuring high standards of corporate governance are maintained throughout the Group.

This is delivered through its own decision making and authority to manage the business to the Chairman and the executive director.

The Board of Ten Alps plc which is chaired by Peter Bertram, meets a set number of times a year and at other times as necessary, to discuss a formal schedule of matters specifically reserved for its decision.

These matters routinely include:

- the Group's strategy and associated risks
- financial performance of the business and approval of annual budgets, the half year results, annual report and accounts and dividends
- changes relating to the Group's capital structure
- appointments to and removal from the Board and Committees of the Board
- risk management strategy and risk appetite
- acquisitions, disposals and other material transactions
- remuneration strategy
- actual or potential conflicts of interest relating to any Director

Number of Board Meetings attended

Board Meetings – 10 in the year

Peter Bertram	10
David Galan	5 (appointed 1 January 2016)
Luke Johnson	9 (appointed 10 July 2015)
Jonnie Goodwin	7 (appointed 10 July 2015)
Mark Wood	10 (resigned 30 June 2016)
Nitil Patel	6 (resigned 26 February 2016)
Tim Hoare	0 (resigned 10 July 2015)

In addition there were a number of informal meetings of the Board.

Financial reporting

The Board places considerable emphasis on ensuring that all communications with shareholders present a balanced and transparent assessment of the Group's position and prospects. The Board or a subcommittee of the Board reviews and approves results announcements, interim reports, annual reports, the Chairman's AGM statement and trading updates prior to their release.

The Statement of Directors' Responsibility in respect of the preparation of financial statements is set out on page 17 and the auditor's statement on the respective responsibilities of directors and the auditor is included within their report on page 21.

Internal controls and risk management

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board has considered the need for an internal audit function, but has concluded that the internal control systems in place are appropriate for the size and complexity of the Company.

The Board is also responsible for the identification and evaluation of major risks faced by the Group and for determining the appropriate course of action to manage those risks.

Committees of the Board

The Board has two committees, being the Audit Committee and the Remuneration Committee.

Senior Management Team

This comprises of the Chairman and the CFO, together with the divisional management:

TV Division	Fiona Stourton Richard Farmbrough
Communications	Bharti Bhikha
Publishing Division	Annette Clowes

Corporate governance statement (continued)

Board Committees:

Audit committee
The audit committee is charged with making recommendations to the Board on the appointment of auditors and the audit fee, for reviewing the conduct and control of the annual audit and for reviewing the operation of the internal financial controls. It also has responsibility for reviewing financial statements prior to publication. The Chief Financial Officer and other senior finance management also attend committee meetings by invitation. The Committee has unrestricted access to the Company's auditor.

The members of the Audit Committee are:

Peter Bertram (Chairman of the Audit Committee)
Luke Johnson
Jonnie Goodwin

The Committee considers all proposals for non-audit services and ensures that these do not impact on the objectivity and independence of the auditor. The Audit Committee in its meetings with the external auditor reviews the safeguards and procedures developed by the auditor to counter threats or perceived threats to their objectivity and independence and assess the effectiveness of the external audit. The Group's policy on non-audit services performed by the external auditor is to address any issues on a case by case basis.

The Group has no internal audit function. The Audit Committee believes that the controls of the Group, considering its size and complexity, are sufficient as to not to require the extra administration and expense of an internal audit function.

Remuneration committee
The remuneration committee reviews the performance of the executive directors, sets the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of shareholders and reviews and approves any proposed bonus entitlement. It will also determine the allocation of share options to employees.

The members of the Remuneration Committee are:

Luke Johnson (Chairman of the Remuneration Committee)
Peter Bertram
Jonnie Goodwin

Constructive use of the AGM

The Board uses the Annual General Meeting to communicate with both institutional and private shareholders. Resolutions are proposed on each substantially separate issue and the agenda includes a resolution to adopt the Group's Annual Report and Accounts. Details of the proxy votes for and against each resolution are announced after the result of the hand votes is known.

Directors' responsibilities and report

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group for that period.

In preparing those financial statements, the Directors are required to:

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

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

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

Disclosure of information to auditor

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

On behalf of the board

David Galan
CFO

Directors' report

Results

The results for the year ended 30 June 2016 are set out on page 22.

The Group made an operating loss in the year of £3.75m, from continuing operations (2015: loss of £0.52m) and the retained loss for the year after interest, taxation, discontinued operations and minority interests of £6.37m (2015: loss of £1.32m).

Dividends

The Directors do not recommend the payment of a dividend for the year.

Directors and their interests

The Directors who served during the year were as follows:

Peter Bertram	Tim Hoare*/^^^^
David Galan^	Luke Johnson*/**
Mark Wood^^	Jonnie Goodwin*/**
Nitil Patel^^^	

* Non-Executive
^ D Galan was appointed to the Board on 4 January 2016
^^ M Wood resigned on 30 June 2016
^^^ N Patel resigned on 26 February 2016
^^^^ T Hoare resigned on 10 July 2015
** L Johnson and J Goodwin were appointed to the Board on 10 July 2015

According to the register of Directors' interests maintained under the Companies Act, the following interests in the shares of Group companies were held by the Directors in office at the year end:

		Ordinary shares of 0.1p each*	
	Nature of interest	1 July 2015	**30 June 2016**
Peter Bertram	Beneficial	2,812,500	**2,781,250**
David Galan	Beneficial	–	**–**
Luke Johnson	Beneficial	–	**50,000,000**
Jonnie Goodwin	Beneficial	–	**7,766,660**

* 10 for 1 share consolidation took place in July 2015

Options over 0.1p ordinary shares of the Company were held by the following:

	Exercise Price	As at 30 June 2015	**As at 30 June 2016**	Dates normally Exercisable
Peter Bertram	2.5p	2,250,000	**2,250,000**	2012 to 2022
	2.875p	–	**500,000**	2015 to 2025
David Galan	–	–	**–**	–
Luke Johnson	2.875	–	**1,000,000**	2015 to 2025
Jonnie Goodwin	2.875p	–	**1,000,000**	2015 to 2025

Substantial Shareholdings

The Company has been informed of the following shareholdings on 22 September 2016 each representing 3% or more of the current issued share capital:

	No of Ordinary Shares	%
Herald Investment Management	144,870,422	34.54
Artemis Alpha Trust plc	65,307,978	15.57
Luke Johnson	50,000,000	11.92
Broadwalk Asset Management LLP	27,500,000	6.56
John Booth and The John Booth Charitable Foundation	27,146,355	6.47
N+1 Singer	19,050,000	4.54
Charles Street Securities LLP	15,000,000	3.58

Share Capital

Details of share capital are given in Note 22 to the financial statements.

Employees

The Group operates an equal opportunities employment policy. The Group's policy on recruitment, development, training and promotion includes provision to give full and fair consideration to disabled persons, having particular regard to their aptitudes and abilities.

The Group appreciates and values the input of all its employees and encourages development and training to enhance employee skills. The Group ensures that employees are aware of any important matters that may impact on the performance of the Group.

Going Concern

The Group's business activities and analysis for the year are detailed in the Performance Statement on page 4 to 9 of the Annual Report and Accounts for the year ended 30 June 2016. The financial results and cash position including borrowing facilities are described in the Financial Review on pages 8 to 9 of the Annual Report and Accounts for the year ended 30 June 2016 with further details in the Notes to the Accounts numbers 1.2.1, 17 and 18.

The Group will benefit from the planned fundraising (detailed in the Post Balance Sheet Events note). Under the terms of the fundraising proposals the repayment dates of all the Group's short and long term debt is being amended and extended to a bullet repayment on 31 December 2020. This debt variation, together with the placing of over £800,000, will positively impact on the financial strength of the Group. Having taken action to exit from loss making publishing divisions during the financial year and post year end, the Group should benefit from all divisions trading profitably during the current financial year.

The Directors believe the Group will continue to be successful in raising finance and in being able to react to any business restructuring required quickly and efficiently, although there is no assurance that it will be able to obtain adequate finance in the future.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Future Development of the Group

Future developments of the Group are stated in the Strategic Report on page 10.

Financial risk management objectives and policies

The Group uses various financial instruments. These include loans, cash and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

An analysis of the Group's financial assets and liabilities (excluding short term trade debtors and trade creditors), together with the associated financial risks, are set out in Note 18.

The principal risks to which the business is exposed are set out below. Although not exhaustive, this highlights the risks that are currently considered to be of most significance to the Group's activities.

The main risks arising from the company's financial instruments are market risk, currency and cash flow interest rate risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Market risk

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and price risk. The company's policies for managing interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "interest rate risk" below.

Currency risk

The Group's sales are primarily invoiced in sterling and occasionally in US dollars and euros. The Directors continually monitor currency exposure.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The maturity of borrowings is set out in note 17 to the financial statements.

Interest rate risk

The Group finances its operations through borrowings. The Group's exposure to interest rate fluctuations on its borrowings is managed by the use of floating facilities.

Auditors

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with Section 487(2) of the Companies Act 2006.

Annual General Meeting

The Annual General Meeting is to be held at 13th Floor, Portland House, Bressenden Place, London SW1E 5BH at 9.30a.m. on 14 December 2016. Notice of the meeting is set out at the end of the Report and Accounts.

In addition to the adoption of the Accounts, the reappointment of David Galan as a director of the Company and the reappointment of the auditors, there are three other matters which will be considered at the Annual General Meeting.

The first is to give the Directors general power to allot shares up to an aggregate nominal amount of £764.72 (equal to approximately 50% of the issued ordinary share capital as at the date of this report).

The second is to give the Directors authority to issue shares having an aggregate nominal value of £152.94 (being 10% of the issued ordinary share capital as at the date of this report) for cash without first offering them to the existing shareholders on a pro-rata basis.

The third is to give the Directors authority to purchase some of the Company's ordinary shares in the market. No purchase would be made unless the Directors were of the opinion that it would result in an increase in earnings per share, the authority would be used with discretion and purchases would be made only from funds not required for other purposes and in the light of prevailing market conditions. The Directors would also take into account the Company's cash resources, the effect of gearing and other possible investment opportunities before deciding whether to exercise this authority.

The proposed authority will be limited by the terms of the special resolution to the purchase of up to 61,177,548 ordinary shares, which represents 10 per cent of the issued ordinary share capital as at 16 November 2016. The minimum price payable per share would be its nominal amount (this being 0.00025p) and the maximum price (exclusive of expenses) would be five per cent above the average of the middle market quotation of the ordinary shares, derived from the London Stock Exchange, for the five business days immediately preceding any purchase. Any such purchases would be made on the market and would be paid for out of distributable profits. Shares purchased would be cancelled. The authorised ordinary share capital figure would remain unaffected.

Details of any shares purchased pursuant to the proposed authority will be notified to a Regulatory Information Service as soon as possible and in any event by 7.30a.m. on the business day following the purchase and the Registrar of Companies will be so notified within 28 days. Details will also be included in the Company's Annual Report in respect of the financial year in which any purchases take place.

Each of these authorities will expire on the earlier of one year from the passing of the resolution and the date of the 2017 Annual General Meeting.

By order of the Board

David Galan
Company Secretary

Independent auditors' report – Consolidated accounts

Independent auditors' report to the members of Ten Alps plc

We have audited the Group financial statements of Ten Alps plc for the year ended 30 June 2016 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity 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.

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 17, the Directors are responsible for the preparation of the Group 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 Group 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 FRC's website at www.frc.org.uk/apb/auditscopeukprivate.

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 June 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

- 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.

Other matter

We have reported separately on the parent company financial statements of Ten Alps plc for the year ended 30 June 2016.

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

4 November 2016

Consolidated income statement

	Notes	Year to 30 June 2016 £'000	Year to 30 June 2015 £'000
Continuing operations			
Revenue	2	**22,622**	18,028
Cost of sales	3	**(16,228)**	(11,925)
Gross Profit		**6,394**	6,103
Operating expenses	3	**(6,827)**	(6,408)
Adjusted EBITDA		**(433)**	(304)
Reorganisation and restructuring costs	6	**(44)**	(120)
Depreciation	12	**(91)**	(55)
Amortisation and impairment of intangible assets	11	**(3,184)**	(43)
Operating loss		**(3,752)**	(523)
Finance costs	7	**(183)**	(505)
Finance income	7	**279**	–
Loss before tax		**(3,656)**	(1,028)
Taxation	8	**(54)**	–
Loss for the year		**(3,710)**	(1,028)
Discontinued operations			
Loss for the year from discontinued operations	9	**(2,661)**	(296)
Loss for the year		**(6,371)**	(1,324)
Continuing operations attributable to:			
Equity holders		**(3,710)**	(1,028)
Discontinued operations attributable to:			
Equity holders		**(2,661)**	(296)
Retained loss for the year		**(6,371)**	(1,324)
Basic earnings per share			
From continuing operations	10	**(0.91)p**	(0.37)p
From discontinued operations	10	**(0.65)p**	(0.11)p
Total		**(1.56)p**	(0.48)p
Diluted earnings per share			
From continuing operations	10	**(0.91)p**	(0.37)p
From discontinued operations	10	**(0.65)p**	(0.11)p
Total		**(1.56)p**	(0.48)p

The accompanying principal accounting policies and notes from part of these consolidated financial statements.

Consolidated statement of comprehensive income

	Year to 30 June 2016 £'000	Year to 30 June 2015 £'000
Loss for the year	**(6,371)**	(1,324)
Other comprehensive income	**–**	–
Total comprehensive income for the year	**(6,371)**	(1,324)
Attributable to:		
Equity holders	**(6,371)**	(1,324)
	(6,371)	(1,324)

Consolidated statement of financial position

	Note	As at 30 June 2016 £'000	As at 30 June 2015 £'000
Assets			
Non-current			
Goodwill and intangibles	11	**7,330**	6,898
Investment in associate	27	**100**	–
Property, plant and equipment	12	**212**	155
Deferred tax	20	**–**	487
		7,642	7,540
Current assets			
Inventories	13	**202**	780
Trade receivables	14	**2,341**	2,282
Other receivables	14	**1,357**	1,941
Assets classified as held for sale		**147**	–
Cash and cash equivalents	15	**3,537**	1,914
		7,584	6,917
Total assets		**15,226**	14,457
Equity and liabilities			
Shareholders' equity			
Called up share capital	22	**5,925**	5,534
Share premium account	22	**22,671**	15,228
Merger reserve	22	**696**	696
Preference shares	22	**2,909**	–
Retained earnings	22	**(30,549)**	(24,178)
Total shareholders' equity/(deficit)		**1,652**	(2,720)
Liabilities			
Non-current			
Borrowings	17	**2,007**	–
Other non-current liabilities	16	**2,000**	–
		4,007	–
Current			
Trade payables	16	**1,987**	2,733
Other payables	16	**6,295**	5,434
Liabilities classified as held for sale		**159**	–
Current tax liabilities	8	**89**	–
Deferred tax	20	**263**	–
Borrowings	17	**774**	9,010
		9,567	17,177
Total equity and liabilities		**15,226**	14,457

The consolidated financial statements were approved by the Board on 4 November 2016 and are signed on its behalf by David Galan.

Company registration number: SC075133

Consolidated statement of cash flows

	Note	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Cash flows from operating activities			
Loss for the year		**(6,371)**	(1,324)
Adjustments for:			
Income tax expense	8	**192**	–
Depreciation	12	**94**	71
Amortisation and impairment of intangibles	11	**4,806**	43
Finance costs	7	**183**	505
Finance income		**(279)**	–
(Proceeds) on disposal of assets		**(40)**	–
		(1,415)	(705)
Decrease in inventories		**780**	209
Decrease/(increase) in trade and other receivables		**1,080**	(71)
(Decrease) in trade and other payables		**(3,713)**	(314)
Cash used in operations		**(3,268)**	(881)
Finance costs paid		**(75)**	–
Tax paid		**(40)**	–
Net cash flows used in operating activities		**(3,383)**	(881)
Investing activities			
Disposal of subsidiary undertakings, net of cash and overdrafts acquired		**19**	–
Proceeds on disposal of assets		**40**	–
Purchase of property, plant and equipment	21	**(89)**	(40)
Investment in associate	12	**(100)**	–
Net cash flows used in investing activities		**(130)**	(40)
Financing activities			
Issue of ordinary share capital and preference shares		**4,495**	–
Borrowings repaid		**(116)**	(50)
Borrowings received		**750**	300
Net cash flows from financing activities		**5,129**	250
Net increase/(decrease) in cash and cash equivalents		**1,616**	(671)
Translation differences		**7**	7
Cash and cash equivalents at beginning of year	15	**1,914**	2,578
Cash and cash equivalents at 30 June 2016 and 2015	15	**3,537**	1,914

Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Merger reserve £'000	Preference shares £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2014	**5,534**	**15,228**	**696**		**(22,854)**	**(1,396)**
Loss and total comprehensive income for the year	–	–	–	–	(1,324)	(1,324)
Total comprehensive income	**–**	**–**	**–**	**–**	**(1,324)**	**(1,324)**
Balance at 30 June 2015	**5,534**	**15,228**	**696**	**–**	**(24,178)**	**(2,720)**
Balance at 1 July 2015	**5,534**	**15,228**	**696**	**–**	**(24,178)**	**(2,720)**
Loss and total comprehensive income for the year	–	–	–		(6,371)	(6,371)
Total comprehensive income	**–**	**–**	**–**	**–**	**(6,371)**	**(6,371)**
Equity-settled share-based payments	26	504	–	–	–	530
Shares issued	365	6,939	–	2,909	–	10,213
Balance at 30 June 2016	**5,925**	**22,671**	**696**	**2,909**	**(30,549)**	**1,652**

Notes to the consolidated financial statements

1) Accounting policies

1.1) General Information

Ten Alps plc and its subsidiaries (the Group) is a multi-media Group which produces high quality TV together with digital communications and publishing.

Ten Alps plc is the Group's ultimate parent and is a public listed company incorporated in Scotland. The address of its registered office is 7 Exchange Crescent, Conference Square, Edinburgh EH3 8AN. Its shares are traded on the AIM Market of the London Stock Exchange plc (LSE:TAL).

These consolidated financial statements have been approved for issue by the Board of Directors on 4 November 2016.

1.2) Basis of Preparation

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared primarily under the historical cost convention. Areas where other bases are applied are identified in the accounting policies below.

The Group's accounting policies, have been applied consistently throughout the Group to all the years presented, unless otherwise stated.

1.2.1) Going Concern

Although the Group has incurred losses during the year, it has completed and implemented significant funding activities, debt refinancing and cost restructurings to mitigate this. On 27 October 2016, post year end, the Group announced a proposed placing, subject to shareholder approval at a general meeting on 15 November 2016, of over £800,000, a new £432,962 long term loan and a debt variation amending the repayment date for all of the Group's short and long term loans to a bullet repayment on 31 December 2020. Following these amendments the Group has only long term debt with a bullet repayment on 31 December 2020 with no financial covenants.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current financing.

Management's strategy has been incorporated into scenario based forecasts which highlight the Group's need to raise additional finance and/or dispose of assets, however certain mitigating actions could be taken to manage cash resources if required. Although the Group continues to be successful in raising finance as in the past, there is no assurance that it will be able to obtain adequate finance in the future.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

1.2.2) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group in the 30 June 2016 financial statements:

At the date of authorisation of these financial statements certain new standards, amendments and interpretations to existing standards have been published but are not yet effective. The Group has not early adopted any of these pronouncements. The new Standards, amendments and Interpretations are as follows:

Standard/interpretation	Content	Applicable for financial years beginning on/after
IFRS 9	Financial instruments: Classification and measurement	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 16	Leases	1 January 2019

In November 2009, the Board issued the first part of IFRS 9 relating to the classification and measurement of financial assets. IFRS 9 will ultimately replace IAS 39. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measures the financial assets as either at amortised cost or fair value. The new standard is mandatory for annual years beginning on or after 1 January 2018.

1) Accounting policies (continued)

IFRS 15 is effective from 1 January 2018 and will first apply to the Group's financial reporting for year ending 30 June 2019. The impact of this standard on the Group is under review.

IFRS 16 was issued on 13 January 2016 and is effective from 1 January 2019 and will first apply to the Group's financial reporting for year ending 30 June 2020. The impact of this standard on the Group is under review.

1.3) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an Invested, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intra-group assets and liabilities, equity, Income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

1.4) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable from customers, net of trade discounts, VAT, other sales related taxes. Revenue is recognised as follows:

TV

Production revenue comprises broadcaster licence fees and other pre-sales receivable for work carried out in producing television programmes. To the extent that they meet the requirements of IAS 11, certain customer-specific production contracts are reported using the percentage-of-completion method.

In this method, revenues and gains on customer-specific contracts are recognised on the basis of the stage of completion of the respective project concerned. The percentage of completion is calculated as the ratio of the contract costs incurred up until the end of the year to the total estimated project cost (cost-to-cost method). Irrespective of the extent to which a project has been completed, losses resulting from customer-specific contracts are immediately recognised in full in the year in which the loss is identified. Gross profit on production activity is recognised over the year of the production. Overspends on productions are recognised as they arise and underspends are recognised on completion of the productions.

Revenue also includes sums receivable from the exploitation of programmes in which the company owns rights and is recognised when all of the following criteria have been met:

i) an agreement has been executed by both parties;

ii) the programme is available for delivery; and

iii) the arrangements are fixed and determinable.

Net revenue from the exploitation of programme rights is recognised when receivable.

Publishing

Revenue is recognised in the accounting year in which the goods or services are rendered by reference to stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Publishing: advertising revenue is recognised on the date publications are dispatched to customers.

Online: revenue is recognised at the point of delivery or fulfilment for single/discrete services.

Exhibitions: revenue is recognised when the show has been completed. Deposits received in advance are recorded as deferred income on the Statement of Financial Position.

When a service consists of one or more of the above named elements, the value of the service is attributed to the different elements and the revenue recognition criteria are applied to each component separately.

Communicate
Revenue is recognised in the accounting year in which the goods or services are rendered by reference to stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

1.5) Production Costs
In the majority of cases, when the Group is commissioned to make a programme by a broadcaster, the broadcaster pays a licence fee for the programme in their own territory and the Group retains the right to exploit the programme elsewhere.

Where the licence fee exceeds the cost of production, then, due to the uncertain nature of other future revenues, the Group writes off 100% of the production cost against the licence fee income.

1.6) Property, plant and equipment
Property, plant and equipment are stated at cost net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by equal annual instalments over their expected useful lives. The rates generally applicable are:

Leasehold premises	over the term of the lease
Motor vehicles	20% on cost
Office equipment	10%-20% on cost
Computer Equipment	20%-33% on cost

Useful economic lives are reviewed annually. Depreciation is charged on all additions to, or disposals of, depreciating assets in the year of purchase or disposal. Any impairment in values is charged to the income statement.

1.7) Intangible assets
Business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but tested annually for impairment.

The other intangible assets are in respect of the customer relationships, brand and customer contracts acquired in respect of the acquisition of Reef Television and in each case are amortised over the expected life of the earnings associated with the asset acquired.

1.8) Leased assets
The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee.

A corresponding amount is recognised as a finance leasing liability. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the year of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight line basis over the lease term.

Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

1.9) Inventories
TV
Inventories comprise of costs on productions that are incomplete at the year-end less any amounts recognised as cost of sales.

Publishing
Inventories comprise cumulative costs incurred in relation to unpublished titles or events, less provision for future losses and are valued on the basis of direct costs plus attributable overheads based on a normal level of activity. No element of profit is included in the valuation of inventories.

1) Accounting policies (continued)

Communicate

Inventories comprise of costs of unsold publishing stock and costs on projects that are incomplete at the year-end less any amounts recognised as cost of sales.

1.10) Programmes in progress at year end

Where productions are in progress at the year end and where the sales invoiced exceed the value of work done the excess is shown as deferred income; where the sales recognised exceed sales invoiced the amounts are classified as accrued income. Where it is anticipated that a production will make a loss, the anticipated loss is provided for in full.

1.11) Impairment of assets

For the purposes of assessing impairment, non-financial assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level.

Goodwill is allocated to those cash generating units that are expected to benefit from the synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

1.12) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturity of less than three months.

1.13) Equity

Equity comprises the following:

- *Share capital* represents the nominal value of equity shares.
- *Share premium* represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- *Merger Reserve* represents the excess over nominal value of the fair value of consideration received for equity shares, where ordinary shares are issued as consideration for the purchase of subsidiaries in which the Group hold a 90% interest or above.
- *Retained earnings* represent retained losses.

1.14) Current and Deferred taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax is not recognised in respect of:

- the initial recognition of goodwill that is not tax deductible; and
- the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates and laws that are expected to apply to their respective year of realisation, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

1.15) Financial Instruments

Financial assets and liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial Assets

Trade and other receivables

Trade and other receivables are initially recognised at fair value, adjusted for transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

Financial Liabilities

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Bank Borrowings

Interest bearing bank loans and overdrafts are initially recognised at fair value, adjusted for transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

Finance charges, including premiums payable on settlement and direct issue costs, are accounted for on an effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

Loan Notes

Loan notes are initially recognised at fair value, adjusted for transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

Finance charges, including premiums payable on settlement and direct issue costs, are accounted for on an effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

Trade and other payables

Trade and other payables are initially recognised at fair value, adjusted for transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

1.16) Employee Benefits

Share-based Payments

Under IFRS 2, all share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 April 2006 are recognised in the financial statements.

Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All equity-settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to reserves.

If vesting years apply, the expense is allocated over the vesting year, based on the best available estimate of the number of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current year. No adjustment is made to any expense recognised in prior years if share options that have vested are not exercised.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

When the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

1) Accounting policies (continued)

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Retirement benefits
Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement when they are due.

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Any increase in the provision due to the passage of time is recognised as interest expense.

1.18) Profit or loss from discontinued operations
A discontinued operation is a component of the Group that either has been disposed of, or classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Profit or loss from discontinued operations, including prior year components of profit or loss, is presented in a single amount in the income statement. These amounts, which comprises the post-tax profit or loss on discontinued operations and the post-tax gain resulting from the measurement and disposal of assets classified as held for sale, is further analysed in note 9. Any gain or loss arising on the disposal of subsidiaries is included within restructuring costs.

The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the reporting date of the latest year presented.

1.19) Significant judgements and estimates
The preparation of consolidated financial statements under IFRS requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

Discontinued operations
The Group has classified certain cash generating units as discontinued operations during last year. See note 9. In determining whether or not to classify a cash generating unit as a discontinued operation, the Group must determine whether or not a cash generating unit represents a separate major line of business or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, as well as being disposed, abandoned or terminated.

Impairment of goodwill
The Group is required to test, at least annually, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows. Actual outcomes could vary. See note 11.

Intangible assets
The Group recognises intangible assets acquired as part of business combinations at fair value at the date of acquisition. The determination of these fair values is based upon management's judgement and includes assumptions on the timing and amount of future incremental cash flows generated by the assets and selection of an appropriate cost of capital. Furthermore, management must estimate the expected useful lives of intangible assets and charge amortisation on these assets accordingly. See note 11.

Revenue recognition on Publishing goods or services consisting of more than one element
Where the goods or services of the Publishing division consist of one or more elements described in para.1.4, the Group must make an allocation to be attributable to each of the elements in using a fair value estimate in accordance with IAS18. In particular, where an offering, such as a Media Package, consists of a publishing element and an on-line element, management makes an estimate on the fair value attributable to each element on a product by product basis. Such estimates are made using feedback from the customers and sales teams, the payment terms achieved on each product and other factors.

Preference shares
The presentation of preference shares as either debt or equity is based on the estimated cashflows that arise from the contractual obligations set out within the preference share agreement. The preference share agreement contains an option for these shares to be converted into ordinary equity and therefore cash outflows can be avoided by conversion into ordinary equity. The determination of these cashflows is based on management estimation at the inception of the preference shares and this estimate determines the proportion of the instrument classified as debt. This estimation has been based on the contractual arrangements, the intention of both parties to the arrangement and the ability of the company to satisfy contractual obligations.

1.20) Segmental reporting
In identifying its operating segments, management follows the Group's service lines, which represent the main products and services provided by the Group. The activities undertaken by the TV segment include the production of television and radio content; and the creation and management of websites and online TV channels. The Publishing unit (formerly B2B) includes publishing, websites, event management, video production and specialised communications services. The Communications Agency unit specialises in digital marketing services.

Each of these operating segments is managed separately as each service line requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

2) Segmental information

Management currently identifies the Group's three service lines as three operating segments TV, Publishing and Communicate and further described in the accounting policy note. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

In addition, items included under 'Central and Plc' relate mainly to Group activities based in the United Kingdom.

	TV		**Publishing**		**Communicate**		**Central and plc**		**Total**	
Continuing Operations	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000
Revenue	**16,330**	10,013	**4,002**	8,443	**2,212**	1,843	**78**	168	**22,622**	20,467
EBITDA	**822**	428	**(643)**	(506)	**191**	127	**(803)**	(634)	**(433)**	(585)
Reorganisation & restructuring	**–**	(15)	**(38)**	(71)	**(6)**	(9)	**–**	(25)	**(44)**	(120)
Depreciation	**(52)**	(17)	**(30)**	(44)	**(9)**	(10)	**–**	–	**(91)**	(71)
Amortisation	**(407)**	–	**–**	(43)	**–**	–	**–**	–	**(407)**	(43)
Impairment	**–**	–	**(2,777)**	–	**–**	–	**–**	–	**(2,777)**	–
Operating (loss)/profit	**363**	396	**(3,488)**	(664)	**176**	108	**(803)**	(659)	**(3,752)**	(819)
Segment Assets	**6,932**	5,081	**2,459**	7,646	**1,246**	1,499	**4,443**	237	**15,080**	14,463
Segment Liabilities	**(4,313)**	(2,386)	**(3,267)**	(2,979)	**(667)**	(446)	**(5,114)**	(11,372)	**(13,361)**	(17,183)
Other Segment Items:										
Expenditure on intangible assets	5,238	–	–	–	–	–	–	–	5,238	–
Expenditure on tangible assets	36	–	14	4	4	1	5	–	59	5

The internal reporting of the Group's performance does not require that costs and/or Statement of Financial Position information is gathered on the basis of the geographical streams.

The Group's principal operations are in the United Kingdom. Its revenue from external customers in the United Kingdom was £19.56m (2015: £18.17m), and the total revenue from external customers in other countries was £3.06m (2015: £2.3m).

3) Expenses by nature

	2016 £'000	2015 £'000
Cost of sales		
Direct media buying and selling costs	**2,338**	3,580
Production costs	**11,581**	6,137
Salary costs	**1,769**	1,881
Royalties	**322**	275
Distribution costs	**165**	107
Movement in WIP/stock	**53**	(54)
Total costs of sales	**16,228**	11,925
Operating expenses		
Salary costs	**3,770**	3,830
Leases on premises	**255**	263
Other administrative expenses	**2,854**	2,299
Foreign exchange gain/(loss)	**(52)**	15
Total operating expenses	**6,827**	6,408

Included in other administrative expenses is the auditors' remuneration, including expenses for audit and non-audit services, as follows:

	2016 £'000	2015 £'000
Statutory audit services		
Annual audit of the company and the consolidated accounts	**42**	28
Non-audit services		
Audit of subsidiary companies	**49**	45
Tax advisory services	**16**	19
Other services	**–**	20
Total	**107**	112

4) Staff costs

	2016 £'000	2015 £'000
Wages & salaries	**4,922**	5,053
Social security & other costs	**508**	545
Pension costs	**109**	113
Total	**5,539**	5,711

The average number of employees employed by the Group during the year was:

	2016	2015
TV	**87**	70
Publishing	**74**	95
Communicate	**22**	21
Other	**4**	5
Total	**187**	191

The directors consider that the key management comprises the directors of the company, and their emoluments are set out below:

Directors' emoluments

	Salaries and fees £'000	Settlement agreement £'000	Benefits in kind £'000	Pension £'000	**2016** **Total £'000**	2015 Total £'000
Executive Directors						
Mark Wood^/****	200	80	3	–	**283**	70
David Galan*	70	–	1	4	**75**	–
Nitil Patel***	155	13	2	25	**195**	174
Non-Executive Directors						
Peter Bertram (Chairman)	50	–	–	–	**50**	50
Luke Johnson	30	–	–	–	**30**	–
Jonnie Goodwin	30	–	–	–	**30**	–
Tim Hoare**	–	–	–	–	**–**	50
	535	80	6	29	**663**	344

* The benefits in kind shown in the above table relate principally to a fully expensed medical health cover for the Executive Directors and their immediate family.

The total cost of employing the directors, who are the key management personnel, including employer's national insurance was £725,000 (2015: £477,000).

** During the year, £29,000 (2015: £17,000) was paid with respect to personal pension schemes for 2 Directors (2015: 1).

^ Mark Wood resigned on 30 June 2016.

* David Galan appointed on 4 January 2016.

** Tim Hoare resigned on 10 July 2015.

*** Nitil Patel resigned on 26 February 2016 (although remained an employee of the Group until post year end).

**** Under the terms of a settlement agreement the Company agreed a full and final settlement with Mark Wood of £80,000, which as at 30 June 2016 had not been paid.

The amount for share based payments charge (see Note 5) which relates to the Directors was £Nil (2015: £Nil), although the £80,000 settlement agreement payment to Mark Wood will be settled in shares when paid. Total remuneration for directors for the 12 months to June 2016 was £663,000 (2015: £444,000).

5) Share based payments

The charge for share based payments arises from the following schemes:

	2016 £'000	2015 £'000
EMI share option scheme	**–**	–
Unapproved share option scheme	**–**	–
Total	**–**	–

Share Option Schemes

Under the terms of the EMI and unapproved share option schemes, the Board may offer options to purchase ordinary share options to employees and other individuals. Share options granted under the company's schemes are normally exercisable for an eight to ten year period. The vesting year ranges from the date of grant up to three years. The EMI share options and certain of the unapproved share options have performance criteria that need to be met before options.

5) Share based payments (continued)

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

Approved Share option scheme

	2016		2015	
	Number	**WAEP £**	Number	WAEP £
Outstanding at the beginning of the year	**125,000**	**0.53**	385,000	0.53
Exercised during the year	**–**	**–**	–	–
Cancelled during the year	**(125,000)**	**–**	–	–
Lapsed during the year	**–**	**–**	(260,000)	–
Outstanding at the end of the year	**–**	**–**	125,000	0.53
Exercisable at the end of the year	**–**	**–**	125,000	0.53

Unapproved share option scheme

	2016		2015	
	Number	**WAEP £**	Number	WAEP £
Outstanding at the beginning of the year	**17,574,000**	**0.048**	17,574,000	0.048
Granted during the year	**2,500,000**	**0.02875**	–	–
Cancelled during the year	**(6,219,000)**	**–**	–	–
Lapsed during the year	**(100,000)**	**–**		–
Outstanding at the end of the year	**13,755,000**	**0.026**	17,574,000	0.048
Exercisable at the end of the year	**11,255,000**	**0.026**	17,574,000	0.05

EMI Share option scheme

	2016		2015	
	Number	**WAEP £**	Number	WAEP £
Outstanding at the beginning of the year	**–**	**–**	–	–
Granted during the year	**16,500,000**	**0.02875**	–	–
Cancelled during the year	**(12,500,000)**	**–**	–	–
Outstanding at the end of the year	**4,000,000**	**0.02875**	–	–
Exercisable at the end of the year	**–**	**–**	–	–

The options outstanding as at 30 June 2016 have the following exercise prices and expire in the following financial years:

Expiry	**Exercise Price £**	**2016 No**	2015 No
March 16	**0.63**	**–**	100,000
March 19	**0.40**	**–**	650,000
March 2020	**0.27**	**–**	199,000
May 2022	**0.025**	**11,255,000**	16,750,000
October 2025	**0.02875**	**6,500,000**	–
		17,755,000	17,699,000

No options were exercised during the year (2015: Nil).

6) Restructuring costs

Restructuring Costs are presented separately as, due to their nature or for the infrequency of the events giving rise to them, this allows shareholders to understand better the elements of financial performance for the year, to facilitate comparison with prior year's and to assess better the trends of financial performance.

	2016 £'000	2015 £'000
Restructuring Costs		
Redundancy	84	120
Total	84	120

7) Finance costs and income

	2016 £'000	2015 £'000
Finance Costs		
Interest payable on borrowings	**(183)**	(191)
Amortisation of origination costs on borrowings	**–**	(39)
Interest payable on loan note	**–**	(275)
Finance Costs	**(183)**	(505)
Finance Income		
Interest waived in debt restructuring	**279**	–
Net Finance Costs	**96**	(505)

8) Income tax expense

Taxation Charge

	2016 £'000	2015 £'000
Current tax expense:		
Current year before exceptional items	**33**	–
	33	–
Deferred tax		
Origination and reversal of temporary differences (see note 19)	**12**	–
Impact in change of corporate tax rate	**9**	–
Total income tax expense	**21**	–

Reconciliation of taxation expense:

	2016 £'000	2015 £'000
Loss before tax	**(3,656)**	(1,324)
Taxation expense at UK corporation tax rate of 20% (2015: 20%)	**(731)**	(274)
Non-taxable income/non-deductible expenses	**501**	208
Losses carried forward and temporary differences not recognised	**284**	66
Total income tax expense	**54**	–

Notes to the consolidated financial statements (continued)

9) Discontinued operations

During the year ended 30 June 2016, the trade of Grove House Publishing Limited was disposed of. During the year ended 30 June 2016 the Group actively marketed and planned to dispose of Ten Alps Media Ltd, which post year end was placed into creditors' voluntary liquidation. Both Grove House Publishing Limited and Ten Alps Media Ltd have been treated as discontinued operations.

Analysis of the results of the discontinued operations is as follows:

	2016 £'000	2015 £'000
Revenue	**1,766**	2,439
Cost of sales	**(1,145)**	(1,754)
Gross Profit	**621**	685
Operating expenses	**(1,479)**	(965)
Reorganisation and restructuring costs	**(40)**	–
Depreciation	**(3)**	(16)
Impairment of intangible assets	**(1,622)**	–
Operating loss	**(2,523)**	(296)
Finance income	**–**	–
Loss before tax	**(2,523)**	(296)
Taxation	**(138)**	–
Loss for the year from discontinued operations	**(2,661)**	(296)

The net cash flows attributable to the discontinued operations are as follows:

	2016 £'000	2015 £'000
Operating cash flows	**(73)**	(74)
Investing cash flows	**40**	–
Total cash flows	**(33)**	(74)

10) Earnings per share

Basic loss per share (EPS) for the year equals the loss after tax from continuing operations attributable to the Company's ordinary shareholders of £3.71 million (2015: loss of £1.03 million) divided by the weighted average number of issued ordinary shares of 406,760,864 (2015: 276,666,012).

When the Group makes a profit from continuing operations, diluted EPS equals the profit attributable to the Company's ordinary shareholders divided by the diluted weighted average number of issued ordinary shares. When the Group makes a loss from continuing operations, diluted EPS equals the loss attributable to the Company's ordinary shareholders divided by the basic (undiluted) weighted average number of issued ordinary shares. This ensures that EPS on losses is shown in full and not diluted by unexercised share options or awards.

	2016 Number of Shares	2015 Number of Shares
Weighted average number of shares used in basic earnings per share calculation	**406,760,864**	276,666,012
Dilutive effect of share options	–	–
Weighted average number of shares used in diluted earnings per share calculation	**406,760,864**	276,666,012

	2016 £'000	2015 £'000
Loss for year from continuing operations attributable to shareholders	**(3,710)**	(1,028)
Amortisation of intangible assets post deferred tax impact	**4,806**	18
Restructuring costs	**44**	120
Adjusted profit/(loss) for year attributable to shareholders	**1,140**	(890)
Loss for year from discontinued operations attributable to shareholders	**(2,661)**	(296)
Continuing operations		
Basic Loss per share	**(0.91)p**	(0.37)p
Diluted Loss per share	**(0.91)p**	(0.37)p
Adjusted Basic profit/(loss) per share	**0.28p**	(0.32)p
Adjusted Diluted profit/(loss) per share	**0.28p**	(0.32)p
Discontinued operations		
Basic Loss per share	**(0.65)p**	(0.11)p
Diluted Loss per share	**(0.65)p**	(0.11)p

11) Intangible assets

	Goodwill £'000	Brands £'000	Customer Relationships £'000	Websites £'000	Total £'000
Cost					
At 1 July 2014	25,662	3,818	171	1,310	30,961
At 30 June 2015	25,662	3,818	171	1,310	30,961
Additions	2,288	500	2,450	–	5,238
At 30 June 2016	**27,950**	**4,318**	**2,621**	**1,310**	**36,199**
Amortisation/impairment					
At 1 July 2014	(18,765)	(3,818)	(171)	(1,254)	(24,008)
Charge for the year	–	–	–	(43)	(43)
Disposals & retirements	–	–	–	(12)	(12)
At 30 June 2015	(18,765)	(3,818)	(171)	(1,309)	(24,063)
Charge for the year	–	(69)	(337)	(1)	(407)
Impairment charge	(4,399)	–	–	–	(4,399)
At 30 June 2016	**(23,164)**	**(3,887)**	**(508)**	**(1,310)**	**(28,869)**
Net Book Value					
At 30 June 2016	**4,786**	**431**	**2,113**	**–**	**7,330**
At 30 June 2015	6,897	–	–	1	6,898

Goodwill

Goodwill arising on acquisitions after the date of transition to IFRS is attributable to operational synergies and earnings potential expected to be realised over the longer term.

Brands and Customer Relationships

Brand and customer relationships relate to the intangible assets arising on the acquisition of Reef Television.

Websites

Development costs of revenue generating websites are capitalised as intangible assets.

11) Intangible assets (continued)

Impairment Tests for Goodwill

The carrying amount of goodwill by operating segment is:

	2016 £'000	2015 £'000
Publishing	**–**	4,399
TV	**3,801**	1,611
Communicate	**985**	887
Total	**4,786**	6,897

Goodwill is not amortised but tested annually for impairment with the recoverable amount being determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rate, growth rates and forecasts in income and costs.

The Group assessed whether the carrying value of goodwill was supported by the discounted cash flow forecasts of operating segment based on financial forecasts approved by management covering a seven-year period, taking in to account both past performance and expectations for future market developments.

Management has used a seven year model predominately because the earn out models used on acquisitions have been based on seven year scenarios. Management estimates the discount rate using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to media businesses.

In assessing the divisions the Group reviewed the management forecasts. For the television production businesses the Group evaluated the impact of the shift in strategy towards producing higher value series and developing relationships with international broadcasters, together with the increasing impact made in the year via new executive producers and management. For the publishing businesses the Group wrote down the carrying value of goodwill across all the publishing businesses to nil. This reflects the substantial level of losses incurred by the publishing businesses, the sale of the trade of Grove House Publishing during the year, the post year end placing of Ten Alps Media into creditors voluntary liquidation and the closure of many loss making titles and publishing contracts in Ten Alps Communications. For Ten Alps Communicate, the Group's communications business, the Group evaluated the continued progress in delivering significant multi-year contracts to blue chip customers such as TfL and the progress made in attracting new blue chip customers, together with the expected to be made in future years through the addition of new skillsets from the acquisition of Straker Films.

The financial year 2016/17 business unit forecasts are based on the individual budgets for each division. For the years following, a growth rate of 2.5% is applied to the 2016/17 forecasts on an annual basis. Management believe this rate does not exceed the growth rate of the industry and the UK economy in the long term and is a cautious assumption, which may in reality be significantly lower than the growth rate management would expect to achieve.

In evaluating the recoverable amount, we employ the discounted cash flow methodology, which is based on making assumptions and judgements on forecasts, margins, discount rates and working capital needs. These estimates will differ from actuals in the future and could therefore lead to material changes to the recoverable amounts. The key assumptions used for estimating cash flow projections in the Group's impairment testing are those relating to revenue growth and operating margin. The key assumptions take account of the businesses' expectations for the projection period. These expectations consider the macroeconomic environment, industry and market conditions, the unit's historical performance and any other circumstances particular to the unit, such as business strategy and client mix.

As all the segments operate in a similar media landscape the discount rate applied across to the segments for 2016 was 6.3% (2015: 9.1%). The decrease reflects the weighting of the debt and equity valuation of the Group based on the balance sheet with the overall calculation and methodology remaining unchanged from prior years. As the equity value has decreased proportionately to the debt in the year, the discount rate has fallen to reflect the lower debt borrowing costs compared to the costs of equity. A sensitivity analysis of an increase in the discount rate by 2.7% is shown below.

TV

A pre-tax discount rate of 6.3% (2015: 9.1%) has been used. The main assumptions on which the forecast cash flows were based include revenue growth and margin growth. All key assumptions used by management within the cash flow forecasts are based on past experience and sector experience.

Publishing
A pre-tax discount rate of 6.3% (2015: 9.1%) has been used. The main assumptions on which the forecast cash flows were based include revenue growth and margin growth. All key assumptions used by management within the cash flow forecasts are based on past experience and sector experience.

Communicate
A pre-tax discount rate of 6.3% (2015: 9.1%) has been used. The main assumptions on which the forecast cash flows were based include revenue growth and margin growth. All key assumptions used by management within the cash flow forecasts are based on past experience and sector experience.

Changes in these assumptions can have a significant effect on the recoverable amount and therefore the value of the impairment recognised.

Assumption	Judgement	Sensitivity
Discount Rate	As indicated above the rate used is 6.3%.	An increase in the discount rate to 9% will result in no impairment charge.
Growth Rate and Strategic plans	Strategic investment, restructuring and growth of owned assets assumed for 2016. A rate of 2.5% has been used for financial years 2017/18 onwards.	If a 0% growth rate was applied for financial years 2017/18 onwards. TV and Communicate would not be impaired.
Cashflows	Cash collection is consistent with previous years with no significant bad debts being incurred due to write offs taken in the previous years and provisions for this year.	If a 15% fall in cashflow estimates was applied for financial years 2016/17 onwards. TV and Communicate would not be impaired.

12) Property, plant and equipment

	Short leasehold land and buildings £'000	Office and computer equipment £'000	Total £'000
Cost			
At 1 July 2014	112	1,328	1,440
Additions	–	40	40
At 30 June 2015	112	1,368	1,480
Additions	25	34	59
Acquired through business combinations	129	497	626
Disposals & retirements	–	(318)	(318)
At 30 June 2016	**266**	**1,581**	**1,847**
Depreciation			
At 1 July 2014	(112)	(1,142)	(1,254)
Charge for the year	–	(71)	(71)
Disposals & retirements	–	–	–
At 30 June 2015	(112)	(1,213)	(1,325)
Charge for the year	(14)	(77)	(91)
Acquired through business combinations	(129)	(404)	(533)
Disposals & retirements	(1)	315	314
At 30 June 2016	**(256)**	**(1,379)**	**(1,635)**
Net Book Value			
At 30 June 2016	**10**	**202**	**212**
At 30 June 2015	–	155	155

Notes to the consolidated financial statements (continued)

13) Inventories

	2016 £'000	2015 £'000
Work in progress – Publishing	**51**	501
Work in progress – TV	**97**	139
Stock - Communicate	**54**	140
Total Inventories	**202**	780

14) Trade and other receivables

	2016 £'000	2015 £'000
Current		
Trade receivables	**2,482**	2,502
Less provision for impairment	**(141)**	(220)
Net trade receivables	**2,341**	2,282
Other receivables	**54**	359
Prepayments	**322**	317
Accrued income	**981**	1,265
Total	**3,698**	4,223

During the year the Directors reviewed the trade receivables and concluded that the carrying amount of trade and other receivables approximates to their fair value. The creation and release of provision for impaired receivables have been included in administration expenses in the income statement.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of asset above. The Group does not hold any collateral as security for trade receivables. The Group is not subject to any significant concentrations of credit risk.

Trade receivables that were past due but not impaired relating to a number of customers with no recent history of default are as follows:

	2016 £'000	2015 £'000
Not more than 3 months	**406**	707
More than 3 months but less than 1 year	**175**	464
More than 1 year	**215**	71
Total	**796**	1,242

15) Cash and cash equivalents

	2016 £'000	2015 £'000
Total Cash and cash equivalents	**3,537**	1,914

The Group's credit risk exposure in connection with the cash and cash equivalents held with financial institutions is managed by holding funds in a high credit worthy financial institution (Moody's A2- stable).

16) Trade and other payables

	2016 £'000	2015 £'000
Current		
Trade payables	**1,987**	2,733
Shares to be issued	**–**	960
Other payables	**602**	113
Other taxes and social security	**1,011**	597
Accruals	**2,377**	2,460
Deferred income	**1,306**	1,304
Deferred consideration payable	**1,000**	–
	8,282	8,167
Non-current		
Deferred consideration payable	**2,000**	–
	2,000	–
	10,282	8,167

The Directors consider that the carrying amount of trade and other payables approximates to their fair value. The Group's payables are unsecured.

17) Borrowings and other financial liabilities

	2016 £'000	2015 £'000
Current		
Loan notes – secured and unsecured	**774**	9,010
Sub total	**774**	9,010
Non-current		
Debt facility – unsecured	**2,007**	–
Sub total	**2,007**	–
Total	**2,781**	8,447

Maturity of Financial Liabilities

The maturity of borrowings is as follows:

	2016 £'000	2015 £'000
Repayable within one year and on demand:		
Loan notes	**774**	9,010
Trade payables	**1,987**	2,733
	2,761	11,743
Repayable between one and two years:		
Debt facility – unsecured	**2,007**	–
	2,007	–
Repayable between two and five years:		
Debt facility	**–**	–
Loan notes	**–**	–
	–	–
Total	**4,768**	11,743

Notes to the consolidated financial statements (continued)

17) Borrowings and other financial liabilities (continued)

Debt Facility

Loans totalling £2 million are held by Herald Investment Trust Plc, John Booth and The John Booth Charitable Foundation. The interest on the facility is based on monthly LIBOR plus a margin of 4%. The debt facility is unsecured and is repayable in full on 31 December 2017. There are no financial covenants in force in respect on this debt facility.

Post year end the Company agreed a debt variation with the lenders to amend the repayment date of the debt facility to a bullet repayment on 31 December 2020. All other terms remain unchanged.

Loan notes – unsecured

The unsecured Loan Notes of £0.77 million relates to a short term loan note issue to Herald Investment Trust plc, a related party through shareholding. Interest is at a fixed rate of 8%. The interest is accrued and is repayable along with the principle on 10 December 2016.

Post year end the Company agreed a debt variation with the lenders to amend the repayment date of the debt facility to a bullet repayment on 31 December 2020. All other terms remain unchanged. Post year end, the Group also received a new long term loan of £432,962 on the same terms as the debt facility, repayable on 31 December 2020.

18) Financial instruments

Financial risk management

The Group's financial instruments, other than derivatives, comprise borrowings, cash and liquid resources and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The principal financial risks faced by the Group are liquidity/funding, interest rate, foreign currency and counterparty risks. The policies and strategies for managing these risks are summarised as follows:

Risk	Potential impact	How it is managed
Liquidity	The Group's debt servicing requirements and investment strategies, along with the diverse nature of the Group's operations, means that liquidity management is recognised as an important area of focus. Liquidity issues could have a negative reputational impact, particularly with suppliers.	The Group's treasury function is principally concerned with internal funding requirements, debt servicing requirements and funding of new investment strategies. Internal funding and debt servicing requirements are monitored on a continuing basis through the Group's management reporting and forecasting. The Group also maintains a continuing dialogue with the Group's lenders as part of its information covenants. The requirements are maintained through a combination of retained earnings, asset sales or capital markets. New investments strategies are to be funded through the use of shareholder loans or where possible capital markets.
Interest rate fluctuations	The Group's exposure to interest rate risk is shown (by way of sensitivity to changes in interest rates) in the rate risk table below.	The Group's debt currently consists of variable and fixed rate debt. As at 30 June 2016 no hedging instruments were in place, but the Group actively monitors this position.
Exchange rate fluctuations	Transactional foreign currency exposures arise from both the export of services from the UK to overseas clients, and from the import of services directly sourced from overseas suppliers.	The Group is primarily exposed to foreign exchange in relation to sterling against movements in US$ and euro but is not considered by management to be significant.

Interest Sensitivity Analysis

The table below illustrates the estimated impact on the income statement as a result of market movements in interest rates in relation to all of the Group's financial instruments. The Group considers a 2% increase or no decrease in interest rates to be reasonably possible based on observation of current market conditions. All other variables are held constant. However, this analysis is for illustrative purposes only.

The impact in the income statement due to changes in interest rates reflects the effect on the Group's floating rate debt as at the reporting date.

	0.25% decrease in interest rates £'000	**No decrease in interest rates £'000**	**2% increase in interest rates £'000**
At 30 June 2016			
Impact on income statement and equity: (loss)	5	–	(40)
At 30 June 2015			
Impact on income statement and equity: (loss)	–	–	(180)

19) Business combinations

Reef Television Limited

On 14 July 2015 the Group acquired 100% of the share capital of Reef Television Limited. The Group paid initial £2.49 million cash for its 100% holding with a further £3 million payable via redeemable loan notes and shares on certain earn out targets being met between 2016 and 2018. The balance sheet acquired was £0.94 million in net assets. The directors consider the £3 million deferred consideration will be met over the 3 year period. The assets and liabilities arising from the acquisition are as follows:

	Book Value £'000	**Fair Value Adjustments £'000**	**Fair Value £'000**
Intangible fixed assets	–	2,950	**2,950**
Property, plant and equipment	34	–	**34**
Trade and other receivables	536	–	**536**
Cash and cash equivalents	2,580	–	**2,580**
Trade and other payables	(1,619)	–	**(1,619)**
Current tax liabilities	(587)	–	**(587)**
Deferred tax	(2)	(590)	**(592)**
Net assets/(liabilities) acquired	942	2,360	**3,302**
Goodwill capitalised			**2,190**
Consideration given			**5,492**
Satisfied by:			
Issue of shares			–
Cash			2,492
Deferred contingent consideration			3,000
			5,492

The fair value adjustments made to book value relate to the intangible assets identified on the acquisition. Goodwill relating to the acquisition of Reef amounted to £2.19 million.

19) Business combinations (continued)

Earnout Details

The earnout consists of three elements:

- Loan Note Consideration of up to £1.5 million;
- Deferred Consideration of up to £1.5 million; and
- Additional amount of earn out consideration.

The Loan Note Consideration and the Deferred Consideration will be settled in cash or Ordinary Shares, at the Company's discretion, subject to a maximum of 50 per cent. of the Loan Note Consideration and the Deferred Consideration being able to be settled in Ordinary Shares. Any issue of new Ordinary Shares to the Vendors will be subject always to the resultant shareholding of the Vendors being not greater than 29.99 per cent. of the issued share capital of Ten Alps, as enlarged by the issue of that tranche of Ordinary Shares. The Ordinary Shares will be valued at the average mid-market closing share price of the Company over the five Business Days prior to the finalisation of the relevant accounts.

The Loan Note Consideration is redeemable and the Deferred Consideration is payable in three tranches of up to £0.5 million each, subject to the level of gross profitability of Reef Television for the financial years ended 30 June 2016, 30 June 2017 and 30 June 2018. In respect of the 2016 financial year, the maximum Loan Note Consideration and Deferred Consideration payment of £1 million was subject to Reef Television achieving at least £1.8 million in gross profits and to be adjusted downwards thereafter on a straight-line basis to a minimum level of £1.5 million, below which point none of the first tranche of Loan Note Consideration and Deferred Consideration will be paid. The same performance metrics will apply to the second and third tranches of Loan Note Consideration and Deferred Consideration due in respect of the 30 June 2017 and 2018 financial years, with the target gross profit ranges of £2 million to £1.5 million and £2.2 million to £1.5 million, respectively.

The maximum Loan Note Consideration and Deferred Consideration payment of £1 million in respect of the 2016 financial year is payable as Reef Television achieved at least £1.8 million in gross profits.

If there is an over-achievement in either of the 2016 or 2017 years the excess will be carried forward to the next financial year of assessment and if there is an over-achievement in either of the 2017 or 2018 years the Vendors will have the ability to claim back amounts not paid due to under-performance in previous years.

An additional amount of earn-out consideration is payable by the Company if the aggregate gross profit for the three years exceeds £6 million. Subject to certain conditions, the Company will pay 50 per cent. of such gross profit excess to the Vendors in either cash or by the issue of Ordinary Shares (in respect of up to 50 per cent. of this additional consideration) at the Company's option. No provision has been made for this element of deferred consideration, due to the uncertainty of future gross profit revenue streams being greater than £6 million over the three year period.

Straker Films Limited

On 30 March 2016 the Group acquired 100% of the share capital of Straker Films Limited. The Group paid initial consideration of £0.7 million, of which £0.64 million was paid in cash and £0.06 million is deferred. The balance sheet acquired was £0.8 million. The assets and liabilities arising from the acquisition are as follows:

	Book Value £	Fair Value Adjustments £	Fair Value £
Intangible assets	156,042	(156,042)	**–**
Property, plant & equipment	38,780	(28,780)	**10,000**
Trade and other receivables	176,610	–	**176,610**
Cash and cash equivalents	599,584	–	**599,584**
Trade and other payables	(182,809)	–	**(182,809)**
Net assets acquired	788,207	(184,822)	**603,385**
Goodwill capitalised			**98,000**
Consideration given	**701,385**	**–**	**701,385**
Satisfied by:			
Cash			641,385
Deferred consideration			60,000
			701,385

20) Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 18% for UK differences. The movements in deferred tax assets and liabilities during the year are shown below.

	Accelerated capital allowances £'000	Losses carried forward £'000	Intangible assets £'000	Share based payments £'000	Other temporary differences £'000	Total £'000
At 30 June 2015	363	109	(43)	–	58	486
Recognised in the income statement	(287)	232	43	–	–	(12)
Change due to change in tax rate	(1)	(7)	–	–	(1)	(9)
Acquired on acquisition	–	–	(590)	–	–	(590)
Other timing differences	–	–	–	–	(138)	(138)
At 30 June 2016	**75**	**334**	**(590)**	**–**	**(81)**	**(263)**

Deferred tax assets estimated at £3.3 million (2015: deferred tax asset of £3.19 million) in respect of losses carried forward have not been recognised due to uncertainties as to whether or not income will arise against which such losses will be utilised.

21) Provisions for other liabilities

There are no provisions for the year (2015: £Nil).

22) Share capital and reserves

	2016	2015
Ordinary shares with a nominal value of:	**0.1p**	2.0p
Authorised:		
Number	**Unlimited**	Unlimited
Issued and fully paid:		
Number	**419,397,339**	276,666,012
Nominal value (£'000)	**419**	5,534
Deferred shares with a nominal value of 1.99p		
Authorised, issued and fully paid:		
Number	**276,666,012**	–
Nominal value (£'000)	**5,506**	–
Preference shares with a nominal value of 0.01p		
Authorised, issued and fully paid:		
Number	**2,908,631**	–
Paid up value (£'000)	**2,909**	–

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

In July 2015, at a General Meeting of the Company, shareholders approved capital restructure proposals whereby each of the existing issued shares of 2 pence each in the capital of the Company were subdivided and converted into one new ordinary share of 0.01 pence and one deferred share of 1.99 pence. Immediately after the subdivision and re-designation, the ordinary shares were subject to a 10 for 1 consolidation resulting in ordinary shares with a nominal value of 0.1 pence each.

Deferred shares have attached to them the following rights and restrictions:

– they do not entitle the holders to receive any dividends and distributions;

– they do not entitle the holders to receive notice or to attend or vote at General Meetings of the Company;

– they have very limited rights on a return of capital; and

– they are not admitted or listed on any stock exchange and are not freely transferable.

The principal terms of the preference shares are as follows:

(a) they are convertible at 2.5 pence per ordinary share at the holder's option (which would give rise to the issue of 116,345,240 new ordinary shares if the preference shares were completed in full and no dividend had accrued);

(b) they are redeemable at the Company's option on the date falling five years after their issue;

(c) they have a dividend of 4.5 per cent. per annum (which increases to 13.5 per cent. per annum if they are not converted or redeemed within five years of their issue) which is payable on 31 July each year, or accrued and repayable when the preference shares are converted or redeemed; and

(d) they are freely transferable.

The preference shares have been classified as equity rather than debt, the basis for this treatment is discussed in note 1.19.

	2016			2015		
Ordinary shares	**Number of Shares**	**Share Capital £'000**	**Share Premium £'000**	Number of Shares	Share capital £'000	Share premium £'000
At start of year	**276,666,012**	**5,534**	**15,228**	276,666,012	5,534	15,228
Share consolidation (10 for 1)	**(248,999,411)**	**–**	**–**	–	–	–
Share placing and subscription for cash	**225,000,000**	**225**	**4,275**	–	–	–
Shares issued in lieu of fees	**26,516,660**	**26**	**504**	–	–	–
Shares issued in debt conversion	**140,214,078**	**140**	**2,664**	–	–	–
At end of year	**419,397,339**	**5,925**	**22,671**	276,666,012	5,534	15,228

The Group (consolidated) and Company statements of changes in equity are disclosed as primary statements on pages 26 and 51. Below is a description of the nature and purpose of the individual reserves:

- Share capital represents the nominal value of shares issued;
- Share premium includes the amounts over the nominal value in respect of share issues. In addition, costs in respect of share issues are debited to this account;
- Merger reserve is used where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under the Companies Act 1985 and, from 1 October 2009, the Companies Act 2006;
- Retained earnings include the realised gains and losses made by the Group and the Company; and
- Preference shares represents the nominal value of preference shares issued.

23) Contingencies and commitments

Capital Commitments

The Group had capital commitments in relation to leasehold improvements to its London premises of £89,000 as at 30 June 2016 (2015: £Nil).

Operating Leases

The future minimum rentals under non-cancellable operating leases are as follows:

	30 June 2016		30 June 2015	
	Land and buildings £'000	**Other £'000**	Land and buildings £'000	Other £'000
Within one year	**43**	**–**	276	–
Between one and five years	**1,605**	**–**	–	–
After five years	**–**	**–**	–	–
Total	**1,648**	**–**	276	–

During the year Ten Alps Communications moved into new leasehold premises in Macclesfield, entering in to a 5 year lease. Post year end, on 29 July 2016, the Group entered into a new lease on its London premises. The lease is until March 2020. Although the lease on the London premises was not entered into until post year end, they are shown in the above table as if it had been entered into during the year ended 30 June 2016.

24) Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Director Transactions

Timothy Hoare

Timothy Hoare did not have a formal letter of appointment with the Company but was entitled to an annual fee in relation to the financial year ended 30 June 2016, of £50,000 and expenses. Following his resignation he was paid £50,000 in respect of his accrued but unpaid fees which were settled by the issue of 2,500,000 ordinary shares in July 2015.

Bob Geldof

Bob Geldof was paid £100,000 which was settled by the issue of 5,000,000 ordinary shares in settlement of the outstanding fees which were due to him prior to his resignation on 16 June 2015.

The above Director transactions were approved by the shareholders on 10 July 2015.

Mark Wood

Following the resignation of Mark Wood on 30 June 2016, the Company entered into a settlement agreement with Mark Wood under which he will be paid £80,000, to be satisfied through the issue of ordinary shares. The shares are expected to be issued by the end of November 2016.

Nitil Patel

Following the resignation of Nitil Patel on 26 February 2016, the Company entered into a settlement agreement with Nitil Patel under which he was paid £13,000.

July 2015 Placing, Subscription, Debt Conversion and Shares In Lieu of Fees

In July 2015, the Company announced that it had agreed to acquire Reef Television. To facilitate that the Company announced that it had raised £4.5m by way of a placing and subscription. The Company also announced a debt conversion, which resulted in a reduction in certain short term debt obligations.

The following elements of the July 2015 placing, subscription, debt conversion and issue of shares in lieu of fees constituted related party transactions.

Debt Conversion

The debt conversion constituted a related party transaction by virtue of the issue of the debt conversion shares and preference Shares to Herald Investment Trust plc and to John Booth and the John Booth Charitable Trust, all of whom are substantial shareholders of the Company.

Placing and Subscription

The issue of the subscription Shares constituted a related party transaction by virtue of the issue of the subscription shares to Peter Bertram, Mark Wood, Nitil Patel and Timothy Hoare, all of whom were directors of the Company. The issue of the placing shares and the subscription shares under the terms of the placing agreement and the subscription notices to Herald Investment Trust, John Booth and the John Booth Charitable Fund constitute related party transactions by virtue of their substantial shareholdings in the Company.

Issue of Fee Shares

The issue of 2,500,000 and 5,000,000 new ordinary shares to Timothy Hoare and Bob Geldof respectively in respect of accrued but unpaid fees due to each of them constituted a related party transaction as they were directors of the Company.

February 2016 Short Term Loan Agreement

In February 2016 the Company announced that it had received a short term loan of £0.75 million from Herald Investment Trust plc, a substantial shareholder in the Company. Interest on the loan was fixed at a rate of 8% per annum and the repayment date was 10 June 2016. On 10 June 2016 it was announced that the repayment date of the loan had been extended for a further six months to 10 December 2016.

25) Post balance sheet events

Ten Alps Media Limited creditors voluntary liquidation

On 15 August 2016 the Company reported that it had instructed restructuring professionals to put Ten Alps Media Limited (formerly Atalink Limited) into creditors voluntary liquidation. On 31 August 2016 David Rubin & Partners were appointed as voluntary liquidators.

Proposed Share Reorganisation, Proposed Placing, Debt Variation, Proposed Amendment to Articles of Association, Proposed Change of Name, New Loan and Notice of General Meeting

The Company announced on 27 October 2016 its intention to raise over £800,000 by way of a placing of 111,711,471 new ordinary shares at 0.75 pence per share (before expenses) with certain institutional and other investors. The placing is not being underwritten.

The Company also announced that is has secured a long term loan of £432,962, to be provided by its existing debt holders. Furthermore, the Company also announced that it proposes to issue 66,666,667 new ordinary shares to the Reef Television vendors in line with the terms of the deferred consideration due under the Reef share purchase agreement, which was entered into in June 2015, 10,666,667 settlement shares to former CEO, Mark Wood and 3,333,334 new ordinary shares in respect of certain adviser fees.

In order to provide a capital structure which is in line with the current strategy of the business, the Company also announced that it proposing a debt variation through the amendment of the repayment dates of all existing short and long term debt provided by the debt holders; the repayments will become a single repayment (of both principal and interest) due to be repaid on 31 December 2020. Furthermore, the Company is proposing to undertake a share reorganisation, in order to enable the conversion rights attaching to the preference shares to operate without a breach of Company law.

The Company is also proposing to change its name to Zinc Media Group plc, as announced in February 2016, and adopt new articles of association, amending the nominal value of both ordinary shares and introducing the rights of the new class of D Deferred Shares.

The above detailed proposals are all subject to shareholder approval at the general meeting to be held on 15 November 2016.

Independent auditors' report – Company accounts

Independent auditors' report to the members of Ten Alps plc

We have audited the parent company financial statements of Ten Alps Plc for the year ended 30 June 2016 which comprise the statement of financial position, the profit and loss account, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 17, the directors are responsible for the preparation of the parent company 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 parent company 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 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/auditscopeukprivate.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matter

We have reported separately on the group financial statements of Ten Alps Plc for the year ended 30 June 2016.

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

4 November 2016

Company statement of financial position

As at 30 June 2016

	Note	30 June 2016 £'000	30 June 2016 £'000	30 June 2015 £'000	30 June 2015 £'000
Fixed assets					
Investments	27		**9,569**		7,793
Tangible assets	28		**7**		2
			9,576		7,795
Current assets					
Debtors	29	**313**		710	
Cash at bank		**17**		97	
		330		806	
Creditors					
Amounts falling due within one year	30	**(3,701)**		(12,681)	
Net current liabilities			**(3,371)**		(11,875)
Total assets less current liabilities			**6,205**		(4,079)
Creditors					
Amounts falling due after more than one year	31		**(4,007)**		–
Net assets			**2,198**		(4,079)
Capital and reserves					
Called up share capital	22		**5,925**		5,534
Preference shares	22		**2,909**		–
Share premium account	32		**23,497**		16,054
Capital reserve	32		**111**		111
Other reserve	32		**2**		2
Profit and loss account	32		**(30,246)**		(25,780)
Shareholders' deficit/funds			**2,198**		(4,079)

The financial statements were approved by the Board on 4 November 2016 and are signed on its behalf by David Galan.

Company registration number: SC075133

Company statement of changes in equity

	Share capital £'000	Share premium £'000	Capital reserve £'000	Preference shares £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2014	**5,534**	**16,054**	**111**	**–**	**2**	**(14,892)**	**6,809**
Loss for the year and other comprehensive income	–	–	–	–	–	(10,888)	(10,888)
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**(10,888)**	**(10,888)**
Balance at 30 June 2015	**5,534**	**16,054**	**111**	**–**	**2**	**(25,780)**	**(4,079)**
Balance at 1 July 2015	**5,534**	**16,054**	**111**	**–**	**2**	**(25,780)**	**(4,079)**
Loss for the year and other comprehensive income	–	–	–	–	–	(4,466)	(4,466)
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**(4,466)**	**(4,466)**
Equity-settled share-based payments	26	504	–	–	–	–	530
Shares issued	365	6,939	–	2,909	–	–	10,213
Balance at 30 June 2016	**5,925**	**23,497**	**111**	**2,909**	**2**	**(30,246)**	**2,198**

Notes to the company financial statements

26) Accounting policies – Company

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 33 for an explanation of the transition.

The financial statements are presented in Sterling (£).

The group financial statements consolidate the financial statements of Ten Alps plc and all its subsidiary undertakings drawn up to 30 June each year.

(a) Accounting convention

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's loss for the year ended 30 June 2016 was £4.47m (2015: £10.89m).

The individual accounts of Ten Alps plc have also adopted the following disclosure exemptions:

– the requirement to present a statement of cash flows and related notes

– financial instrument disclosures, including:

- categories of financial instruments,
- items of income, expenses, gains or losses relating to financial instruments, and
- exposure to and management of financial risks.

The accounts are prepared under the historical cost convention.

(b) Going concern

The Going concern is addressed in the consolidated financial statements of the Group per note 1.1.2 and in the Directors' Report page 18.

(c) Investments

Investments held as fixed assets are stated at cost less provision for impairment.

(d) Pensions

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account when they are due.

(e) Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in years different from those which are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(f) Share based payments

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 April 2006 are recognised in the financial statements.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to "profit and loss account".

26) Accounting policies – Company (continued)

If vesting years or other non-market vesting conditions apply, the expense is allocated over the vesting year, based on the best available estimate of the number of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current year. No adjustment is made to any expense recognised in prior years if share options that have vested are not exercised.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

(g) Significant judgements and estimates

The preparation of the Company's financial statements requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed in the Group's accounting policies note 1.19.

27) Employees – Company

	30 June 2016 £'000	30 June 2015 £'000
Wages and salaries	**679**	426
Social security costs	**35**	25
Other pension costs	**29**	19
Total	**743**	470
Average number of employees		
Management	**4**	5
Administration	**1**	1
Total	**5**	6

The costs related to the Directors are disclosed in note 4.

28) Investments – Company

	£'000
Total cost of acquisitions at 1 July 2015	6,543
Total Capital contributions at 1 July 2015	1,250
Additions in year	5,592
Impairment	(3,816)
Investment in subsidiaries at 30 June 2016	**9,569**

Following an impairment review of the Company's carrying value of investments in subsidiaries, the following impairments took place during the year:

	£'000
Impairment charge in Ten Alps Communications Limited	(2,195)
Impairment charge in Ten Alps Media Limited	(1,622)
Impairment in investments at 30 June 2016	**(3,816)**

The principal subsidiaries of the Group during the year were:

	Country of incorporation, registration and operation	Class of capital	% held	Description of activity
Ten Alps Media Limited	England & Wales	Ordinary	100% Direct	Contract Publishing
Blakeway Productions Limited	England & Wales	Ordinary	100% Direct	TV Production
Brook Lapping Productions Limited	England & Wales	Ordinary	100% Direct	TV Production
Ten Alps Communicate Limited	England & Wales	Ordinary	100% Direct	Digital Marketing
Films of Record Limited	England & Wales	Ordinary	100% Direct	TV Production
+Grove House Publishing Limited	England & Wales	Ordinary	100% Indirect	B2B Publishing
Reef Television Limited	England & Wales	Ordinary	100% Direct	TV Production
++Straker Films Limited	England & Wales	Ordinary	100% Indirect	Video Production
Ten Alps Communications Limited	England & Wales	Ordinary	100% Direct	Contract Publishing
Ten Alps TV Limited	England & Wales	Ordinary	100% Direct	TV Production

+ Subsidiary of Ten Alps Communications Limited
++ Subsidiary of Ten Alps Communicate Limited

The following dormant subsidiaries were held via Ten Alps Communications Limited

	Country of incorporation, registration and operation	Class of capital	% held	Description of activity
Ten Alps RMA Limited	England & Wales	Ordinary	100% Direct	Dormant
Ten Alps Vision (Edinburgh) Limited	Scotland	Ordinary	100% Direct	Dormant
Ten Alps Creative & Media Limited	England & Wales	Ordinary	100% Direct	Dormant
Index Media Limited	England & Wales	Ordinary	100% Direct	Dormant
T G Scott & Son Limited	England & Wales	Ordinary	100% Direct	Dormant
Link 2 Trade Limited	England & Wales	Ordinary	100% Direct	Dormant
Ten Alps Agency Limited	England & Wales	Ordinary	100% Direct	Dormant
Interface Media Services Limited	England & Wales	Ordinary	100% Direct	Dormant
Children's Traffic Club Limited	England & Wales	Ordinary	100% Direct	Dormant
Cameron Publishing Limited	England & Wales	Ordinary	100% Direct	Dormant
Cairns Veterinary Books & Supplies Limited	England & Wales	Ordinary	100% Direct	Dormant
Sovereign Publications Limited	England & Wales	Ordinary	100% Direct	Dormant
Interact Digital Media Limited	England & Wales	Ordinary	100% Direct	Dormant
Planet 64 Limited	England & Wales	Ordinary	100% Direct	Dormant
Interact Creative and Media Limited	England & Wales	Ordinary	100% Direct	Dormant
Atalink Limited	England & Wales	Ordinary	100% Direct	Dormant

The following dormant subsidiary was held via Ten Alps Communicate Limited

DBDA Limited	England & Wales	Ordinary	100% Direct	Dormant

The following investment in associate was held by the Group during the year:

Chrysalis Vision Limited	England & Wales	Ordinary	7% Direct	TV Production

29) Tangible fixed assets – Company

	Short leasehold land and buildings £'000	Office and equipment £'000	Total £'000
Cost			
At 1 July 2015	–	9	9
Additions	5	–	5
At 30 June 2016	5	9	14
Accumulated Depreciation			
At 1 July 2015	–	(7)	(7)
Charge for year	–	–	–
At 30 June 2016	–	(7)	(7)
Net Book Value			
At 30 June 2016	**5**	**2**	**7**
At 30 June 2015	–	2	2

30) Debtors – Company

	2016 £'000	2015 £'000
Amounts owed by subsidiary undertakings	**69**	264
Other debtors	**13**	384
Deferred taxation	**23**	23
Prepayments and accrued income	**208**	39
Total	**313**	710

31) Creditors: amounts falling due within one year – Company

	2016 £'000	2015 £'000
Debt facilities	**–**	4,658
Loan notes	**774**	4,353
Trade creditors	**213**	512
Amounts due to subsidiary undertakings	**1,176**	1,501
Shares to be issued	**–**	960
Other creditors	**184**	174
Accruals and deferred income	**323**	492
Corporation tax	**31**	31
Deferred consideration payable	**1,000**	–
Total	**3,701**	12,681

32) Creditors: amounts falling due after more than one year – Company

	2016 £'000	2015 £'000
Debt facilities	**2,007**	–
Loan notes	**–**	–
Deferred consideration	**2,000**	–
Total	**4,007**	–

33) Reserves – Company

	Share capital account £'000	Share premium account £'000	Preference shares £'000	Capital reserve £'000	Other reserve £'000	Profit and loss account £'000
Balance at 1 July 2015	5,534	16,054	–	111	2	(25,780)
Retained loss for the year	–	–	–	–	–	(4,466)
Shares issued	365	6,939	2,909	–	–	–
Equity-settled share based payments	26	504	–	–	–	–
Balance at 30 June 2016	**5,925**	**23,497**	**2,909**	**111**	**2**	**(30,246)**

For a description of the nature and purposes of each reserve please refer to note 22.

34) Transition to FRS 102

The company has adopted FRS 102 for the year ended 2016 and has restated the comparative prior year amounts.

Changes for FRS 102 adoption

The treatment of certain intercompany loans by the Company to its subsidiaries has been changed following the adoption of FRS 102. The Company has amended the treatment of certain intercompany loans to capital contribution in subsidiary from intercompany loans.

The transition to FRS 102 has not resulted in any change to the shareholder funds or profit and loss for either the current year or the prior year. The only change is a balance sheet reclassification whereby £1.25 million owed by subsidiary undertakings have been reclassified as capital contribution in subsidiary undertakings.

35) Related party transactions

The Company has taken advantage of the exemption contained in FRS102 33.1A "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the Group.

Notice of annual general meeting

This Notice of Meeting is important and requires your immediate attention

If you are in any doubt as to what action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your shares in Ten Alps plc (the "**Company**"), please forward this notice, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale.

NOTICE IS HEREBY GIVEN that the annual general meeting ("**AGM**") of the Company will be held at 13th Floor, Portland House, Bressenden Place, Victoria, London SW1E 5BH at 9.30 a.m. on Wednesday 14 December 2016 to transact the following business. Resolutions 1 to 5 inclusive will be proposed as ordinary resolutions. Resolutions 6 and 7 will be proposed as special resolutions:

1. THAT the Company's audited financial statements for the year to 30 June 2016, and the Strategic and Directors' report and the auditors' report on those financial statements, be received and adopted.
2. THAT Grant Thornton LLP be reappointed as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
3. THAT the directors be authorised to determine the auditors' remuneration.
4. THAT David Galan be re-appointed as a director of the Company.
5. THAT the directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the "**Act**") to exercise all of the powers of the Company to allot shares and to make offers or agreements to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company (together, "**Relevant Securities**") of up to maximum nominal value of £764.72 (equal to approximately 50% of the issued ordinary share capital as at the date of this notice) such authority to be in substitution for and to the exclusion of any previous authority to allot Relevant Securities conferred upon the directors and such authority to expire at the conclusion of the Company's next annual general meeting or, if earlier, 15 months from the date this resolution is passed, save that the Company may before such expiry make an offer or agreement which might require Relevant Securities to be allotted after such expiry date and the directors may allot Relevant Securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.
6. THAT conditional upon and subject to the passing of resolution 5 above, the directors be generally and unconditionally authorised pursuant to sections 570 and 573 of the Act to make allotments of equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution 5 as if section 561 of the Act did not apply to any such allotment provided that such power shall be limited to:

   (a) the allotment of equity securities in connection with or pursuant to any issue or offer by way of rights or other pre-emptive offer to the holders of ordinary shares of 0.00025p each in the capital of the Company ("**Ordinary Shares**") and other persons entitled to participate therein in proportion (as nearly as practicable) where the equity securities respectively attributable to the interest of holders of the Ordinary Shares are proportionate as nearly as maybe practicable to the respective amounts of Ordinary Shares held by them on a fixed record date, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to legal or practical issues under the laws of, or as a requirement of, any regulatory or stock exchange authority in any jurisdiction or territory or in relation to fractional entitlements; and/or

   (b) the allotment of equity securities in connection with or pursuant to the terms of warrants to subscribe for equity securities or any share option scheme or plan or any long term incentive scheme or plan or any plan or option scheme in respect of Ordinary Shares for employees and directors of the Company approved by the Company in general meeting whether before or after the date of this resolution; and/or

   (c) the allotment (otherwise pursuant to subparagraph (a) or (b) of this resolution) of equity securities up to an aggregate nominal value of £152.94 (being 10% of the issued ordinary share capital as at the date of the notice of this resolution),

   such authority to expire at the conclusion of the Company's next annual general meeting or, if earlier, 15 months from the date this resolution is passed, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry date and the directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the power conferred by this resolution had expired.
7. THAT the Company be and is hereby generally and unconditionally authorised pursuant to section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) of Ordinary Shares provided that:

(a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased shall be 61,177,548 (representing 10% of the Company's issued Ordinary Share capital as at 15 November 2016);

(b) the minimum price which may be paid for an Ordinary Share (exclusive of expenses) shall be 0.00025 pence per Ordinary Share;

(c) the maximum price which may be paid for an Ordinary Share (exclusive of expenses) shall not be more than the higher of:

i. 105% of the average of the middle market closing price for an Ordinary Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is purchased; and

ii. the value of an Ordinary Share calculated on the basis of the higher of:

a. the last independent trade of; or

b. the highest current independent bid for,

any number of Ordinary Shares on the trading venue where the market purchase by the Company will be carried out;

(d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the Company's next annual general meeting or, if earlier, 15 months from the date this resolution is passed; and

(e) the Company may make a contract to purchase Ordinary Shares under the authority hereby, conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares in pursuance of such contract.

By order of the Board

David Galan
Company Secretary

Date: 16 November 2016

Registered office: 7 Exchange Crescent, Conference Square, Edinburgh EH3 8AN

Notice of annual general meeting (continued)

Notes:

1. A shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy or proxies to attend, speak and vote instead of him/her. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder.
2. To be valid, a Form of Proxy must be completed and any power of attorney or other authority under which it is executed (or a duly certified copy thereof) must be received by the Company's Registrar (Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF) not less than 48 hours before the time for holding the meeting. Completion and return of a Form of Proxy will not preclude a shareholder subsequently from personally attending and voting at the AGM (in substitution for their proxy vote) if the shareholder decides to do so.
3. The Form of Proxy must be executed by or on behalf of the shareholder making the appointment. A corporation may execute the Form of Proxy either under its common seal or under hand of a duly authorised officer. **A vote withheld option is provided on the Form of Proxy to enable you to instruct your proxy not to vote on any particular resolution. However, it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of votes 'For' and 'Against' a resolution.**
4. 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 the other joint holders and for this purpose seniority will be determined by the order in which the names stand on the Register of members in respect of the relevant joint holdings.
5. Pursuant to regulation 41 of the Uncertified Securities Regulations 2001, the Company specifies that only those members registered on the Register of members of the Company as at close of business on 12 December 2016 or, if the AGM is adjourned, on the Company's Register of members 48 hours before the time fixed for the adjourned meeting, shall be entitled to attend and/or vote at the AGM in respect of the number of shares registered in their names at that time. Changes to entries on the Register of members after close of business on 12 December 2016 or, if the AGM is adjourned, 48 hours before the time fixed for the adjourned AGM, shall be disregarded in determining the rights of any person to attend or vote at the AGM.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM to be held on 14 December 2016 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have been appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with specifications of Euroclear UK and Ireland Limited ("**EUKI**") and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUKI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to procure that his CREST sponsor or voting service provider(s) take(s)) such an action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertified Securities Regulations 2001.
7. The quorum for the AGM will be two persons entitled to vote upon the business to be transacted, each being a shareholder or a proxy for a shareholder or a duly authorised representative of a corporation which is a shareholder.
8. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

For your notes

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