Immedia Group Plc

Annual Report and Consolidated Financial Statements
31 December 2017

Registered number 04947859

Contents

General Information

Directors

Tim Hipperson	*Non-Executive Chairman (appointed 25 August 2017)*
Bruno Brookes	*Chief Executive Officer*
Ross Penney	*Business Affairs Director and Company Secretary*
Mark Horrocks	*Non-Executive Director and Chairman of Remuneration Committee*
Simon Leathers	*Non-Executive Director and Chairman of Audit Committee (appointed 11 April 2017)*

Company Secretary

Ross Penney

Registered Office

7-9 The Broadway
Newbury
Berkshire
RG14 1AS
Registered number 04947859
LSE AiM listing: symbol: IME

Websites

www.immediaplc.com
www.avcimmedia.com

Solicitors

Charles Russell Speechlys LLP
5 Fleet Place
London
EC4M 7RD

Nominated Advisers

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

Bankers

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

Corporate Stockbroker

SI Capital Limited
46 Bridge Street
Godalming
Surrey
GU7 1HL

Auditor

Nexia Smith & Williamson
Cumberland House
15-17 Cumberland Place
Southampton
SO15 2BG

Registrars

Share Registrars Limited
The Courtyard, 17 West Street
Farnham
Surrey
GU9 7DR

The Directors' Report on pages 14 to 16 including the Directors' Remuneration Report on page 16 have each been drawn up in accordance with the requirements of English law and are also governed by English law. In particular, the responsibility of the Directors for these reports is owed solely to Immedia Group Plc.

The Directors submit to the members the Strategic Report, Directors' Report and Consolidated Financial Statements of the Group for the year ended 31 December 2017. Statutory disclosures required under company law within the Directors' Report are also included where relevant in The Chairman's Statement, Chief Executive's Review, the Financial Review and the Directors' Responsibilities Statement.

Chairman's Statement

2017 was a year of reset for the Group that has enabled us to move forward with confidence into 2018 and beyond as we look to leverage the growth of audio, audio platforms and the increasing need for brands to engage and entertain through owned media channels.

There has rarely been such strong alignment between the Group's product and service offering and the prevailing dynamics of our market. We find ourselves in a content sweet spot that chimes with the key themes in the market – multi content streams, social media and customer engagement as well as the shift towards owned media from bought media.

Having launched our new engagement platform Dreamstream X in late 2017, interest levels in Immedia's products and services are exceptionally high and point to a much improved financial performance in 2018 compared to the disappointing results in 2017.

Results

Whilst revenue grew 36% on the previous year to £3,548,689 (2016: £2,610,121), the Group reported an EBITDA loss (earnings or loss before interest, taxation, depreciation, amortisation and impairment charges and other exceptional items) of £512,847 (2016: loss £83,025) and a loss before tax of £693,268 (2016: loss £184,372) which equates to a pre-tax loss per share of 5.05p compared to a pre-tax loss per share of 1.34p in 2016.

The significant reduction in EBITDA is due to a mix of factors: delays in expected new business until after the year end, one-off costs and working capital requirements related to our Aberdeen business, and addressing weaker than anticipated demand in that market.

Cash balances were also reduced when compared to 2016, reflecting the additional working capital required to run a larger Group and to complete the integration of our Aberdeen operations. As a consequence, we have taken steps to realign the cost base in 2017, achieving a reduction in annual cost of some £250k. This will ensure that we have the right model as we move forward in 2018, as a result of which we expect cash balances to increase significantly both from our pipeline of increased new business and the impact of more stringent cost control measures.

Current Trading and Future Prospects

2018 has started very positively for the Group. The recent announcement of a substantial installation rollout in branches of a major UK financial institution is just one of numerous new business opportunities currently in play.

Our collective knowledge and skills-set have underpinned our ability to integrate, consolidate and strengthen the Group's product and service offering which, by the 2017 year end, has also afforded us greater marketing and client opportunities in our key target sectors.

The confidence referred to at the start of this statement is palpable within the business and reflected in the amount and quality of work accomplished by all the team in both Aberdeen and Newbury. I would like to thank each and every one of them.

Board Changes

We announced in August 2017 that Geoff Howard-Spink was standing down as Chairman of Immedia Group Plc after nearly 14 years' distinguished service. We owe Geoff huge thanks for his wise counsel and contribution to the business.

In April 2017 we appointed a new independent non-executive Director, Simon Leathers, who is also Chair of the Audit Committee. Together with my appointment as Chairman, the newly constructed Board is committed to driving forward a clear strategy of extending Immedia's services portfolio by assisting major brands and retailers to leverage owned digital channels provided by Immedia to connect, engage and convert customers. We aim to maximise the opportunities now available to us and thereby deliver enhanced value to our shareholders.

Tim Hipperson

Chairman

13 April 2018

Chief Executive's Review

The Business

The Group has made considerable progress in establishing itself as a pre-eminent specialist provider of multi-media content and digital solutions for major brands. Assisted by the creative and technical capability of AVC we are now developing our enhanced mix of bespoke physical and digital content experiences for retail and beyond.

We are leaders on the path to total social integration, to an environment where, through our exceptional creative ability and broadcast knowledge, we now provide brands with the opportunity to own their own channels via a plethora of audience engagement platforms including narrowcast and broadcast, web and mobile with social media interaction via apps and websites. We are helping brands to evolve as media owners rather than as media buyers. We are making good progress, having completed considerable work on the JD-X project for JD Sports Fashion plc, which we expect to be launched in the near future.

We are delighted that the take up across six European territories of our SUBWAY® Radio service has exceeded management expectations, with nearly 3000 sites supplied and managed as at the year end, and discussions continue on a further service for the remaining countries in Europe in which SUBWAY® operates.

2017 highlights from AVC Immedia include coverage of the U20 FIFA World Cup in South Korea to create content for the FIFA YouTube channel, and other projects including a new induction film for Dana Petroleum, a 3D visualisation project for the new Aberdeen Exhibition and Conference Centre, work for Bibby Offshore, a 3D/VR project for DNV and a large 3D animation project for Total. Other film projects included Weir Oil and Gas in Dubai and Saudi Arabia.

Results

As intimated in the trading update released in January 2018 the Group reported a loss before tax of £693,268 on revenues of £3,548,689. This was slightly higher than our estimate at the end of January due to late adjustments which came out of the year end accounts preparation process. The total comprehensive loss was slightly less at £663,768, as the carrying value in our strategic investment in the AiM quoted spoken word audio platform Audioboom Group Plc (AiM:BOOM) increased by £7,800.

As indicated in the interim report published in September 2017, the first half of last year was more difficult than expected, and regrettably the second half of the year continued in the same vein. The Group was frustrated primarily by delays outside its control in expected new business coming on stream and lower than anticipated revenues from our AVC division. Whilst producing incredible work that we are rightly proud of, we have had to deal with continued adverse conditions in the local Aberdeen economy. However we are now seeing significant improvement in trading and expect this to continue in the current year.

I am pleased to report that, at Group level, 2018 will see a considerable improvement in financial performance as long awaited new business opportunities materialise, with new momentum across the business and measures taken in 2017 to enable improved cost management.

Current Trading and Future Prospects

Over the last twelve months we have strengthened management in operations and finance. A considerable amount of work has been completed to maximise efficiency in the enlarged business. We have reduced costs by c.£250k per annum, leaving us well placed to be able to capitalise on the new business developments referred to earlier in the report.

Levels of enquiry and activity within the Group are high and we continue to look at expanding certain core product teams.

Our Aberdeen division AVC Immedia continues to produce first rate work for clients in its expanding marketplace. Whilst local market conditions brought challenges, a rising oil price has encouraged some new confidence in business development from its traditional customer base. We have taken steps to broaden the geographical reach of our Aberdeen operations and are confident that we will see the benefit of this in 2018. Indeed we are pleased to report that (unaudited) Q1 2018 revenue for AVC has exceeded the budgeted figure.

Everything audio has evolved as a "hot spot" in the marketing mix. Combined with exponential growth in the demand for and delivery of audio and visual retail experience projects, the number of new business opportunities we are pursuing has never been greater. We expect to be able to bring you news of these developments during this financial period.

Bruno Brookes
Chief Executive

13 April 2018

Directors

Tim Hipperson, Non-Executive Chairman aged 48

Tim is an innovative and award-winning business leader with specialist knowledge in digital technology, data, content development, media and mobile and has held CEO positions within WPP, Interpublic Group and Publicis Groupe and more recently as Interim CEO at Weve Limited, the jointly funded mobile venture invested in by O2, EE and Vodafone. Tim has his own consultancy business; Morph Management Ltd, running strategic business reviews, business change and M&A projects, and advises the investment market (PE/VC) on current and future investment opportunities in technology-based companies.

Trevor (Bruno) Brookes, Chief Executive aged 58

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

Ross Penney, Business Affairs Director aged 54

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

Mark Horrocks, Non-Executive Director, Chairman of Remuneration Committee aged 55

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

Simon Leathers, Non-Executive Director, Chairman of Audit Committee aged 43

Simon qualified as a Chartered Accountant in 1999, and has over sixteen years of corporate finance experience with PwC, Evolution Securities, Daniel Stewart & Co, Fox-Davies Capital and BDO; then founding and working for his own advisory business Mantle Corporate Finance. Over this time he has provided financial and regulatory advice to a number of private and public companies in both retained and transaction roles. He has acted as lead corporate finance adviser on a broad range of capital market transaction types, and in doing so he has fulfilled the role of Nominated Adviser for the LSE's AiM market and Sponsor for the LSE's Main Market.

Financial review

Group Trading Results

2017 was a year of challenge in which dynamic activity across the business was offset by slower than anticipated conversion of new business opportunities and weaker than expected trading conditions for our AVC business.

Revenue grew by 36% to £3,548,689 (2016: £2,610,121), an increase substantially accounted for by a full year of trading from our Aberdeen subsidiary AVC. Correspondingly the Group bore a full year of costs relating to AVC.

The business has worked hard throughout the year to manage costs and cash effectively and has implemented measures to ensure that 2018 began with costs optimised for the size of the business. The arrival of anticipated new business beginning to feed through in 2018 will therefore have a dramatic effect on both underlying profitability and cash balances.

Consolidated Statement of Financial Position and Cash Flows

Cash management has been paramount in what has been a testing 2017 with the integration of the AVC business. Whilst cash collections from customers improved in 2017 cash outgoings increased resulting in a decrease in cash balances. However, the Group still remains virtually debt free. In 2017, the Group invested £18,631 in tangible fixed assets and repaid leases totalling £3,727. The net cash outflow from Group activities was £72,143 and the Group ended the year with cash balances of £53,743.

Ross Penney
Business Affairs Director

13 April 2018

Strategic Report

Principal activities and objectives

The Group creates high end audio and visual content for major brands and companies, specifically designed to communicate with internal and external audiences and to help brands position themselves as media owners rather than media buyers.

The Group deploys a multitude of audience engagement platforms including narrowcast and broadcast, web and mobile with social media interaction via apps and websites.

The audio division is long established in providing customised live in-store music and communications networks designed to drive experiential and customer centric marketing channels. Its mission is to help companies in retail, banking, leisure and hospitality and other sectors to amplify culture, entertain and communicate relevant information to evolving audiences. Each radio channel delivered to clients is consistently moulded on a day to day basis, helping brands to drive business transactions and connect with its audience.

Immedia also provides leading edge visual display technology and its systems enable the management and delivery of essential marketing communications at a localised level.

The strategic acquisition of AVC in 2016 broadened the range of the Group's services to include 'high end value' visual marketing solutions in all formats including 3D animation, augmented and virtual reality.

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

Immedia is currently one of the smaller companies listed on the AIM market of the London Stock Exchange (AiM). Immedia's continuing objective is to grow the business, improve profitability and maximise shareholder value.

Winning new business is a key focus for the management team and opportunities for growth are reviewed regularly at Board meetings. The process of winning new business often includes providing a trial broadcast period to a prospective client during which the format and content of the broadcast are confirmed. Independent market research provides feedback on the effectiveness of the trial.

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

As business communications evolve, so does the need for experiential connectivity and interactive experiences. In this context management considers that the Group is well placed to take advantage of this evolution.

Business Review

The following consolidated financial information is presented for the Company and its subsidiaries (together referred to as the "Group"). Revenue in 2017 was £3,548,689 *(2016: £2,610,121)*. The loss from operations was £692,118 *(2016: loss £183,842)* and the loss before taxation was £693,268 *(2016: loss £184,372)*. The loss for the year attributable to equity shareholders was £671,568 *(2016: loss £189,065)*. The total comprehensive loss for 2017 was £663,768 *(2016: total comprehensive loss £279,065)*. The basic and diluted loss per share was 4.89 pence *(2016: loss 1.38 pence)* and the basic pre-tax loss per share was 5.05 pence *(2016: loss 1.34 pence)* as detailed in note 11.

Key performance indicators

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

- audience reach, where the business continued its positive trend;
- service reliability, where the business achieved 100% uptime whilst streaming over 10 million hours of music and content to many thousands of customer sites via broadband (excluding any issues outside the Company's control);

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

Risk

The Board is responsible for the identification and evaluation of key risks to the business. These risks are assessed continuously and include operational risks (business interruption, disruption to computer and other business systems, competition, regulation) and financial risks (capital, market, credit, liquidity). The Board seeks to minimise the effect of financial risk by management of the Group's financial resources. Specific risks associated with interest rates, liquidity, foreign currency and credit are discussed further in note 25.

Principal risks and uncertainties

The principal risks the Group faces are market related and like those faced by other small companies servicing larger businesses within UK retail, banking, leisure, hospitality, energy, sport, tourism and education sectors. In 2016 the Group's acquisition of AVC added a significant number of new customers in new markets, thereby reducing the historic concentration of business with a small number of long-term customers. Whilst the loss of a key customer (see note 4) would adversely impact performance, the Board is making progress with its strategy of diversification and growth into new markets to reduce this risk.

Other primary risks remain within the economic cycle (including the effects of prolonged reduction in consumer spending and reduced oil price adversely impacting expenditure amongst clients), competition (for new technology solutions and for market share) and regulation (including licensing costs and their effect on pricing). The main impact of these risks is continuous pressure on operating margins which can inhibit growth; the Board's strategy to mitigate these risks is to develop the Group's services, expand into new sectors and continue to manage and reduce costs.

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

Strategic Report *(continued)*

Capital management

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

Staff development

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

Analysis of staff employed by gender as at 31 December 2017

	Female	Male	Total
Employees	9	14	23
Senior managers	2	5	7
Directors	-	5	5
Totals	**11**	**24**	**35**

Environment

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

Trends and outlook

The economic uncertainty associated with Brexit continues to influence the competition for growth amongst leading brands whilst the goal of improving both value for money and experience remains relevant to both business and consumers alike.

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

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

Ross Penney

Ross Penney
Director

13 April 2018

7-9 The Broadway
Newbury
Berkshire
RG14 1AS

Directors' Report

The Directors present their report and the audited financial statements of Immedia Group Plc ("the Company", "Immedia") for the year ended 31 December 2017.

Market value of shares

The share price at 31 December 2017 was 27.5 pence and shares were traded between 20.0 pence and 36.3 pence during the year.

Employee Benefit Trust

At 31 December 2017 the Employee Benefit Trust held 832,374 shares in Immedia Group Plc in trust for employees against the future exercise of share options granted under the Immedia EMI Share Option Scheme *(2016: 832,374 shares)*. This holding represents 5.7% of the Company's issued shares.

Proposed dividend

The Directors do not recommend the payment of a dividend *(2016: £Nil)*.

Directors

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

Geoff Howard-Spink (retired on 25.08.2017)
Bruno Brookes
Ross Penney
Mark Horrocks
Tim Hipperson (joined on 25.08.2017)
Simon Leathers (joined on 11.04.2017)

Tim Hipperson and Simon Leathers, having joined the Board in 2017, will retire and offer themselves for re-election at the forthcoming Annual General Meeting.

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

No new options to subscribe for shares in the Company were granted to Directors during the year, and full details of options held according to the register of Directors' interests are shown in note 28 below. No options to subscribe for shares in the Company were exercised by Directors or their immediate families during the financial year.

Board of Directors

During the year the Board was chaired by Geoff Howard-Spink and Tim Hipperson, with Bruno Brookes as Chief Executive, Ross Penney as Business Affairs Director and Company Secretary, Mark Horrocks as Non-Executive Director and Chairman of the Remuneration Committee, Simon Leathers as Non-Executive Director and Chairman of Audit Committee. Mark Horrocks is recognised as the senior independent Non-Executive Director.

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

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

Directors' report *(continued)*

Board Committees

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

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

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

Report of the Board of Directors on remuneration

During the year the Remuneration Committee comprised Mark Horrocks (as Chairman) and Geoff Howard-Spink (until his resignation on 25 August 2017) and Simon Leathers (from 25 August 2017). The terms of reference of the Committee are to review and make recommendations to the Board regarding the terms and conditions of employment of the executive and operational Directors, including any proposed allocations within the Immedia EMI Share Option Scheme and other benefits. The remuneration of the Non-Executive Directors is fixed by the Board as a whole. In framing its remuneration policy, the Remuneration Committee has given full consideration to the matters set out in the UK Corporate Governance Code.

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

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

Director's Name	Salary and Fees	Pension	Private Medical	Total Remuneration	NIC	Total 2017	Total 2016
G Howard –Spink**	23,333	-	-	**23,333**	2,093	**25,426**	**38,530**
T Brookes	138,634	2,311	3,694	**144,639**	18,005	**162,644**	**159,410**
R Penney	86,360	1,378	2,974	**90,712**	10,791	**101,503**	**88,033**
M Horrocks	20,540	-	-	**20,540**	-	**20,540**	**20,000**
S Leathers	18,017	-	-	**18,017**	-	**18,017**	**-**
T Hipperson	15,263	-	-	**15,263**	-	**15,263**	**-**
C Barker-Benfield *	-	-		**-**	-	**-**	**49,683**
	302,147	3,689	6,668	**312,504**	30,889	**343,393**	**355,656**

Taxable benefits relate to private medical cover for the Directors and their immediate families. Pension contributions of £3,689 (2016: £Nil) were made for Directors during the year. Details of share options held by Directors are disclosed in note 28 to the financial statements.

*To his retirement from the Board on 24 August 2016
** To his retirement from the Board on 25 August 2017

Corporate Governance Report

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

Going concern

On the basis of current financial projections prepared up to 30 June 2019, recent news of new contracts and contract renewals, together with continuing improvements in management of costs, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future and consequently the financial statements have been prepared on the going concern basis. Further details are set out in note 2 to the financial statements and in the liquidity risk disclosures in note 25.

Auditor

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

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

Ross Penney

Ross Penney
Company Secretary

13 April 2018

7-9 The Broadway
Newbury
Berkshire
RG14 1AS

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report and Directors' Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

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

The Directors confirm that:

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

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

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

To the best of our knowledge:

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

Ross Penney

Ross Penney
Director

13 April 2018

Nexia Smith & Williamson

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

Opinion
We have audited the financial statements of Immedia Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

Key audit matters
We identified the key audit matters described below as those that were of most significance in the audit of the financial statements of the current period. Key audit matters include the most significant assessed risks of material misstatement, including those risks that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team.

In addressing these matters, we have performed the procedures below which were designed to address the matters in the context of the financial statements as a whole, and in forming our opinion thereon. Consequently, we do not provide a separate opinion on these individual matters.

Key audit matter	Description of risk	How the matter was addressed in the audit and key observations arising with respect to that risk
Group – Carrying value and impairment of goodwill and other intangibles	The group has material goodwill as well as other intangible assets arising from the acquisition of AVC, a division of the business which has not performed strongly in the year. The group's assessment of carrying values requires significant judgement, in particular regarding cash flows, growth rates, discount rates and sensitivity assumptions.	We have challenged the assumptions used in the impairment model for goodwill and other intangible assets as described in note 13 to the financial statements. In performing our procedures, we: • considered historical trading performance by comparing recent revenue and actual costs expended against management forecasts. • assessed the appropriateness of the assumptions concerning growth rates • considered sensitivity analysis of key variables included within the value in use calculations As part of our procedures we used our internal valuation specialists to assess the appropriateness of the discount rate applied and the model used. Based on our procedures we concluded that Management's assessment that an impairment is not required is appropriate.
Group – Revenue recognition (including accrued and deferred income)	The group has multiple income streams which can span different accounting periods where invoices are often raised to a different pattern to the revenue recognition policies, leading to the increased risk of error of mis-stating revenue in the financial statements.	As part of our procedures we: • reviewed customer contracts and compared contracted revenue to actual revenue recognised during the year. • reviewed a sample of purchase orders raised in the year and compared to invoice and correct entry on the ledger • reviewed transactions around the year end and agreed the goods and services have been provided in the correct period • agreed a sample of deferred income balances to invoices raised in advance and confirmed advance invoicing terms to the contracts. Based on our procedures we concluded that revenue had been recognised appropriately.

Materiality
The materiality for the group financial statements as a whole was set at £70,900. This has been determined with reference to the benchmark of the group's revenue, which we consider to be one of the principal considerations for members of the parent company in assessing the performance of the group. Materiality represents 2% of the group's revenue as presented on the face of the consolidated statement of profit or loss.

The materiality for the parent company financial statements as a whole was set at £30,400. This has been determined with reference to the benchmark of the parent company's total assets as the parent company exists only as a holding company for the group and carries on no trade in its own right. Materiality represents 3% of net assets as presented on the face of the parent company's Statement of Financial Position.

An overview of the scope of our audit
Of the Group's eleven subsidiaries, we subjected one (Immedia Broadcast Limited) to an audit for group reporting purposes, along with the audit of the parent company (Immedia Group Plc). The remaining ten subsidiaries are all dormant and therefore were determined to be immaterial to the group.

The components within the scope of our work covered: 100% of group revenue, 100% of group profit before tax and 100% of group net assets.

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

Responsibilities of Directors
As explained more fully in the Directors' responsibilities statement set out on page 16, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Nexia Smith & Williamson 1/5/18

Andrew Edmonds
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

Cumberland House
15 -17 Cumberland Place
Southampton
SO15 2BG

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2017

	Note	2017 £	2016 £
Continuing operations			
Revenue	4	**3,548,689**	2,610,121
Cost of sales		**(1,759,046)**	(1,285,369)
Gross profit	4	**1,789,643**	1,324,752
Administrative expenses		**(2,481,761)**	(1,525,719)
Other exceptional income	5	**-**	17,125
Loss from operations	5	**(692,118)**	(183,842)
Finance income	8	**202**	2,540
Finance cost	8	**(1,352)**	(3,070)
Loss before tax		**(693,268)**	(184,372)
Tax income/(expense)	10	**21,700**	(4,693)
Loss for the year from continuing operations		**(671,568)**	(189,065)
Loss per share			
Basic (pence)	11	**(4.89)**	(1.38)
Diluted (pence)	11	**(4.89)**	(1.38)

The notes on pages 29 to 57 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2017

	Note	**2017** £	2016 £
Loss for the year		**(671,568)**	(189,065)
Items that may be reclassified subsequently to profit or loss			
Net fair value profit/(loss) on available for sale assets during the year	9, 18	**7,800**	(90,000)
Total comprehensive loss for the year		**(663,768)**	(279,065)

The notes on pages 29 to 57 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Note	**2017** **£**	2016 £
Non-current assets			
Property, plant and equipment	12	**200,838**	303,929
Intangible assets	13	**366,099**	425,044
Deferred tax assets	14	**34,850**	13,150
Available for sale assets	9, 18	**172,800**	165,000
Total non-current assets		**774,587**	907,123
Current assets			
Inventories	15	**69,803**	98,353
Trade and other receivables	17	**519,129**	807,506
Prepayments		**107,915**	87,014
Cash and cash equivalents	19	**53,743**	125,886
Total current assets		**750,590**	1,118,759
Total assets		**1,525,177**	2,025,882
Equity			
Share capital	20	**1,455,684**	1,455,684
Share premium		**3,586,541**	3,586,541
Merger reserve		**2,245,333**	2,245,333
Share based payment reserve		**4,578**	4,578
Investment valuation reserve		**82,800**	75,000
Retained losses		**(7,199,494)**	(6,527,926)
Total equity		**175,442**	839,210
Liabilities			
Non-current liabilities			
Finance leases	21	**1,542**	5,796
Provisions	23	**42,500**	42,500
Total non-current liabilities		**44,042**	48,296
Current Liabilities			
Finance leases	21	**5,514**	4,987
Trade and other payables	22	**1,233,522**	944,841
Deferred income	24	**66,657**	188,548
Total current liabilities		**1,305,693**	1,138,376
Total liabilities		**1,347,735**	1,186,672
Total equity and liabilities		**1,525,177**	2,025,882

These financial statements were approved by the Board of Directors on 13 April 2018 and were signed on its behalf by:

TN Brookes
Director

Company registered number 04947859

The notes on pages 29 to 57 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Note	2017 £	2016 £
Non-current assets			
Investments in subsidiaries	16	**766,278**	766,278
Trade and other receivables	17	**56,482**	56,482
Available for sale assets	9, 18	**172,800**	165,000
Total non-current assets		**995,560**	987,760
Current assets			
Prepayments		**18,984**	3,838
Total current assets		**18,984**	3,838
Total assets		**1,014,544**	991,598
Equity			
Share capital	20	**1,455,684**	1,455,684
Share premium		**3,586,541**	3,586,541
Share based payment reserve		**4,578**	4,578
Investment valuation reserve		**82,800**	75,000
Retained losses		**(5,314,152)**	(5,128,420)
Total deficit		**(184,549)**	(6,617)
Liabilities			
Current liabilities			
Trade and other payables	22	**1,199,093**	998,215
Total current liabilities		**1,199,093**	998,215
Total equity and liabilities		**1,014,544**	991,598

The company's loss for the year ended 31 December 2017 was £185,732.

These financial statements were approved by the Board of Directors on 13 April 2018 and were signed on its behalf by:

TN Brookes
Director

Company registered number 04947859

The notes on pages 29 to 57 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium account	Merger reserve	Share based payment reserve	Investment valuation reserve	Retained losses	Total equity
	£	£	£	£	£	£	£
Balance at 1 January 2017	1,455,684	3,586,541	2,245,333	4,578	75,000	(6,527,926)	839,210
Loss for the year	-	-	-	-	-	(671,568)	(671,568)
Other comprehensive income for the year:							
Net fair value gain on available for sale financial assets	-	-	-	-	7,800	-	7,800
Total comprehensive gain/(loss) for the year	-	-	-	-	7,800	(671,568)	(663,768)
Balance at 31 December 2017	**1,455,684**	**3,586,541**	**2,245,333**	**4,578**	**82,800**	**(7,199,494)**	**175,442**

Total equity as at 31 December 2016	Share capital	Share premium account	Merger reserve	Share based payment reserve	Investment valuation reserve	Retained losses	Total equity
	£	£	£	£	£	£	£
Balance at 1 January 2016	1,455,684	3,586,541	2,245,333	4,578	165,000	(6,335,948)	1,121,188
Transactions with owners	-	-	-	-	-	(2,913)	(2,913)
Loss for the year	-	-	-	-	-	(189,065)	(189,065)
Other comprehensive income for the year:							
Net fair value loss on available for sale financial assets	-	-	-	-	(90,000)	-	(90,000)
Total comprehensive loss for the year	-	-	-	-	(90,000)	(189,065)	(279,065)
Balance at 31 December 2016	**1,455,684**	**3,586,541**	**2,245,333**	**4,578**	**75,000**	**(6,527,926)**	**839,210**

The notes on pages 29 to 57 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium account	Share based payment reserve	Investment revaluation reserve	Retained losses	Total equity
	£	£	£	£	£	£
Balance at 1 January 2017	1,455,684	3,586,541	4,578	75,000	(5,128,420)	(6,617)
Loss for the year	-	-	-	-	(185,732)	(185,732)
Other comprehensive income for the year:						
Net fair value gain on available for sale financial assets	-	-	-	7,800	-	7,800
Total comprehensive loss for the year	-	-	-	7,800	(185,732)	(177,932)
Balance at 31 December 2017	**1,455,684**	**3,586,541**	**4,578**	**82,800**	**(5,314,152)**	**(184,549)**

Total equity as at 31 December 2016	Share capital	Share premium account	Share based payment reserve	Investment revaluation reserve	Retained losses	Total equity
	£	£	£	£	£	£
Balance at 1 January 2016	1,455,684	3,586,541	4,578	165,000	(4,994,678)	217,125
Loss for the year	-	-	-	-	(133,742)	(133,742)
Other comprehensive income for the year:						
Net fair value loss on available for sale financial assets	-	-	-	(90,000)	-	(90,000)
Total comprehensive loss for the year	-	-	-	(90,000)	(133,742)	(223,742)
Balance at 31 December 2016	**1,455,684**	**3,586,541**	**4,578**	**75,000**	**(5,128,420)**	**(6,617)**

The notes on pages 29 to 57 form part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the year ended 31 December 2017

	Note	**Consolidated**		**Company**	
		2017	2016	**2017**	2016
		£	£	**£**	£
Cash flows from operating activities					
Loss for the year before income tax		**(693,268)**	(184,372)	**(185,732)**	(133,742
Adjustments for:					
Depreciation, amortisation and impairment charges		**179,271**	117,942	**-**	-
Exceptional gain from negative goodwill		**-**	(98,647)	**-**	-
Loss on sales of assets		**1,396**	-	**-**	-
Finance income		**(202)**	(2,540)	**-**	(600)
Finance expense		**1,352**	3,070	**-**	-
Decrease/(increase) in trade and other receivables and prepayments		**267,476**	50,450	**(15,146)**	(759)
Decrease in inventories		**28,550**	3,792	**-**	-
Increase in trade and other payables and deferred income		**166,790**	154,110	**200,878**	134,501
(Decrease) in provisions		**-**	(14,063)	**-**	-
Net cash from operating activities		**(48,635)**	29,742	**-**	(600)
Taxation					
Taxation		**-**	-	**-**	-
Cash flows from investing activities					
Interest received		**202**	2,540	**-**	600
Acquisition of property, plant and equipment		**(18,631)**	(44,363)	**-**	-
Payment to acquire trade of AVC		**-**	(200,000)	**-**	-
Net cash from investing activities		**(18,429)**	(241,823)	**-**	600
Cash flows from financing activities					
Repayment of finance leases		**(3,727)**	(9,485)	**-**	-
Interest paid		**(1,352)**	(3,070)	**-**	-
Sale of EBT shares on exercise of share options		**-**	2,597	**-**	-
Purchase of own shares for EBT		**-**	(5,510)	**-**	-
Net cash from financing activities		**(5,079)**	(15,468)	**-**	-
Net decrease in cash and cash equivalents		**(72,143)**	(227,549)	**-**	-
Cash and cash equivalents at 1 January		**125,886**	353,435	**-**	-
Cash and cash equivalents at 31 December	19	**53,743**	125,886	**-**	-

The notes on pages 29 to 57 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

(forming part of the financial statements)

1 Reporting entity

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

The parent company financial statements present information about the Company as a separate entity and not about its group. The consolidated financial statements of the Company as at and for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is involved in marketing and communication services through the provision of interactive digital channels products and services using music, radio and screen-based media to provide brand conversation, engaging entertainment and innovative technical solutions. It also supplies, installs and maintains the equipment required to deliver these services.

2 Basis of preparation

Both the parent company financial statements and the consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU ("Adopted IFRSs"). On publishing the parent company financial statements here together with the consolidated financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statement of profit or loss, profit or loss and other comprehensive income and related notes that form a part of these approved financial statements. The Company's total comprehensive loss for the year was £177,932 *(2016 loss: £223,742).*

As highlighted in note 25, the Group meets its day to day working capital requirements through the combined use of its cash balances and receivables and payables balances.

The Directors have considered the Group's prospects for winning new business and reviewed a range of possible outcomes when reviewing forecasts of future cash flows of the Group. On the basis of current financial projections prepared to 30 June 2019, recent news of new contracts won and of contract renewals, and continuing improvements in the management of costs, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future and consequently the financial statements have been prepared on the going concern basis.

The financial statements were approved by the Board of Directors on 13 April 2018.

(a) Statement of compliance

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

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

(b) Measurement convention

The consolidated financial statements have been prepared on the historical cost basis except where explicitly stated otherwise.

2 Basis of preparation *(continued)*

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

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

- Note 13 intangible assets (goodwill and other intangible impairment tests);
- Note 14 deferred tax assets (where the extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deductible temporary differences can be utilised);
- Note 17 trade and other receivables (review and provisions against doubtful debts);
- Note 29 contingent liabilities (reliable estimate of potential future economic outflow).

3 Significant accounting policies

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

(a) Changes in accounting policies and disclosures

i. New and amended Standards and Interpretations adopted by the Group and Company

The Group and the Company have adopted "Amendments to IAS 7: Statement of Cash Flows Disclosures Initiative" for the first time this period. The amendment requires additional disclosures which have been provided in note 30

ii. New and amended Standards and Interpretations mandatory for the first time for the financial year beginning 1 January 2017 but not currently relevant to the Group and Company

New and amended Standards and Interpretations are not currently relevant to the Group and Company: however they may have a significant impact in future years:

- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses
- Annual improvements to the IFRS 2014-2016 cycle

iii. New and amended Standards and Interpretations Issued but not effective for the financial year beginning 1 January 2017

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not been adopted by EU):

Notes *(continued)*

3 Significant accounting policies *(continued)*

- IFRS 9 "Financial instruments" will be effective for the year ending December 2018 onwards, the main impact being the impairment assessments methodology used to value our trade receivables. An assessment of the full impact of the standard is in progress.

- IFRS 15 "Revenue from contracts with customers" will be effective from year ending December 2018 onwards, and is not expected to have a significant impact on the Group's revenues. The majority of the Group's sales are for standalone products and services made direct to customers at standard prices. Estimates are already made of anticipated returns and sales awaiting delivery to the customer.

- IFRS 16 "Leases" will be effective for the year ending December 2019 onwards and the impact on the financial statements will be significant. IFRS 16 requires lessees to recognise the future liability reflecting the future lease payments and a right-of–use asset for all lease contracts. Therefore, the substantial majority of the Group's operating lease commitments (some £279,664 on an undiscounted basis, as shown in Note 26 of the financial statements) would be brought onto the statement of financial position and amortised and depreciated separately. There will be no impact on cash outflows, although the presentation of the cash flow statement will change significantly. Management are working on the new processes and systems that will be required to comply with this accounting standard.

The effect of all other new and amended Standards and Interpretations which are in issue but not yet mandatorily effective is not expected to be material.

(b) Basis of consolidation

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

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

(iii) Transactions eliminated on consolidation
Intra-group balances and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

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

Notes *(continued)*

3 Significant accounting policies *(continued)*

(c) Property plant and equipment

(i) Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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

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

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

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

Plant and equipment	-	three years
Fixtures and fittings		
Office and IT equipment	-	three to five years
Leasehold improvements	-	unexpired period of original term of leases, ranging from 1.5 to eight years
Network equipment	-	five years or contract term if shorter

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

(d) Goodwill

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

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

(d) Research and development expenditure (Intangible Assets)

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

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;

Notes *(continued)*

3 Significant accounting policies *(continued)*

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

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

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

Brand name	-	ten years
Proprietary software	-	five years
Customer contracts	-	three to four years

The estimated useful lives for the current and previous periods for other intangible assets are as follows:

Content delivery	-	three years

(e) Investments in subsidiaries

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

(f) Lease payments

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

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

(g) Inventories

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

(h) Financial instruments

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

Notes *(continued)*

3 Significant accounting policies *(continued)*

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

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

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

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

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

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

(i) Accrued contract income

When equipment supplied within an audio services contract is paid for over the contract term, the Group continues to recognise equipment sales revenues consistently with the revenue recognition policy below.

(j) Trade and other payables

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

(k) Borrowings

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

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

(l) Impairment

Non-financial assets

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

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

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

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

Notes *(continued)*

3 Significant accounting policies *(continued)*

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

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

(m) Revenue

Revenue represents the amounts receivable by the Group for the provision of its goods and services, excluding value added tax.

In the **production** segment (see note 3(u) below), services comprise the broadcasting of live and as live radio programmes to customers' premises using appropriate technologies, together with the production of advertising content for use in those programmes. Revenue from these services is billed on time based subscriptions and recognised on the date of broadcast. Additionally, the creation of digital web and app designs, digital solutions for audio visual content, 3D, virtual reality and augmented reality content are all included in the production segment services provided by the AVC Immedia division. Revenue from these services is billed and recognised on completion.

In the **operations** segment (see note 3(u) below), revenue from equipment sales is recognised on the earlier of date of delivery and configuration, or when risk and rewards pass to the customer; revenue from content delivery and equipment maintenance and hire services is billed on time based subscriptions and is recognised monthly on completion.

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

(n) Finance income and cost

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

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

(o) Taxation

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

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

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

Notes *(continued)*

3 Significant accounting policies *(continued)*

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

(p) Equity and reserves

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

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

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

Other reserves include share based payments charges.

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

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

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

(q) Foreign currencies

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

(r) Cancellation and forfeiture of share options

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

(s) Earnings per share

Basic and diluted

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

Pre-tax

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

(t) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due (see note 28).

(ii) Share-based compensation

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

Notes *(continued)*

3 Significant accounting policies (continued)

(iii) Employee benefit trust

The Group operates an employee benefit trust (EBT) for the benefit of its employees through Immedia Broadcasting Trustees Limited which acts as Trustee. Transactions of the EBT are treated as being those of the Group and are therefore reflected in the consolidated financial statements. The trust's purchases and sales of shares in the Company are debited and credited directly to equity (see statements of changes in equity on pages 23 and 24).

(u) Segment reporting

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

The revenue streams in the **production** segment comprise the content created for customers, including audio based (live and recorded radio, music, advertising and branding) and visual based (video, music advertising and branding, digital web and app designs, and digital solutions for audio visual, 3D, virtual reality and augmented reality content), together with all applicable licensing charges.

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

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

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

(v) Provisions

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

4 Segment reporting

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

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

Geographical analysis

	UK 2017 £	**EEA 2017 £**	**RoW 2017 £**	**Total 2017 £**	UK 2016 £	EEA 2016 £	RoW 2016 £	Total 2016 £
Revenue	**3,422,695**	**10,567**	**115,427**	**3,548,689**	2,484,271	10,460	115,390	2,610,121

Notes *(continued)*

4 Segment reporting *(continued)*

Operating segment analysis	**Production**	**Operations**	**Total**	Production	Operations	Total
	2017	**2017**	**2017**	2016	2016	2016
	£	**£**	**£**	£	£	£
Revenue	**3,094,004**	**454,685**	**3,548,689**	1,947,720	662,401	2,610,121
Cost of sales	**(1,503,379)**	**(255,667)**	**(1,759,046)**	(840,249)	(445,120)	(1,285,369)
Gross profit	**1,590,625**	**199,018**	**1,789,643**	1,107,471	217,281	1,324,752
Administrative expenses			**(2,481,761)**			(1,525,719)
Other exceptional income			**-**			17,125
Loss from operations			**(692,118)**			(183,842)
Finance income			**202**			2,540
Finance cost			**(1,352)**			(3,070)
Loss before tax			**(693,268)**			(184,372)

There were three customers where revenue was greater than 10% of the total *(2016: five)*. Revenue from each of these customers is derived from both production and operations segments.

Significant customer analysis	**Total revenue**		Total revenue	
	2017	**2017**	2016	2016
	£	**%**	£	%
Customer 1	**578,271**	**16.3**	352,546	13.5
Customer 2	**500,976**	**14.1**	322,296	12.3
Customer 3	**474,606**	**13.4**	311,115	11.9
Customer 4	**-**		286,357	11.0
Customer 5	**-**		263,140	10.1

Analysis of revenue between goods and services	**2017**	2016
	£	£
Goods	**369,733**	392,289
Services	**3,178,956**	2,217,832
	3,548,689	2,610,121

Notes *(continued)*

5 Loss from operations

	2017 £	2016 £
Included in (loss)/profit are the following:		
Auditor's remuneration		
Group - audit of these financial statements	**24,000**	25,450
- fees paid to the auditor and their associates in respect of other services	**4,000**	7,900
Included in Group audit total: Company - audit	**2,750**	2,500
Depreciation and amounts written off property, plant and equipment and intangible assets		
- Owned	**179,271**	117,175
- Leased	**-**	767
Hire of other assets – operating leases	**141,593**	64,661
Other exceptional income – bargain purchase credit (£98,647) less acquisition costs (£81,522)	**-**	(17,125)
Foreign exchange (gains)/losses	**(20)**	(35)

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

6 Remuneration of Directors

	2017 £	2016 £
Directors' emoluments	**308,815**	325,421
Contributions to defined contribution plans	**3,689**	-
	312,504	325,421

The aggregate emoluments of the highest paid Director were £144,639 *(2016: £142,005),* including pension contributions of £2,311 (2016:£Nil).

Remuneration for each individual director, which is required to be disclosed under the AiM rules, is shown in the Directors' Report on page 16.

	2017 Number of Directors	2016 Number of Directors
Retirement benefits are accruing in a paid-up scheme to the following numbers of Directors under money purchase pension schemes	**1**	1

7 Staff numbers and costs

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

	Group	
	Number of employees	
	2017	2016
Administration and sales	**19**	13
Production and distribution	**16**	5
	35	18

The aggregate payroll costs of these persons were as follows:

	2017	2016
	£	£
Wages and salaries	**1,194,387**	730,572
Compulsory social security contributions	**124,921**	76,447
	1,319,308	807,019

The Group made pension contributions totalling £20,954 in the year *(2016: £3,008)*.

Key management of the Group is considered to be the Board of Directors plus the AVC management team; key management of the parent company is considered to be the Board of Directors. The remuneration of key management including employer's national insurance was £427,729 *(2016: £355,656)* of which £6,698 relates to employer's pension contributions *(2016: £3,008)*. Details of share options held by key management are shown in note 28. There was no share-based payment charge in 2017 *(2016: £nil)*.

Disclosure of information about the parent company's staff numbers and costs is the same as the information for Directors' remuneration which is disclosed in note 7 above and in the Directors' Report on page 16.

8 Finance income and finance cost

	2017	2016
	£	£
Finance income		
Interest income on bank deposits	**202**	445
Other interest income	-	2,095
	202	2,540
Finance cost		
Interest expense on bank loan and invoice finance facility	**(1,352)**	(54)
Finance lease interest	-	1,061
Other interest payable	-	(4,077)
	(1,352)	(3,070)

Notes *(continued)*

9 Other comprehensive income items

	2017 £	2016 £
Profit/(loss) from financial assets classified as available for sale	**7,800**	(90,000)

10 Tax credit/ (expense)

	2017 £	2016 £
Current tax expense		
Current period	-	-
Deferred tax expense		
Deferred tax (see note 14)	**21,700**	(4,693)
Total tax credit/(expense) in consolidated statement of profit or loss	**21,700**	(4,693)

Reconciliation of effective tax rate

The current tax expense for the year is lower *(2016: higher)* than the standard rate of corporation tax in the UK for small companies 19.25% *(2016: 20%)*. The differences are explained below:

	2017 £	2016 £
Loss before tax	**(693,268)**	(184,372)
Current tax at 19.25% *(2016: 20%)*	**133,454**	36,874
Effects of:		
Expenses not deductible for tax purposes	**(1,948)**	(11,937)
Changes in amount of unrecognised deferred tax losses	**(109,806)**	(29,630)
Total tax credit/(expense)	**21,700**	(4,693)

Notes *(continued)*

11 Loss per share

	2017 Number	2016 Number
Basic		
Weighted average number of shares in issue	**14,556,844**	14,556,844
Less weighted average number of own shares	**(832,374)**	(832,374)
Weighted average number of shares in issue for basic earnings per share	**13,724,470**	13,724,470
Basic loss per share	**(4.89)p**	(1.38)p

	2017 Number	2016 Number
Diluted		
Weighted average number of shares in issue	**13,724,470**	13,724,470
Add shares which dilute	**-**	-
Weighted average number of shares in issue for diluted earnings per share	**13,724,470**	13,724,470
Diluted loss per share	**(4.89)p**	(1.38)p

The **basic** and **diluted** loss per share are calculated using the after-tax loss attributable to equity shareholders for the financial period of £671,568 *(2016: loss £189,065).*

In accordance with IAS 33 the diluted basic loss per share is stated as the same amount as basic as there is no dilutive effect in both 2017 and 2016.

Pre-tax (loss)/earnings per share	**2017**	2016
Basic pre-tax (loss) per share	**(5.05)p**	(1.34)p
Diluted pre-tax (loss) per share	**(5.05)p**	(1.34)p

The basic and diluted **pre-tax** (loss)/earnings per share are calculated using the before tax (loss)/earnings attributable to equity shareholders for the financial period of £693,268 *(2016: £184,372).*

Notes *(continued)*

12 Property, plant and equipment

	Plant & equipment £	Fixtures & Fittings £	Network equipment £	Total £
Cost				
At 1 January 2017	900,654	702,550	23,635	1,626,839
Additions	10,999	7,632	-	18,631
Disposals and retirements	(12,985)	(6,961)	-	(19,946)
At 31 December 2017	**898,668**	**703,221**	**23,635**	**1,625,524**
Depreciation & impairment losses				
At 1 January 2017	825,449	473,826	23,635	1,322,910
Charge for year	39,422	80,904	-	120,326
On disposals and retirements	(11,920)	(6,630)	-	(18,550)
At 31 December 2017	**852,951**	**548,100**	**23,635**	**1,424,686**
Carrying amounts				
At 31 December 2017	**45,717**	**155,121**	**-**	**200,838**
Cost				
At 1 January 2016	828,684	592,882	187,384	1,608,950
Additions	33,289	66,484	-	99,773
Acquisitions	38,681	43,184	-	81,865
Disposals and retirements	-	-	(163,749)	(163,749)
At 31 December 2016	**900,654**	**702,550**	**23,635**	**1,626,839**
Depreciation & impairment losses				
At 1 January 2016	810,141	399,944	187,384	1,397,469
Charge for year	15,308	73,882	-	89,190
On disposals and retirements	-	-	(163,749)	(163,749)
At 31 December 2016	**825,449**	**473,826**	**23,635**	**1,322,910**
Carrying amounts				
At 31 December 2016	**75,205**	**228,724**	**-**	**303,929**

Finance leases

There were outstanding finance leases (see note 21) in respect of property, plant and equipment totalling £7,994 at 31 December 2017 (2016: £12,347)

Notes *(continued)*

13 Intangible assets

	Customer relationships £	Brand £	Content delivery £	Goodwill £	Total £
Cost					
At 1 January 2017	729,847	51,546	88,974	1,173,310	2,043,677
Additions	-	-	-	-	-
Acquisitions	-	-	-	-	-
At 31 December 2017	**729,847**	**51,546**	**88,974**	**1,173,310**	**2,043,677**
Amortisation & impairment losses					
At 1 January 2017	582,040	1,718	52,583	982,292	1,618,633
Charge for year	45,480	5,100	8,365	-	58,945
At 31 December 2017	**627,520**	**6,818**	**60,948**	**982,292**	**1,677,578**
Carrying amounts					
At 31 December 2017	**102,327**	**44,728**	**28,026**	**191,018**	**366,099**
Cost					
At 1 January 2016	566,880	-	51,385	1,173,310	1,791,575
Additions	-	-	-	-	-
Acquisitions	162,967	51,546	37,589	-	252,102
At 31 December 2016	**729,847**	**51,546**	**88,974**	**1,173,310**	**2,043,677**
Amortisation & impairment losses					
At 1 January 2016	566,880	-	49,001	974,000	1,589,881
Charge for year	15,160	1,718	3,582	8,292	28,752
At 31 December 2016	**582,040**	**1,718**	**52,583**	**982,292**	**1,618,633**
Carrying amounts					
At 31 December 2016	**147,807**	**49,828**	**36,391**	**191,018**	**425,044**

Notes *(continued)*

Impairment review and movements in intangible assets and goodwill

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

The recoverable amount of the Production segment CGU was determined from value in use calculations covering a detailed forecast followed by an extrapolation of expected cash flows using growth rates determined by management. A growth rate of 2% was used to test value in use and reflects management's estimate of the potential change in the Production segment CGU over the medium term, excluding new business. Key assumptions for the value in use calculations are discount rates, growth rates and expected changes to selling prices and direct costs during the forecasting period. Management has estimated the discount rate using the weighted average cost of capital of the business.

Estimates of changes in selling prices and direct costs are based on past experience and expectations of future change in the market, excluding new business, and have been extrapolated over a five-year period starting 1 January 2018 followed by a long term growth rate of 1% thereafter. The recoverable amount of the production segment CGU is £728,000 *(2016: £191,000).*

The following assumptions were used to test the sensitivity of the value in use calculations: management's range of forecasts using minus 10% to plus 2% growth to extrapolate future cash flows, with a post-tax discount rate of 14.5% *(2016: 14.5%)* applied to its cash flow projections (equivalent to a pre-tax rate of approximately 17.5% *(2016: 17.5%).*

14 Deferred tax assets and liabilities

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

Deferred tax assets/(liabilities)	1 January 2017	Recognised in profit or loss	Arising on acquisition	**31 December 2017**
	£	£	£	**£**
Non-current assets				
Unused tax losses	65,400	8,613	-	**74,013**
Provisions	(52,250)	13,087	-	**(39,163)**
	13,150	21,700	-	**34,850**

Deferred tax assets/(liabilities)	1 January 2016	Recognised in profit or loss	Arising on acquisition	**31 December 2016**
	£	£	£	**£**
Non-current assets				
Unused tax losses	93,700	(28,300)	-	**65,400**
Provisions	(33,000)	23,607	(42,857)	**(52,250)**
	60,700	(4,693)	(42,857)	**13,150**

There are trading losses carried forward of £2,116,957 which create a potential deferred tax asset of £359,882 *(2016: £300,000)* of which £61,329 remains recognised in 2017 *(£52,650 remained recognised in 2016)*. The balance has not been recognised as there is uncertainty over when these amounts will be utilised. Deferred tax liabilities relating to tangible and intangible assets total £26,479 in 2017 and £39,500 in 2016.

Notes *(continued)*

14 Deferred tax assets and liabilities *continued*

Within the parent company, a deferred tax liability of £12,750 was recognised in 2016 on gains from financial assets classified as available for sale. A deferred tax asset of £12,750 was also recognised in respect of residual losses which will be utilised upon realisation of this gain. These amounts have both been reduced to £12,684 in with a net total of £Nil *(2016:£Nil).*

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

15 Inventories

	Group	
	2017	2016
	£	£
Work in progress	**1,390**	18,545
Finished goods	**68,413**	79,808
	69,803	98,353

Work in progress represents the cost of equipment installations in the course of completion where the project has not yet been handed over to customers. The inventory expense included in cost of sales in the consolidated statement of profit or loss was £228,821 *(2016: £242,805)*. In 2017, there was a net increase of impairment charges for obsolete and slow moving inventories totalling £6,217 *(in 2016 a net decrease of impairment charges totalling £2,064)* and the carrying value of inventories subjected to impairment charges and included in the above totals was £15,995 *(2016: £23,037).*

16 Investments in subsidiaries

Subsidiary undertakings - Company

	2017	2016
	£	£
Cost and net book value		
At beginning and end of year	**766,278**	766,278

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

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

Notes *(continued)*

16 Investments in subsidiaries *continued*

All companies in Immedia Group Plc have their registered offices at 7-9 The Broadway, Newbury, Berkshire RG14 1AS.

At 31 December 2017 and 31 December 2016 the Company held 100% of the ordinary share capital of Immedia Broadcast Limited, The Cube Group of Companies Limited, Immedia Broadcasting Limited, You TV Limited and Immedia TV Limited.

At 31 December 2017 and 31 December 2016, Immedia Broadcast Limited held 100% of the ordinary share capital of Immedia Broadcasting Trustees Limited (a trust holding company), Pay to Play Music Limited, Play 4 Pay Limited, Pay to Play Limited and Dreamstream Music Limited.

At 31 December 2017 and 31 December 2016, The Cube Group of Companies Limited held 100% of the ordinary share capital of Cube Music Limited.

17 Trade and other receivables

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Trade receivables (i)	**517,606**	768,318	**-**	-
Accrued income	**523**	38,188	**-**	-
Amounts owed by subsidiary undertakings (ii)	**-**	-	**56,482**	56,482
Other debtors	**1,000**	1,000	**-**	-
	519,129	807,506	**56,482**	56,482

At 31 December 2017 trade receivables are shown after provisions for impairment totalling £35,308 *(31 December 2016: £13,016)* arising from slow moving debts and disputed charges. Provisions for impairment were increased by £22,292 in 2017 *(2015: £9,436)*.

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

	Group	
	2017	2016
	£	£
Up to three months past due	**96,209**	217,807
Over three months past due	**24,720**	26,472

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

	Company	
	2017	2016
	£	£
Amounts owed by subsidiary undertakings	**56,482**	56,482

Notes *(continued)*

18 Available for sale assets

In March 2014 the Group invested £90,000 in the purchase of 6,000,000 shares in AudioBoom Group Plc, an AiM-listed spoken-word audio platform for hosting distributing and monetising content, as part of the Group's strategy to broaden its digital marketing and communications services.

At 31 December 2017 the investment remains designated as available for sale with fair value changes recognised in other comprehensive income (see note 3(h) above). At 31 December 2017 the fair value of the investment was £172,800 *(31 December 2016: £165,000)* with a net fair value gain in 2017 of £7,800 recognised in other comprehensive income *(2016: loss £90,000)*.

As at the date of approval of this report, the investment represents c.0.8% of Audioboom Group Plc's ordinary shares in issue and has a fair value of £217,800.

19 Cash and cash equivalents

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Bank balances	**53,716**	46,770	-	-
Call deposits	**27**	79,116	-	-
Cash and cash equivalents	**53,743**	125,886	-	-

20 Capital management and share capital

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

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

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

Reconciliation of movement in capital

Share capital	**2017**	2016
	£	£
Authorised		
36,000,000 Ordinary shares of 10 pence each	**3,600,000**	3,600,000
Allotted, called up and fully paid		
14,556,844 Ordinary shares of 10 pence each	**1,455,684**	1,455,684

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

Notes *(continued)*

21 Finance lease arrangements

During 2016 the Group leased new IT equipment at an interest rate of 10.2% over 36 months and, as part of its acquisition of AVC assets, novated the remainder of a 36 month lease for telephony equipment at an interest rate of 0%. These leases comprise the total of outstanding finance lease balances at 31 December 2017 and 31 December 2016 and are unsecured.

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

	Group		
Falling due:	Within 1 year	1 to 5 years	**Total**
	£	£	**£**
31 December 2017			
Lease payments	6,000	1,825	7,825
Finance charges	(486)	(283)	(769)
Net present values	**5,514**	**1,542**	**7,056**
31 December 2016			
Lease payments	5,364	6,455	11,819
Finance charges	(377)	(659)	(1,036)
Net present values	4,987	5,796	10,783

The lease agreements include fixed payments and the option to purchase at the end of the lease terms. The agreements are non-cancellable and do not contain any further restrictions.

22 Trade and other payables

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Current				
Trade payables (i)	**554,499**	399,651	**-**	-
Other taxation and social security	**95,524**	127,750	**-**	-
Amounts owed to subsidiary undertakings	**-**	-	**1,197,068**	993,650
Non-trade payables and accrued expenses (ii)	**583,499**	417,440	**2,025**	4,565
	1,233,522	944,841	**1,199,093**	998,215

(i) There were no foreign currency amounts included within trade payables.
(ii) In 2017 and 2016 included within Non-trade payables and accrued expenses are uninvoiced charges for servicing, maintenance and licensing costs for the Group's music and radio networks, plus accruals for legal and professional fees.

23 Provisions

	Leasehold premises dilapidations	Totals
	£	£
At 1 January 2017	**42,500**	**42,500**
Arising during the year	**-**	**-**
At 31 December 2017	**42,500**	**42,500**

The provision is for the estimated cost of reinstating the Group's leasehold studios and offices in Newbury to their original state at the end of the current lease term.

24 Deferred income

	Group	
	2017	2016
	£	£
Media services	**66,657**	188,548

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

Notes *(continued)*

25 Financial instruments

Treasury

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

Borrowing facilities

There were no borrowing facilities available at 31 December 2017 or 31 December 2016.

During 2016 the Group arranged a new finance lease for IT equipment and novated a finance lease for telephony equipment as part of its acquisition of the AVC business. At 31 December 2017 the Group owed £7,056 (unsecured) under these new leases *(2016: £10,783 was owed under a three-year finance lease facility provided by Aurora Leasing Limited and secured by floating charge per note 21 on the assets of Immedia Broadcast Limited).*

Interest rate risk

New leases arranged in 2016 carried fixed interest rates of 0% and 10.2% with no exposure to interest rate risk. There were no new leases taken out in 2017.

Liquidity risk (see also table 3 on page 53)

Short-term flexibility is normally achieved through the use of cash balances, primarily held on short-term deposit. Financial liabilities as shown in note 22 are payable within one year and between one and five years. The Directors consider that the Group's exposure to liquidity risk is minimal.

Foreign currency risk

The Group's foreign currencies denominated transactions remain a very low percentage of the total value of all transactions and are expected to remain so in 2018. There were no Euro denominated revenues in 2017 *(2016: €nil)* and no Euro denominated costs during 2017 *(2016: €4,227).* There were no US$ denominated revenues in either 2017 or 2016. In 2017 there were no US$ denominated costs *(2016: $438).* The Group has no material financial exposure to foreign exchange gains and losses on monetary assets and liabilities at the year-end and does not hedge any of its trading activities.

Credit risk

The Group's exposure to credit risk is mitigated by the quality of its predominantly blue chip multinational customers. The trade receivables balance of £517,606 *(2016: £768,318)* represents the maximum exposure to credit risk, of which 7.4% *(2016: 1.81%)* relates to smaller and/or more recently established companies. Policies are maintained to ensure the Group makes credit sales only to customers with an appropriate credit rating, and credit limits are set and reviewed based on credit references, debt ageing and collection history.

Bad debt risk

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

Notes *(continued)*

25 Financial instruments *(continued)*

Fair value measurement of financial instruments

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

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

All financial assets held at fair value are measured at level 1 within the hierarchy in 2017 and 2016. There were no transfers between Level 1 and Level 2 in 2017 or in 2016.

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

Group	**Available for sale (carried at fair value)**	**Loans and receivables (carried at amortised cost)**	**Total**
	2017	**2017**	**2017**
	£	**£**	**£**
Trade and other receivables (note 17)	**-**	**517,606**	**517,606**
Accrued income and other debtors (note 17)	**-**	**1,523**	**1,523**
Available for sale assets (note 18)	**172,800**	**-**	**172,800**
Cash and cash equivalents (note 19)	**-**	**53,743**	**53,743**
Total financial assets	**172,800**	**572,872**	**745,672**
	2016	2016	2016
	£	£	£
Trade and other receivables (note 17)	-	768,318	768,318
Accrued income and other debtors (note 17)	-	39,188	39,188
Available for sale assets (note 18)	165,000	-	165,000
Cash and cash equivalents (note 19)	-	125,886	125,886
Total financial assets	165,000	933,392	1,098,392

Notes *(continued)*

25 Financial instruments *(continued)*

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

Group	Other liabilities (carried at amortised cost)	Total
	2017	**2017**
	£	**£**
Lease financing (note 21)	**7,056**	**7,056**
Trade and other payables (note 22)	**650,023**	**650,023**
Non-trade payables and accrued expenses (note 22)	**583,499**	**583,499**
Total financial liabilities	**1,240,578**	**1,240,578**
	2016	2016
	£	£
Lease financing (secured) (note 21)	10,783	10,783
Trade and other payables (note 22)	527,401	527,401
Non-trade payables and accrued expenses (note 22)	417,440	417,440
Total financial liabilities	955,624	955,624

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

	Due date as at 31 December 2017				
	< 30 days	>30<183 days	>183 < 366	>366 days	Total
	£	**£**	**£**	**£**	**£**
Trade and other payables	**241,730**	**250,583**	**154,590**	**3,120**	**650,023**
Non-trade payables and accrued expenses	**124,248**	**173,076**	**51,347**	**234,828**	**583,499**

	Due date as at 31 December 2016				
	< 30 days	>30<183 days	>183 < 366	>366 days	Total
	£	£	£	£	£
Trade and other payables	276,060	14,142	90,293	146,906	527,401
Non-trade payables and accrued expenses	81,187	132,116	54,983	149,154	417,440

Notes *(continued)*

26 Commitments

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

	2017		2016	
	Land and buildings	**Other**	Land and buildings	Other
	£	**£**	£	£
Group				
Amount payable				
Not later than one year	**79,164**	**42,260**	95,313	35,068
Later than one year and not later than five years	**200,800**	**38,590**	269,923	65,329
After five years	**-**	**-**	-	-
	279,964	**80,850**	365,236	100,397

The land and buildings leases shown above relate to the Group's rental of offices in Newbury and Aberdeen *(2016: Newbury and Aberdeen)*.

(b) Capital commitments

There were no unprovided capital commitments at 31 December 2017 *(2016: £Nil)*.

27 Related party disclosures

In 2017 Immedia Broadcast Limited paid £20,540 to Intrinsic Capital Services Limited, a company controlled by Mark Horrocks, and paid £15,263 to Morph Management Ltd, a company controlled by Tim Hipperson for non-executive director services and paid £18,016 to Mantle Ltd, a company controlled by Simon Leathers. These payments were for non-executive director services. These amounts are included in the directors' remuneration table on page 16.

In 2016 Immedia Broadcast Limited paid £20,000 to Intrinsic Capital Services Limited, a company controlled by Mark Horrocks for non-executive director services, and paid £33,540 to Morchard Bishop & Co, an accountancy practice controlled by Charles Barker-Benfield, for accountancy services for the period to 24 August 2016 when he retired from the Immedia Group Plc board. These amounts are included in the directors' remuneration table on page 16.

In 2017, salaries payable to close family members of a key management member total £8,605 and pension £NIL.

During the year, management fees of £235,747 (*2016: £220,455*) were charged from Immedia Group Plc to Immedia Broadcast Ltd. At the year end, a balance of £1,197,068 *(2016: £997,960)* was owing from Immedia Group Plc to Immedia Broadcast Ltd.

28 Employee benefits

Pension schemes – Group and Company

The Group operates a defined contribution auto-enrolment workplace pension scheme (the Immedia Broadcast Limited Pension Scheme) administered by Scottish Widows Limited; the scheme was novated to the Group as part of the acquisition of AVC and is open to all eligible employees to join. Employer contributions paid or payable by the Group to the scheme during the year totalled £20,954 *(2016: £3,008)*.

Notes *(continued)*

The Group also operates an historic defined contribution pension scheme (the Immedia Broadcast Limited Retirement Benefit Scheme) which has two members. This scheme remains closed to new members. There were no contributions paid or payable by the Group to the scheme during the year *(2016: £Nil)* and there were no outstanding or prepaid contributions at either the beginning or the end of the current or previous financial years.

28 Employee benefits *(continued)*

Share-based payments – Group and Company

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

Option scheme	Terms note (page 55)	Date of grant	Exercise price per share	**2017** Number of shares	2016 Number of shares
Immedia EMI Share Option Scheme	(i)	18 Oct 2013	10.0 pence	**712,000**	712,000
Immedia EMI Share Option Scheme	(ii)	18 Oct 2013	10.0 pence	**356,000**	356,000
				1,068,000	1,068,000

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

	Number of shares	Weighted average exercise price (pence)
Outstanding at 1 January 2016	1,109,225	10.00
Exercised	(27,025)	10.00
Forfeited	(14,200)	10.00
Outstanding at 31 December 2016	1,068,000	10.00
Awarded	-	-
Exercised	-	-
Forfeited	-	-
Cancelled	-	-
Outstanding at 31 December 2017	**1,068,000**	**10.00**
Of which		
Exercisable at 31 December 2017	**1,068,000**	**10.00**
Exercisable at 31 December 2016	1,068,000	10.00

Notes *(continued)*

28 Employee benefits *(continued)*

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

There were no share options granted to employees (including Directors) during 2017 or 2016.

Share options were last granted to employees (including Directors) during 2013 under the following terms and conditions:

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

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

At 31 December 2017 the Employee Benefit Trust (EBT) held 832,374 shares in Immedia Group Plc in trust for employees against the future exercise of share options granted under the Immedia EMI Share Option Scheme *(2016: 832,374 shares).* (During 2016 the EBT had sold 27,025 shares from its holding of 832,374 shares to satisfy the exercise of options by staff; repurchasing the same number in the market immediately and leaving its total holding unchanged, at a net cost of £2,913).

Notes *(continued)*

28 Employee benefits *(continued)*

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

At 31 December 2017 Directors' and other employees' share options outstanding were as follows:

	Number of shares during the year					Exercise price	Date from which exercisable	Expiry date
	At start of year	Granted	Exercised	Cancelled or forfeited	At end of year			
T Brookes	348,000	-	-	-	348,000	10p	See note (i) above	See note (i) above
T Brookes	174,000	-	-	-	174,000	10p	See note (ii) above	See note (ii) above
R Penney	177,000	-	-	-	177,000	10p	See note (i) above	See note (i) above
R Penney	88,500	-	-	-	88,500	10p	See note (ii) above	See note (ii) above
C Barker-Benfield	187,000	-	-	-	187,000	10p	See note (i) above	See note (i) above
C Barker-Benfield	93,500	-	-	-	93,500	10p	See note (ii) above	See note (ii) above
Totals	1,068,000	-	-	-	1,068,000			

	2017	2016
Weighted average remaining contractual life of outstanding share options at 31 December	**6.56 years**	7.56 years

29 Contingent liabilities

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

30 Reconciliation of liabilities arising from financing activities – Group

	2016 £	**Cash flows** £	**2017** £
Finance leases	**10,783**	**(3,727)**	**7,056**

Notice of Annual General Meeting

Immedia Group Plc ("the Company")

(Registered in England and Wales under number 04947859)

NOTICE is hereby given that the Annual General Meeting of the Company for the financial year ended 31 December 2017 will be held at the Company's Newbury offices, 7-9 The Broadway, Newbury, Berkshire RG14 1AS at 10 am on 31 May 2018 for the purpose of considering and, if thought fit, passing the following resolutions which in respect of resolutions numbered 1 to 6 (inclusive) will be proposed as ordinary resolutions and which in respect of resolutions numbered 7 to 9 will be proposed as special resolutions.

ORDINARY BUSINESS:
Ordinary Resolutions

1. To receive and adopt the Company's annual accounts for the year ended 31 December 2017 together with the last Directors' report and auditor's report.
2. To receive and approve the Directors' remuneration report for the year ended 31 December 2016.
3. To re-elect Tim Hipperson as a director of the Company, who retires by rotation.
4. To re-elect Simon Leathers as a director of the Company, who retires by rotation.
5. To re-appoint the auditors, Nexia Smith & Williamson.
6. To authorise the Directors to fix the remuneration of the auditors.

SPECIAL BUSINESS:
Special Resolutions

That in substitution for the existing authorities of the Company, the Directors be and they are hereby given the authority and power contained in Article 5 of the Company's Articles of Association for the period ending on the date of the Annual General Meeting in 2019 or the date which is 15 months after the date of the passing of the Resolution, whichever is the earlier and for such period:

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

By Order of the Board

Ross Penney

Ross Penney
Company Secretary

13 April 2018

Registered Office:

7-9 The Broadway
Newbury RG14 1AS

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with a power of attorney or other authority, if any, under which it is executed or a notarially certified copy thereof, must be deposited at the offices of the Company's registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR not less than 48 hours before the time for holding the meeting or the adjourned meeting. A form of proxy is enclosed with this notice.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
4. In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
5. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members registered in the register of Members of the Company as at 6 pm on 23 May 2017 shall be entitled to attend and vote, whether in person or by proxy, at the Annual General Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries in the register of members after 6 pm on 23 May 2017 shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting. If the Annual General Meeting is adjourned, entitlements to attend and vote will be determined by reference to the register of members of the Company 48 hours before the time of the adjourned meeting.
6. Completion and return of the form of proxy will not preclude members from attending or voting in person at the meeting if they so wish.