MediaZest plc

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

(Company No. 05151799)

MediaZest plc

CONTENTS

DIRECTORS AND ADVISERS

DIRECTORS
Lance O'Neill (Non-Executive Chairman)
Geoffrey Robertson (Chief Executive Officer)
James Abdool (Sales Director) (Resigned 31 August 2015)
Andrew Last (Finance Director) (Appointed 9 July 2015 and resigned 31 July 2016)

SECRETARY
Cargil Management Services Limited

REGISTERED OFFICE
Unit 9, Woking Business Park, Albert Drive
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NOMINATED ADVISERS
Northland Capital Partners Limited
60 Gresham Street
London
EC2V 7BB

BROKERS
Hybridan LLP
20 Ironmonger Lane
London
EC2V 8EP

AUDITOR
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
18 – 21 Kings Park Road
Southampton
Hampshire
SO15 2AT

SOLICITORS
Nabarro LLP
Lacon House
Theobald's Road
London WC1X 8RW

PRINCIPAL BANKERS
Lloyds TSB Bank plc
222 Strand
London WC2R 1BB

REGISTRARS
Share Registrars Limited
Craven House
West Street
Farnham
Surrey GU9 7EN

STRATEGIC REPORT

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company operates principally as a holding and investment company and specifically provides support to the subsidiary company in pursuit of the Group's strategy to deliver a one-stop audio, visual, satellite delivery, content management and consumer interaction platform to retailers and brand owners wishing to communicate dynamically with their customers to increase sales and brand awareness.

A review of business developments is given in the Chairman's Statement.

KEY PERFORMANCE INDICATORS

Details of the Group's key performance indicators are given in the Chairman's Statement on page 4.

PRINCIPAL RISKS

Principal non financial risks the directors are monitoring include:

Global Economy – the Group continues to face a risk of reduced levels of business as a result of the current economic environment and the result of the recent EU referendum. Management constantly monitor sales levels, pipeline and margin profitability and continue work to make the administrative cost base more flexible in order to minimise risk as a result of the economic climate. However, whilst there continues to be high levels of uncertainty in both the private and public sectors in which the Group operates, this consequential risk will remain.

Technology obsolescence and supplier reliance – as a leading provider of audio-visual technology, the Group faces risks if it does not gain access to the latest commercial products in its field of operation. As such, a sufficient proportion of management time is dedicated to keeping abreast of latest developments and gaining access to new technology. The Group is a "best practice" supplier with direct relationships with all the major audio-visual manufacturers and hence the directors do not consider there to be an undue risk associated with a lack of supply from any one particular manufacturer.

Principal financial risks the directors are monitoring are set out in Note 25.

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

Geoffrey Robertson
CEO

Date: 10 August 2016

CHAIRMAN'S STATEMENT

Introduction

The results for MediaZest plc (the "Group") for the year ended 31 March 2016 incorporate the results of its subsidiary, MediaZest International Limited, which is wholly owned.

Results for the year and Key Performance Indicators

Turnover for the year was £3,144,000 (2015: £2,483,000), cost of sales was £1,813,000 (2015: £1,686,000) leading to an EBITDA loss of £81,000 (2015: £625,000). The Group made a loss for the year, after taxation, of £248,000 (2015: £656,000) after finance costs of £87,000 (2015: £83,000) and having incurred administrative expenses of £1,352,000 (2015: £1,490,000) excluding the share options charge noted below.

There was a one-off, non-cash income statement charge this year of £139,000 relating to the issue of share options under the MediaZest Group Enterprise Management Incentive Scheme in accordance with International Financial Reporting Standard 2 "Share Based Payment". The Group made a profit at EBITDA level for the first time of £58,000 (2015: loss £625,000) before this one-off non-cash adjustment. The Group loss for the year after taxation, adjusted for this non-cash entry, was £109,000 (2015: £656,000).

The basic loss and diluted loss per share was 0.02p (2015: 0.06p). The Group had cash in hand of £9,000 (2015: £13,000) at the year end and an invoice discounting facility over the debtors of MediaZest International Ltd of which £232,000 (2015: £174,000) was in use at 31 March 2016. As at 31 March 2016, the Group had a limit of £500,000 (2015: £500,000) under the existing invoice discounting facility.

Subsequent to the year end, on 17 May 2016, additional capital was raised via a new equity raising. See the Chairman's Statement below for details.

As at 31 March 2016, the Group also had loans from shareholders of £410,000 (2015: £417,000) and interest on those loans during the year amounted to £39,000 (2015: £29,000). Subsequent to the year end, on 17 May 2016, £50,000 interest was converted to equity via the issue of 33,333,333 new shares.

Business overview

The Group made substantial progress in the year, delivering its best ever financial results.

A maiden positive EBITDA before the IFRS2 share option adjustment, of £58,000 was achieved; the first time the Group has achieved profitability at this level.

This improvement in financial results and move toward underlying profit was achieved through strategic focus on permanent installation work, with accompanying growth in recurring revenues, and continued tight cost control.

Over the last 18 months the Board has increased its emphasis on enhancing quality of revenues by targeting growth by way of recurring revenues. Broadening the services offered has meant that these revenues are now derived from traditional service and maintenance contracts, content creation, audio licensing, and content management as before. However, additional revenue is now attained through ongoing data reporting (from both the Group's own face recognition platform, and an increasing number of touch screen applications the Group has developed for customers), plus software licences associated with content management infrastructure and deployments.

CHAIRMAN'S STATEMENT (continued)

Turnover for the year improved by £661,000 or 26.6% year on year. Highlights included the second Rockar Hyundai deployment, at Westfield Stratford, substantial ongoing installation and development work for Hyundai at other UK dealerships, and a wide variety of instore solutions for Adidas.

The Board believes that the deployment of audio visual systems, such as the Group supplies, is starting to reach a status of much greater acceptance in the retail market as an essential element of store infrastructure. This is driving improvement in results and will continue to do so as the market grows over the coming years.

The Company is in the vanguard of this movement as evidenced by the Group's achievement in winning the Retail Week Digital Store of the Year award for the Hyundai Rockar dealership at Bluewater shopping centre and also the prestigious Flagship of the Year award from Point of Purchase Advertising International ("POPAI").

Ongoing investment in the sales process continues with the New Business Director recruited from Samsung UK now embedded in his role, and a new, lower cost, London sales office which allows for flexibility whilst still providing a highly professional environment for pitch meetings with clients.

Cost control continues to be a focus of the Board, with significant year on year savings achieved following a cost review, including a substantial saving by relocating the premises of the London sales office as noted above.

The combined effect of improved turnover and margins, and reduced administrative expenses resulted in a substantial reduction in loss after tax to £248,000 (2015: £656,000). This loss reduces to £109,000 once the notional (non-cash) charge for the issue of share options is removed.

STRATEGY

The Board continues to have the following policy to maximise revenues and long term value in the company:

- Emphasis on maximising opportunities by concentrating the Group's marketing and sales efforts on acquiring and developing business relationships with large scale customers which have both the desire and potential of rolling out digital signage in multiple locations;
- Improve the Group's recurring revenue streams through different managed service offerings;
- Develop proprietary products such as MediaZest Retail Analytics which can generate intellectual property on the statement of financial position and provide ongoing sustainable revenue streams; and
- Market the Group's 'one stop shop' positioning to a wide range of global retailers in conjunction with existing partners.

This strategy has resulted in good progress over the last 12 months.

CHAIRMAN'S STATEMENT (continued)

Refinements during the year have included adding recurring revenues from data reporting services and content management licences. A key trend in retail the Group has seen, and capitalised upon, has been the development of touchscreen driven customer experiences allowing the consumer to browse, learn about and interact with our clients' products. MediaZest is able to design, program, deploy, support and update content on these systems using our in-house team.

The Group has added an additional revenue stream by providing reporting and analytical services in respect of the working of these systems. The Group further assists clients by way of content analysis and display refinement. On top of this, regular daily or weekly reporting from the MediaZest Retail Analytics system also provides a data driven source of revenue.

This element of strategy is also feeding into wider discussions with clients and potential partners about Internet of Things in retail. With expectations that the number of connected devices producing data for retailers will grow rapidly in coming years, digital signage and the Group's touchscreen and face recognition solutions are perfectly placed to capitalise on this movement.

FUNDRAISING DURING THE PERIOD

With the improvement in financial results, the Company did not require a fundraising event in the financial year.

However, subsequent to the year end, the Board moved in advance of the EU referendum vote to add to working capital funds with a successful placing of 166,666,800 shares at 0.15p per share to raise £250,000 before expenses on 11 May 2016.

The shares were admitted to trading on AIM in June 2016.

In addition, £50,000 of the outstanding interest due on shareholder loans was also converted to 33,333,333 shares at the same price.

During the year the Group issued share options to employees in order to align further with shareholder interests and provide additional incentives over Group performance whilst maintaining close control over wages. Full details are provided in Note 27. Under International Financial Reporting Standards, whilst this has no cash implications, it generates a charge to the income statement. As this impacts financial performance it has been highlighted as a line item in the report below.

PRODUCT DEVELOPMENT

The Group has previously announced the development of its own audience measurement product utilising a facial recognition algorithm to provide highly accurate and relevant footfall and demographics data for retailers. Three live sites are in operation, with a fourth expected in Autumn 2016.

The product is performing as expected but requires significant investment from the client, at a time when such technology is in its infancy. This is making larger scale deployment slower than anticipated but the Board expect that as the "Internet of Things" gains momentum in retail and data becomes an ever more necessary component of retailer metrics, this platform will achieve wider adoption with significant opportunities for the Group.

To help overcome the investment hurdle, the Board are investigating offering this product to potential clients on a Software-as-a-Service ("SaaS") model.

CHAIRMAN'S STATEMENT (continued)

KEY PROJECTS

Key projects undertaken during the year were as follows:

1. In early December the Group completed the second Hyundai Rockar dealership at the Westfield Stratford shopping centre. Operating in the same way as their highly successful dealership at Bluewater, the new showroom features five large scale videowalls, each of nine screens, and fourteen interactive touchscreens allowing customers to purchase their chosen car. The Group was responsible for system specification, build and installation works including in store audio and content management with ongoing support and maintenance contracts in place.

2. The Group continued to provide other services to Hyundai on projects outside of the Rockar deployments, and building on the digital success of that model. This has included deployment of, and ongoing support and content management for, over 50 other dealerships as part of an ongoing programme.

3. The Group began working with Specsavers Limited in Winter 2015. Initial engagement was to design, produce and deliver a Smart Store concept for the annual Partners Conference in Birmingham on 28 November 2015 in collaboration with Specsavers key stakeholders. Following this successful event the solutions provided have been installed in Head Office and the Company is in negotiations on further projects.

4. Since April 2015 the Group has again been working with Adidas. Having previously worked with the company for a small number of short-term promotional campaigns around the 2012 Olympics, the Group is now working with Adidas again on an ongoing basis. This has led to multiple deployments in the UK at high profile sites including flagship JD Sports stores, Topshop Oxford Street and Harrods, as well as several smaller deployments in Europe.

5. During the year, the Group provided system design and installation services to four Post Office 'branches of the future' as the client looks to implement digital solutions in branch to assist customer retention, queue 'busting' and product upsell.

6. Other new clients included Mamas and Papas, and Diesel, whilst work continued with new projects and ongoing support for existing clients such as Ted Baker, HMV, Kuoni, Samsung, Debenhams and Liberty.

7. The Group continued a large education based project in excess of £150,000 at the University of London.

8. Corporate work developed well with ongoing engagement with Pfizer, ETC Venues and Churchill Retirement Homes.

The new financial year has begun strongly with new business engagements in the corporate and retail world, including further work for Mamas and Papas, HMV, Kuoni, O2 and Rockar.

CHAIRMAN'S STATEMENT (continued)

BOARD APPOINTMENTS AND RESIGNATIONS

On 9 July 2015, the Board appointed Andy Last ACA as Finance Director of both MediaZest Plc and MediaZest International Ltd. Andy Last subsequently resigned from the Board on 31 July 2016 and left the Group on 5 August 2016.

A new Finance Director joined the Group on 3 August 2016 and will be officially announced when the statutory appointment is made.

James Abdool, Group Sales Director, resigned from the Board on 31 August 2015 and left on 30 September 2015.

Outlook

The Group has made good commercial and financial progress in the last 12 months, although it acknowledges there is still work to be done to realise its full potential. The new financial year has started positively with several significant new projects already won.

The growth in recurring revenue gives the business a much stronger base to begin the financial year than in previous years.

The Board is looking to build on the underlying positive EBITDA achieved this financial year and deliver bottom line profit after tax for the first time in FY2017.

Pipeline opportunities are stronger than ever before and across a wide range of clients, including two large potential roll out projects tentatively scheduled for the second half of this calendar year / first half of calendar year 2017. The consummation of either one of these projects would potentially have a transformational effect upon the business. Whilst these opportunities are being pursued, ongoing business with other customers continues to be prioritised and the Board believes these projects will by themselves lead to further improvement in financial results.

Lance O'Neill
Chairman

Date: 10 August 2016

DIRECTORS' REPORT

The directors present their report and the audited financial statements of MediaZest plc (the "Company", and collectively with the subsidiary company, the "Group") for the year ended 31 March 2016 and the comparative year ended 31 March 2015. The consolidated financial results of the Group include the results of its subsidiary company, which is wholly owned.

Directors during the year were:
Lance O'Neill
Geoffrey Robertson
James Abdool (Resigned 31 August 2015)
Andrew Last (Appointed 9 July 2015 and resigned 31 July 2016)

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £248,000 (2015: £656,000).

The directors do not recommend the payment of a dividend (2015: £nil).

FINANCIAL RISK MANAGEMENT

Details of the Group's financial instruments and its policies with regards to financial risk management are given in Note 25 to the financial statements.

DISCLOSURE OF INFORMATION TO THE AUDITORS

In the case of each person who was a director at the time this report was approved:

- so far as that director was aware there was no relevant available information of which the company's auditors were unaware; and

- that director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditors were aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

FUTURE DEVELOPMENTS

The likely future developments of the Group are outlined in the Chairman's Statement.

POST BALANCE SHEET EVENTS

On 17 May 2016, 166,666,800 shares were issued at a price of 0.15p per share, generating £250,000 before costs. In addition, on the same date, 33,333,333 shares were issued at a price of 0.15p per share to City And Claremont Capital Assets Ltd to convert £50,000 of accrued loan interest to equity.

AUDITOR

Nexia Smith & Williamson have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the next Annual General Meeting.

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

Geoffrey Robertson
CEO

Date: 10 August 2016

CORPORATE GOVERNANCE

The Company's ordinary shares are traded on AIM and the Group is therefore not formally required to comply with the principles of the UK Corporate Governance Code. The Board is committed to high standards of corporate governance and sets out below details of how it has applied those principles of the Code appropriate to the Group's circumstances.

BOARD STRUCTURE

At the end of the year the Board comprised two full time executive directors and one non-executive director.

To enable the Board to function effectively, full and timely access is given to all information.

The Board is structured so that all directors have input to provide a balance to decision making.

The executive directors are engaged under a service contract and the non-executive director under a letter of appointment. In accordance with the Company's memorandum and articles of association each director shall retire from office at the third general meeting after that at which he was elected and may offer himself for reappointment.

The Board aims to meet once a month and has a schedule of matters reserved for it, including, but not limited to, operational and financial performance.

Any training that individual directors feel is necessary in fulfilling their duties is available and all directors have access to independent advice if necessary.

REMUNERATION COMMITTEE

Under the Chairmanship of Lance O'Neill, the Remuneration Committee determines the remuneration and contractual arrangements of individual executive and non-executive directors. The Board's report on directors' remuneration appears on page 13. The members of the Committee that served during the year were:

Lance O'Neill (Chairman)
Geoffrey Robertson
Andrew Last (Appointed 9 July 2015 and resigned 31 July 2016)

AUDIT COMMITTEE

Under the Chairmanship of Lance O'Neill, the duties of the Audit Committee currently cover a review of the Group's financial reporting. The Committee's role is to review, on behalf of the Board, the annual report and financial statements and the interim report. The Committee focuses on reviewing any changes in accounting policy, major areas of judgement and estimates and compliance with accounting principles and regulatory requirements. The members of the Committee that served during the year were:

Lance O'Neill (Chairman)
Geoffrey Robertson
Andrew Last (Appointed 9 July 2015 and resigned 31 July 2016)

CORPORATE GOVERNANCE (Continued)

RELATIONS WITH SHAREHOLDERS

The Group places importance on communication with its shareholders. Additional copies of the annual report are available to all shareholders on request and to other parties who have an interest in the Group's performance. All shareholders have the opportunity to raise questions at the Company's Annual General Meeting.

INTERNAL FINANCIAL CONTROL

The Board is responsible for establishing and maintaining the Group's system of internal financial control and places importance on maintaining a strong control environment. The directors have established the following key procedures with a view to providing effective financial control:

- the Group's organisational structure has clear lines of responsibility.
- monthly results are reviewed and the directors closely review significant items.
- the Board is responsible for identifying the major business risks faced by the Group and for determining the appropriate courses of action to manage those risks.
- the executive directors are closely involved in the day-to-day supervision of the business.

The directors recognise, however, that any such system of internal financial control can only provide reasonable, but not absolute, assurance against material misstatement or loss.

REPORT ON DIRECTORS' REMUNERATION

The Remuneration Committee fixes the remuneration of the executive and non-executive directors.

SERVICE CONTRACTS

At the year end the full time executive directors were engaged under a service contract and the non-executive director under a letter of appointment both terminable by either party on six months notice.

SHARE OPTIONS

The Board adopted a share option scheme on 19 April 2006 which was updated on 22 September 2015. Effective 1 October 2015, the company authorised the issue of 130,010,000 share options at an exercise price of £0.0035 per share with a vesting period of six months. On 1 October 2015, 128,690,000 share options were issued with a further 440,000 share options issued on 6 January 2016. A further 880,000 share options remain to be issued.

DIRECTORS' REMUNERATION

The directors' remuneration information is set out in note 6 to the financial statements.

By order of the Board

Geoffrey Robertson
CEO

Date: 10 August 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year.

Under that law the directors have elected to prepare the financial statements in accordance with 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.

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 of the company and of the group and of the profit or loss of the group for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business;
- make judgments and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS's as adopted by the European Union.

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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDIAZEST PLC

We have audited the financial statements of MediaZest plc for the year ended 31 March 2016 which comprise the Consolidated Statement of 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 related notes 1 to 29. 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 company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2016 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDIAZEST PLC (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the 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.

Christopher Appleton
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

18 – 21 Kings Park Road
Southampton
Hampshire
SO15 2AT

Date: 11 August 2016

MediaZest plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 £'000	2015 £'000
Continuing operations			
Revenue	**3**	3,144	2,483
Cost of sales		(1,813)	(1,686)
Gross profit		1,331	797
Administrative expenses		(1,273)	(1,422)
Share based payment charge		(139)	-
EBITDA		(81)	(625)
Administrative expenses – depreciation & amortisation		(79)	(68)
Operating loss	**4**	(160)	(693)
Finance costs	**7**	(87)	(83)
Loss on ordinary activities before taxation		(247)	(776)
Tax on loss on ordinary activities	**8**	(1)	120
Loss for the year and total comprehensive loss for the year attributable to the owners of the parent		(248)	(656)
Loss per ordinary 0.1p share			
Basic	**10**	(0.02p)	(0.06p)
Diluted	**10**	(0.02p)	(0.06p)

MediaZest plc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

(Company No. 05151799)

	Note	2016	2015
		£'000	£'000
Non-current assets			
Goodwill	**11**	2,772	2,772
Tangible fixed assets	**12**	78	122
Intangible fixed assets	**13**	39	49
Total non-current assets		2,889	2,943
Current assets			
Inventories	**15**	68	87
Trade and other receivables	**16**	353	588
Cash and cash equivalents		9	13
Total current assets		430	688
Current liabilities			
Trade and other payables	**17**	(944)	(1,190)
Financial liabilities	**18**	(452)	(433)
Total current liabilities		(1,396)	(1,623)
Net current liabilities		(966)	(935)
Non-current liabilities			
Financial liabilities	**18**	(57)	(33)
Total non-current liabilities		(57)	(33)
Net assets		1,866	1,975
Equity			
Share capital	**19**	3,299	3,299
Share premium account		5,138	5,138
Share options reserve		146	7
Retained earnings		(6,717)	(6,469)
Total equity		1,866	1,975

The financial statements were approved and authorised for issue by the Board of Directors on 10 August 2016 and were signed on its behalf by:

Geoffrey Robertson
CEO

MediaZest plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Share Capital £'000	Share Premium £'000	Share Options Reserve £'000	Retained Earnings £'000	**Total Equity £'000**
Balance at 1 April 2014	3,174	4,871	7	(5,813)	**2,239**
Loss for the year	-	-	-	(656)	**(656)**
Total comprehensive loss for the year	-	-	-	(656)	**(656)**
Issue of share capital	125	313	-	-	**438**
Share issue costs	-	(46)	-	-	**(46)**
Balance at 31 March 2015	3,299	5,138	7	(6,469)	**1,975**
Loss for the year	-	-	-	(248)	**(248)**
Share based payment charge	-	-	139	-	**139**
Total comprehensive loss for the year	-	-	139	(248)	**(109)**
Issue of share capital	-	-	-	-	**-**
Share issue costs	-	-	-	-	**-**
Balance at 31 March 2016	3,299	5,138	146	(6,717)	**1,866**

MediaZest plc

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 £'000	2015 £'000
Net cash used in operating activities	**21**	(103)	(483)
Taxation		111	-
Cash flows used in investing activities			
Purchase of plant and machinery		(26)	(117)
Disposal of plant and machinery		14	3
Purchase of intellectual property		(14)	(61)
Purchase of leasehold improvements		-	(4)
Net cash used in investing activities		(26)	(179)
Cash flow from financing activities			
Other loans		50	49
Shareholder loan (repayments) / receipts		(7)	217
Interest paid		(87)	(83)
Proceeds of share issue		-	438
Share issue costs		-	(46)
Net cash (used in) / generated from financing activities		(44)	575
Net decrease in cash and cash equivalents		(62)	(87)
Cash and cash equivalents at beginning of year		(161)	(74)
Cash and cash equivalents at end of the year	**20**	(223)	(161)

MediaZest plc

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

(Company No. 05151799)

	Note	2016 £'000	2015 £'000
Non-current assets			
Investments	**14**	3,046	2,963
Current assets			
Trade and other receivables	**16**	4	134
Cash and cash equivalents		-	-
Total current assets		4	134
Current liabilities			
Trade and other payables	**17**	(246)	(116)
Financial liabilities	**18**	(410)	(417)
Total current liabilities		(656)	(533)
Net current liabilities		(652)	(399)
Net assets		2,394	2,564
Equity			
Share capital	**19**	3,299	3,299
Share premium account		5,138	5,138
Share options reserve		146	7
Retained earnings		(6,189)	(5,880)
Total equity		2,394	2,564

The financial statements were approved and authorised for issue by the Board of Directors on 10 August 2016 and were signed on its behalf by:

Geoffrey Robertson
CEO

MediaZest plc

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Share Capital £'000	Share Premium £'000	Share Options Reserves £'000	Retained Earnings £'000	**Total Equity £'000**
Balance at 1 April 2014	3,174	4,871	7	(5,467)	**2,585**
Loss for the year	-	-	-	(413)	**(413)**
Total comprehensive loss for the year	-	-	-	(413)	**(413)**
Issue of share capital	125	313	-	-	**438**
Share issue costs	-	(46)	-	-	**(46)**
Balance at 31 March 2015	3,299	5,138	7	(5,880)	**2,564**
Loss for the year	-	-	-	(309)	**(309)**
Total comprehensive loss for the year	-	-	-	(309)	**(309)**
Issue of share capital	-	-	-	-	**-**
Share issue costs	-	-	-	-	**-**
Share based payment charge	-	-	139	-	**139**
Balance at 31 March 2016	3,299	5,138	146	(6,189)	**2,394**

MediaZest plc

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 £'000	2015 £'000
Net cash used in operating activities	**21**	(262)	(344)
Cash flows from financing activities			
Shareholder loan (repayments) / receipts		(7)	217
Net receipts from / (payments to) group companies		323	(227)
Interest paid		(54)	(47)
Proceeds of share issue		-	438
Share issue costs		-	(46)
Net cash generated from financing activities		262	335
Net decrease in cash and cash equivalents		-	(9)
Cash and cash equivalents at beginning of year		-	9
Cash and cash equivalents at end of year	**20**	-	-

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year covered by these financial statements.

MediaZest plc is a company domiciled and incorporated in the United Kingdom and principal place of business is 9 Woking Business Park, Albert Drive, Woking, Surrey GU21 5JY.

Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) 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. The financial statements have been prepared under the historic cost convention unless otherwise stated.

Going concern

The directors have carefully considered the going concern assumption on the basis of financial projections and the factors outlined below.

The directors have considered financial projections based upon known future invoicing, existing contracts, pipeline of new business and the increasing number of opportunities it is currently working on, particularly in the retail sector.

In addition, these forecasts have been considered in light of the ongoing economic difficulties in the global economy and the result of the recent EU referendum, previous experience of the markets in which the company operates and the seasonal nature of those markets, as well as the likely impact of ongoing reductions to public sector spending. These forecasts indicate that the company will generate sufficient cash resources to meet its liabilities as they fall due over the 12 month period from the date of the approval of the accounts.

The directors have obtained a letter of support from a shareholder who has provided a loan to the Group totalling £250,000 at 31 March 2016 (2015: £250,000) stating that they will not call for repayment of the loan within the 12 months from the date of approval of these financial statements or, if earlier, until the Group has sufficient funds to do so.

As a result the directors consider that it is appropriate to draw up the accounts on a going concern basis. Accordingly, no adjustments have been made to reflect any write downs or provisions that would be necessary should the Group prove not to be a going concern, including further provisions for impairment to goodwill and investments in Group companies.

New standards and interpretations

There were no new standards and interpretations affecting the 31 March 2016 financial statements.

Note 28 contains a list as at the date of authorisation of these financial statements of Standards and Interpretations which have not been applied in these financial statements and were in issue but not yet mandatorily effective. The directors do not anticipate that the adoption of these statements and interpretations will have a material impact on the Group’s financial statements in the year of initial application.

1. ACCOUNTING POLICIES (Continued)

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) prepared to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sales of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the statement of financial position date;
- servicing fees included in the price of product sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold;
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred; and
- maintenance revenue is recognised evenly over the period of the contract.

1. ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profits for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised on the difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

1. ACCOUNTING POLICIES (Continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Investments

Investments in subsidiaries are stated at cost less any provision for impairment.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statement of comprehensive income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. Depreciation is provided to write off the cost less estimated residual value in equal annual instalments over the estimated useful economic lives of the assets. The estimated useful economic lives are as follows:

Leasehold improvements	-	original lease term
Plant and machinery	-	three years

Intangible fixed assets

Intangible fixed assets are stated at cost less amortisation. Amortisation is provided to write off the cost less estimated residual value in equal annual instalments over the estimated useful economic lives of the assets. The estimated useful economic lives are as follows:

Intellectual property	-	three years

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable direct labour costs, and other costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price, less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

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

1. ACCOUNTING POLICIES (Continued)

Financial assets

Cash and cash equivalents include cash at bank, bank overdraft and the invoice discounting facility.

Loans and receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate except for short term receivables, when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets other than those at fair value are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the original recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1. ACCOUNTING POLICIES (Continued)

Financial liabilities

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities are retranslated at the year-end rate. Exchange differences are taken to operating profit.

Pension scheme

The Group makes payments to certain employees' personal pension schemes. Costs incurred during the year are charged to the statement of comprehensive income as they fall due.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

Share based payments

The Company 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.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses during the reported year.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The most significant judgements relate to the going concern assumption (note 1) and to the non-recognition of deferred tax assets (Note 8).

Key sources of estimation uncertainty

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value and no provision for impairment was made in the year.

The carrying value of goodwill as at 31 March 2016 was £2,772,000 (2015: £2,772,000) – see Note 11.

Impairment of investments

Determining whether investments are impaired requires an estimation of the value in use of the cash generating units to which investments have been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value.

Investments in subsidiaries held as fixed assets are stated at cost less provision for any impairment and have a carrying value as at 31 March 2016 of £3,046,000 (2015: £2,963,000) – see Note 14.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Share based payments

In determining the fair value of equity settled share based payments and the related charge to the statement of comprehensive income, the Group makes assumptions about the future events and market conditions. Such assumptions reflect market expectations and advice taken from qualified personnel. Further details can be found in Note 27 (Share Based Payments).

3. SEGMENTAL INFORMATION

Revenue for the year can be analysed by customer location as follows:

	2016 £'000	2015 £'000
UK and Channel Islands	3,001	2,428
Rest of Europe	112	29
Rest of World	31	26
	3,144	2,483

Revenue for the year can be analysed between goods and services as follows:

	2016 £'000	2015 £'000
Goods and services	2,851	2,359
Service and maintenance	293	124
	3,144	2,483

Segmental information and results

The Chief Operating Decision Maker (‘CODM’), who is responsible for the allocation of resources and assessing performance of the operating segments, has been identified as the Board. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Board. The Group’s reportable segments and their activities are listed below:

The Project Division supplies goods and installs AV equipment to a variety of clients in both the public and private sectors.

The Service/Maintenance Division provides services in the form of both proactive and reactive service visits, remote diagnostics, equipment repairs and content management to a variety of clients in both the public and private sectors.

The MediaZest Ventures Division covers the supply and installation of AV equipment to blue chip clients mainly within the retail sector.

NOTES TO THE FINANCIAL STATEMENTS

3. SEGMENTAL INFORMATION (Continued)

Segmental information and results (continued)

	2016				
	Project Division	Service and Maintenance Division	MediaZest Ventures Division	Unallocated	Total
	£'000	£'000	£'000	£'000	£'000
Continuing operations					
UK and Channel Islands	853	293	1,855	-	3,001
Rest of Europe	7	-	105	-	112
Rest of World	-	-	31	-	31
Revenue	860	293	1,991	-	3,144
Cost of sales	(632)	(8)	(1,173)	-	(1,813)
Gross profit	228	285	818	-	1,331
Administrative expenses	(253)	(33)	(415)	(711)	(1,412)
EBITDA	(25)	252	403	(711)	(81)
Depreciation	-	-	-	(79)	(79)
Operating (loss) / profit	(25)	252	403	(790)	(160)
Finance costs	-	-	-	(87)	(87)
(Loss) / profit on ordinary activities before taxation	(25)	252	403	(877)	(247)
Tax on loss on ordinary activities	-	-	-	(1)	(1)
(Loss) / profit on ordinary activities after taxation	(25)	252	403	(878)	(248)

NOTES TO THE FINANCIAL STATEMENTS

3. SEGMENTAL INFORMATION (Continued)

Segmental information and results (continued)

	2015				
	Project Division	Service and Maintenance Division	MediaZest Ventures Division	Unallocated	Total
	£'000	£'000	£'000	£'000	£'000
Continuing operations					
UK and Channel Islands	1,317	124	987	-	2,428
Rest of Europe	-	-	29	-	29
Rest of World	-	-	26	-	26
Revenue	1,317	124	1,042	-	2,483
Cost of sales	(923)	(27)	(736)	-	(1,686)
Gross profit	394	97	306	-	797
Administrative expenses	(511)	(34)	(265)	(612)	(1,422)
EBITDA	(117)	63	41	(612)	(1,422)
Depreciation	-	-	-	(68)	(68)
Operating (loss)/profit	(117)	63	41	(680)	(693)
Finance costs	-	-	-	(83)	(83)
(Loss)/profit on ordinary activities before taxation	(117)	63	41	(763)	(776)
Tax on loss on ordinary activities	-	-	-	120	120
(Loss)/profit on ordinary activities after taxation	(117)	63	41	(643)	(656)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit / (loss) represents the profit / (loss) of each segment without the allocation of corporate and head office costs and finance costs as reported to the Board.

Segment information in relation to assets and liabilities is not provided to the CODM.

The Group does not rely on any individual client – the following revenues arose from sales to the Group's largest client.

	2016	2015
	£'000	£'000
Goods and services	751	414
Service and maintenance	109	15
	860	429

NOTES TO THE FINANCIAL STATEMENTS

4. OPERATING LOSS

	2016 £'000	2015 £'000
This is stated after charging/(crediting):		
Depreciation of owned tangible assets	32	38
Amortisation of intangible assets	24	12
Depreciation of assets held under hire purchase agreements	23	18
Pension contributions	5	5
Operating lease rentals paid:		
- land and buildings	69	165
- other	1	1

5. AUDITOR'S REMUNERATION

	2016 £'000	2015 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	15	12
The audit of the Company's subsidiary	6	6

6. STAFF COSTS

Staff costs during the year	2016 £'000	2015 £'000
Wages and salaries	760	712
Social security costs	82	80
Share based payment charge	139	-
Pension	5	5
	986	797

Average number of employees	2016 Number	2015 Number
Management	4	4
Other	13	12
	17	16

6. STAFF COSTS (Continued)

Director's emoluments	2016 £'000	2015 £'000	Unexercised share options at 15p	Unexercised share options at 0.35p
Geoffrey Robertson	100	100	133,333	50,320,000
James Abdool	43	110	-	13,130,000
Lance O'Neill	50	50	-	26,260,000
Andrew Last	60	-	-	6,560,000

7. FINANCE COSTS

	2016 £'000	2015 £'000
Bank loan interest and charges	22	13
Other loan interest	65	70
	87	83

8. TAXATION

	2016 £'000	2015 £'000
Current tax	(8)	(50)
Current tax – prior years	9	(70)
Deferred tax	-	-
Total tax charge / (credit) for the year	1	(120)

The difference between the total tax credit shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2016 £'000	2015 £'000
Loss before taxation	(247)	(776)
Tax on loss on ordinary activities at standard UK corporation tax rate of 20% (2015: 21%)	(49)	(163)
Effects of:		
Expenses not allowable for taxation	18	-
Prior year over provision of corporation tax	9	(70)
R&D taxation relief	(40)	(40)
Losses carried forward	63	153
Total tax charge / (credit) for the year	1	(120)

8. TAXATION (Continued)

A potential deferred tax asset of £2,594,000 (2015: £2,556,000) in respect of the following (calculated at the corporate tax rate of 18% / 20%) has not been provided for on the basis that there is insufficient certainty over the date that they will be utilised.

	2015 £'000	2015 £'000
Losses carried forward	14,290	12,644
Net fixed asset timing differences (ACA)	117	126
Short term timing differences	5	8
	14,412	12,778

Future tax developments

The main rate of corporation tax decreased to 20% on 1 April 2015.

Finance (No. 2) Act 2015 includes legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. Finance (No. 2) Bill 2016 includes proposed legislation to reduce the mainstream rate of corporation tax to 17% in April 2020.

The impact of the changes will be reflected once the relevant legislation has been substantively enacted.

9. RESULTS ATTRIBUTED TO MEDIAZEST PLC

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements. The Company's loss for the year was £309,000 (2015: £413,000).

10. LOSS PER ORDINARY SHARE

	2016 £'000	2015 £'000
Losses		
Losses for the purposes of basic and diluted earnings per share being net loss attributable to equity shareholders	248	656

	2016 Number	2015 Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,039,757,641	942,729,036
Number of dilutive shares under option or warrant	-	-

10. LOSS PER ORDINARY SHARE (Continued)

	2016 £'000	2015 £'000
Weighted average number of ordinary shares for the purposes of dilutive loss per share	1,039,757,641	942,729,036

Basic loss per share is calculated by dividing the loss attributed to ordinary shareholders of £248,000 (2015: £656,000) by the weighted average number of shares during the year of 1,039,757,641 (2015: 942,729,036).

The diluted loss per share is identical to that used for basic loss per share as the exercise of warrants and options would have the effect of reducing the loss per share and therefore is anti-dilutive.

11. GOODWILL

	2016 £'000	2015 £'000
Net book value	2,772	2,772

Goodwill acquired in a business combination is allocated at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill has been historically allocated as follows:

	2016 £'000	2015 £'000
MediaZest Ventures	113	113
Project and services division	2,659	2,659
	2,772	2,772

The group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct selling costs during the year.

Management has estimated a discount rate of 12.5% (2015: 12.5%) using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on recent historical data, future opportunities and orders placed. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management and extrapolates cash flows for a total period of five years based on estimated growth rates that do not exceed the average long term growth rate for the relevant markets. For accounting purposes, management has estimated that long term growth rates are assumed to be 3% (2015: 3%), although they believe the Group has the potential for much greater growth.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements £'000	Plant and Machinery £'000	Total £'000
Cost			
At 1 April 2015	50	262	312
Additions	-	26	26
Disposals	(43)	(58)	(101)
At 31 March 2016	7	230	237
Depreciation			
At 1 April 2015	45	145	190
Provided during the year	2	53	55
Disposals	(43)	(43)	(86)
At 31 March 2016	4	155	159
Net Book Value			
At 31 March 2016	3	75	78

Included within Plant and Machinery are assets held under hire purchase agreements with a total net book value of £35,000 (2015: £29,000).

	Leasehold Improvements £'000	Plant and Machinery £'000	Total £'000
Cost			
At 1 April 2014	46	148	194
Additions	4	117	121
Disposals	-	(3)	(3)
At 31 March 2015	50	262	312
Depreciation			
At 1 April 2014	44	90	134
Provided during the year	1	55	56
Disposals	-	-	-
At 31 March 2015	45	145	190
Net Book Value			
At 31 March 2015	5	117	122

13. INTANGIBLE FIXED ASSETS

	Intellectual Property £'000	Total £'000
Cost		
At 1 April 2015	61	61
Additions	14	14
Disposals	-	-
At 31 March 2016	75	75
Depreciation		
At 1 April 2015	12	12
Provided during the year	24	24
Disposals	-	-
At 31 March 2016	36	36
Net Book Value		
At 31 March 2016	39	39

	Intellectual Property £'000	Total £'000
Cost		
At 1 April 2014	-	-
Additions	61	61
Disposals	-	-
At 31 March 2015	61	61
Depreciation		
At 1 April 2014	-	-
Provided during the year	12	12
Disposals	-	-
At 31 March 2015	12	12
Net Book Value		
At 31 March 2015	49	49

14. INVESTMENTS IN SUBSIDIARIES

Investments	Shares in group undertakings £'000	Loans to group undertakings £'000	Total £'000
Cost			
At 1 April 2015	2,963	969	3,932
Additions	83	-	83
At 31 March 2016	3,046	969	4,015
Provision for impairment			
At 1 April 2015	-	969	969
Release of provision	-	-	-
At 31 March 2016	-	969	969
Net Book Value			
At 31 March 2016	3,046	-	3,046

The addition in the year is the result of an IFRS 2 Share Based Payment charge relating to employees of the subsidiary company issued with share options in Mediazest plc.

Investments	Shares in group undertakings £'000	Loans to group undertakings £'000	Total £'000
Cost			
At 1 April 2014	2,963	969	3,932
Repayment of loans to group undertakings	-	-	-
At 31 March 2015	2,963	969	3,932
Provision for impairment			
At 1 April 2014	-	969	969
Release of provision	-	-	-
At 31 March 2015	-	969	969
Net Book Value			
At 31 March 2015	2,963	-	2,963

At 31 March 2016 the Company held the following interests in unlisted subsidiary undertakings:

Name of company	Country of incorporation	Proportion held	Business
MediaZest International Ltd	UK	100%	Audio Visual Supply & Installation

15. INVENTORIES

	2016 £'000	2015 £'000
Finished Goods	68	87

The cost of inventories recognised as an expense and included within cost of sales amounted to £1,792,000 (2015: £1,594,000).

During the year the Group made a provision against slow moving stock of £6,000 (2015: £12,000).

16. TRADE AND OTHER RECEIVABLES

	The Group 2016 £'000	The Group 2015 £'000	The Company 2016 £'000	The Company 2015 £'000
Trade receivables	301	410	-	-
Amounts owed from group company	-	-	-	125
Other receivables	7	6	-	4
Corporation tax repayable	8	120	-	-
Prepayments and accrued income	37	52	4	5
	353	588	4	134

The Group and Company's credit risk is primarily attributable to its trade and other receivables. Based on prior experience and an assessment of the current economic environment, the directors have considered any provision for irrecoverable amounts that was required and consider that the carrying amount of these assets approximates their fair value.

The table below shows the ageing of trade receivables that are past due but not impaired

	2016 £'000	2015 £'000
31 – 60 days	30	34
61 – 90 days	-	31
91 + days	2	8
	32	73

NOTES TO THE FINANCIAL STATEMENTS

17. TRADE AND OTHER PAYABLES

	The Group 2016 £'000	The Group 2015 £'000	The Company 2016 £'000	The Company 2015 £'000
Trade payables	376	530	40	108
Amount owed to group company	-	-	198	-
Invoice discounting facility	232	174	-	-
Other payables	23	80	-	-
Other taxes and social security payables	50	88	-	-
Accruals and deferred income	263	318	8	8
	944	1,190	246	116

The directors consider that the carrying amount of trade and other payables approximates to their fair value and the Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

At the year end the Group had an invoice discounting facility of up to £500,000 of which there were £232,000 (2015: £174,000) of funds in use. This facility is provided through the wholly owned subsidiary MediaZest International Ltd and is secured under an existing all assets debenture.

18. FINANCIAL LIABILITIES

Current	The Group 2016 £'000	The Group 2015 £'000	The Company 2016 £'000	The Company 2015 £'000
Shareholder loans	410	417	410	417
Hire purchase liabilities	22	16	-	-
Bank loan	20	-	-	-
	452	433	410	417

Current shareholder loan interest rates are fixed at 10% - 15% pa (2015: 10% - 15%).

Non-current	The Group 2016 £'000	The Group 2015 £'000	The Company 2016 £'000	The Company 2015 £'000
Hire purchase liabilities	30	33	-	-
Bank loan	27	-	-	-
	57	33	-	-

The carrying value of the shareholder loans is equal to the fair value of the loans.

19. CALLED UP SHARE CAPITAL

	2016 Number of shares	2016 £'000	2015 Number of shares	2015 £'000
Allotted, called up and fully paid				
Ordinary shares of 0.1 pence	1,039,757,641	1,040	1,039,757,641	1,040
Deferred shares of 9.9 pence	22,825,327	2,259	22,825,327	2,259
Total	1,062,582,968	3,299	1,062,582,968	3,299

Each ordinary share carries the right to one vote at company meetings, equal rights in any ordinary dividend declaration and equal rights in the distribution of any surplus due to ordinary shareholders upon a winding up.

The deferred shares do not carry voting or dividend rights and deferred shareholders are only entitled to payment on winding up after the ordinary shareholders have received a payment of £1,000,000 on each ordinary share in issue.

20. CASH AND CASH EQUIVALENTS

	The Group 2016 £'000	The Group 2015 £'000	The Company 2016 £'000	The Company 2015 £'000
Cash held at bank	9	13	-	-
Invoice discounting facility	(232)	(174)	-	-
	(223)	(161)	-	-

21. CASH USED IN OPERATIONS

	The Group 2016 £'000	The Group 2015 £'000	The Company 2016 £'000	The Company 2015 £'000
Operating loss	(160)	(693)	(255)	(367)
Depreciation / amortisation charge	79	68	-	-
Decrease in inventories	19	8	-	-
Increase / (decrease) in payables	(303)	(186)	(68)	13
(Increase) / decrease in receivables	123	320	5	10
Share based payment charge	139	-	56	-
Net cash outflow from operating activities	(103)	(483)	(262)	(344)

22. LEASING COMMITMENTS

The Group has commitments under non-cancellable operating leases for which payments extend over a number of years as follows:

	2016		2015	
	Land and Buildings	Other	Land and Buildings	Other
	£'000	£'000	£'000	£'000
Due				
- within one year	31	2	45	2
- within two to five years	-	3	19	5
- after five years	-	-	-	-
	31	5	64	7

23. CAPITAL COMMITMENTS – GROUP & COMPANY

There were no capital commitments at 31 March 2016 (2015: £nil).

24. CONTINGENT LIABILITIES

The Group had no contingent liabilities at 31 March 2016 (2015: £nil).

The Company has an unlimited corporate guarantee in favour of RBS Invoice Finance to discharge, on demand, the obligations of MediaZest International Ltd with interest from the date of demand. Details of the outstanding balances can be found in Note 17.

25. FINANCIAL INSTRUMENTS

The Group and Company's financial instruments comprise cash and cash equivalents, shareholder loans, invoice discounting facility, bank loan and items such as trade payables and trade receivables which arise directly from its operations. The main purpose of these financial instruments is to facilitate the Group's operations.

The Group's operations expose it to a variety of financial risks including credit risk, liquidity risk, interest rate risk and foreign currency exchange rate risk. Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Group's finance department.

Shareholder loans (Group and Company)

Included within current liabilities are loans of £410,000 (2015: £417,000) owed to shareholders, interest rates are fixed at 10% - 15% pa (2015: 10% - 15%).

25. FINANCIAL INSTRUMENTS (Continued)

Credit risk

The Group and Company's credit risk is primarily attributable to its trade receivables. The Group has implemented polices that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board. The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure of the group to credit risk at the reporting date was:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Trade receivables	301	410	-	-
Other receivables	7	6	-	4
Cash and cash equivalents	9	13	-	-

These are the only amounts classified as loans and receivables under IAS 39.

Interest rate risk

The Group and Company are exposed to interest rate risk as a result of positive cash balances at certain times during the year which earn interest at a variable rate, however the interest fluctuation would not be material therefore no sensitivity analysis is required under IFRS 7.

The Group is exposed to interest rate risk as a result of its invoice discounting facility and bank overdraft, denominated in sterling, which accrues interest at a variable rate, however the interest balance is not material and therefore no sensitivity analysis is required under IFRS 7.

The Company has fixed rate shareholder loans which are carried at amortised cost and changes in the market interest rates of these liabilities do not affect profit or equity therefore no sensitivity analysis is required under IFRS 7.

Neither the Group nor Company has not entered into any derivative transactions during the year.

Liquidity risk

The Group and Company maintain short-term debt finance that is designed to ensure it has sufficient available funds for operations and planned expansions. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due. The following table shows the contractual maturities of the Group's financial liabilities, all of which are measured at amortised cost:

25. FINANCIAL INSTRUMENTS (Continued)

GROUP At 31 March 2016	**Trade payables £'000**	**Other loans £'000**	**Invoice discounting facility £'000**	**Total £'000**
6 months or less	332	410	232	974
6 - 12 months	9	-	-	9
1 - 2 years	35	-	-	35
Total contractual cash flows	376	410	232	1,018
Carrying amount of financial liabilities measured at amortised cost	376	410	232	1,018

GROUP At 31 March 2015	**Trade payables £'000**	**Other loans £'000**	**Invoice discounting facility £'000**	**Total £'000**
6 months or less	494	417	174	1,085
6 - 12 months	-	-	-	-
1 - 2 years	36	-	-	36
Total contractual cash flows	530	417	174	1,121
Carrying amount of financial liabilities measured at amortised cost	530	417	174	1,121

At the year end the Group had an invoice discounting facility of up to £500,000 of which there were £232,000 (2015: £174,000) of funds in use.

This facility is provided through the wholly owned subsidiary MediaZest International Ltd and secured under an existing all assets debenture.

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS (Continued)

COMPANY At 31 March 2016	**Trade payables £'000**	**Other loans £'000**	**Invoice discounting facility £'000**	**Total £'000**
6 months or less	24	410	-	434
6 - 12 months	1	-	-	1
1 - 2 years	15	-	-	15
Total contractual cash flows	40	410	-	450
Carrying amount of financial liabilities measured at amortised cost	40	410	-	450

COMPANY At 31 March 2015	**Trade payables £'000**	**Other loans £'000**	**Invoice discounting facility £'000**	**Total £'000**
6 months or less	72	417	-	489
6 - 12 months	16	-	-	16
1 - 2 years	20	-	-	20
Total contractual cash flows	108	417	-	525
Carrying amount of financial liabilities measured at amortised cost	108	417	-	525

25. FINANCIAL INSTRUMENTS (Continued)

Market risk and sensitivity analysis

Foreign currency exchange rate risk

The Group is exposed to foreign currency exchange rate risk as a result of trade receivables and trade payables which will be settled in US Dollars and Euros. The impact on foreign exchange is immaterial therefore no sensitivity analysis is required under IFRS 7.

Capital risk management

The Group and Company defines capital as being share capital plus reserves. The Group and Company's objectives when managing capital are to safeguard their ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the level of capital as compared to long term debt commitments and adjusts the ratio of debt to capital as it is determined to be necessary.

26. RELATED PARTY TRANSACTIONS

There is no ultimate controlling party of MediaZest plc.

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Group.

Key management of the Group during the year:
Geoffrey Robertson
Lance O'Neill
James Abdool (Resigned 31 August 2015)
James Ofield
Andrew Last (Resigned 31 July 2016)

Information regarding their compensation, excluding employer's national insurance contributions is given below in aggregate per IAS 24 Related Party Disclosures.

	The Group 2016 £'000	The Group 2015 £'000	The Company 2016 £'000	The Company 2015 £'000
Short term benefits	341	369	193	260
Social security costs	37	32	11	19
Share based payment charge	127	-	56	-
Pension contribution	5	5	-	-
	510	406	260	279

26. RELATED PARTY TRANSACTIONS (Continued)

James Abdool's fees as a director amounted to £51,000 (2015: £110,000), charged through Nejo Partners, and the balance outstanding as at 31 March 2016 was £nil (2015: £21,000). James Abdool resigned from the Board on 31 August 2015.

Lance O'Neill is a director of EP&F Capital Advisory Limited and EP&F Capital Plc.

The Group owed £21,000 (2015: £21,000) to EP&F Capital Plc and owed EP&F Capital Advisory Limited £15,000 (2015: £15,000) at 31 March 2016.

The Group had outstanding loans from City & Claremont Capital Assets Limited, the Group's largest shareholder, as at 31 March 2016 of £318,000 (2015: £279,000). The interest accrued on this loan in the year ended 31 March 2016 was £39,000 (2015: £29,000) and is included in finance costs in the consolidated statement of comprehensive income.

The Group had an outstanding loan from Shallotte Investments Limited, a shareholder of the Group, as at 31 March 2016 of £55,000 (2015: £nil). The interest accrued on this loan in the year ended 31 March 2016 was £5,000 (2015: £nil) and is included in finance costs in the consolidated statement of comprehensive income.

The Group had an outstanding loan from Y O'Neill, a shareholder of the Group, as at 31 March 2016 of £22,000 (2015: £nil). The interest accrued on this loan in the year ended 31 March 2016 was £2,000 (2015: £nil) and is included in finance costs in the consolidated statement of comprehensive income.

The Group had outstanding loans at 31 March 2016 from G Robertson, Group CEO, of £4,000 (2015: £nil) and J Ofield, Mediazest International Ltd director, of £11,000 (2015: £24,000). Both loans were repaid in full in June 2016.

27. SHARE BASED PAYMENTS

During 2006, the Company issued share options to employees. The options were granted at various dates between August and October. The options were granted on terms that they will vest on the third anniversary of the grant date, and will be settled by the issue of ordinary shares of 0.1 pence. The options may not be exercised later than the day before the tenth anniversary of the grant date. Option holders must remain employees in order to meet the vesting conditions.

Details of the share options outstanding during the year are as follows:

	2016 **Number of share options**	**Weighted average exercise price**
Outstanding at the beginning of the year	287,894	15p
Granted during the year	-	
Forfeited during the year	-	
Exercised during the year	-	
Expired during the year	-	
Outstanding at the end of the year	287,894	15p
Exercisable at the end of the year	287,894	15p

	2006
Share price at grant date	7.50p-11p
Exercise price	15p
Volatility	30%-45%
Expected life (years)	5
Risk free rate	4.65%-4.91%
Expected dividend yield	Nil

Expected volatility was determined by calculating the historical volatility of the Group's share price over the year prior to the grant date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The weighted average contractual life of options outstanding at 31 March 2016 was one year (2015: two years).

27. SHARE BASED PAYMENTS (Continued)

During 2015, the Company issued share options to employees. A total of 128,690,000 options were granted on 1 October 2015 and a further 440,000 on 6 January 2016. The options were granted on terms that they will vest six months following the date of the grant, and will be settled by the issue of ordinary shares of 0.1 pence. The options may not be exercised later than the day before the tenth anniversary of the grant date. Option holders must remain employees in order to meet the vesting conditions.

Details of the share options outstanding during the year are as follows:

	2016 Number of share options	Weighted average exercise price
Outstanding at the beginning of the year	-	
Granted during the year	129,130,000	0.35p
Forfeited during the year	-	
Exercised during the year	-	
Expired during the year	-	
Outstanding at the end of the year	129,130,000	0.35p
Exercisable at the end of the year	-	

	2015
Share price at grant date	0.18p
Exercise price	0.35p
Volatility	120%
Expected life (years)	3
Risk free rate	0.5%
Expected dividend yield	Nil

Expected volatility was determined by calculating the historical volatility of the Group's share price over the year prior to the grant date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The weighted average contractual life of options outstanding at 31 March 2016 was ten years.

The Group recognised total expenses of £139,000 related to equity-settled share-based payment transactions (2015: £nil).

28. LIST OF PUBLISHED IFRS THAT ARE NOT EFFECTIVE FOR THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

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

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

The directors anticipate that the adoption of these Standards and Interpretations as appropriate in future years will have no material impact on the financial statements of the Company when the relevant standards come into effect for years commencing after the statement of financial position date.

29. POST BALANCE SHEET EVENTS

On 17 May 2016, 166,666,800 shares were issued at a price of 0.15p per share, generating £250,000 before costs. In addition, on the same date, 33,333,333 shares were issued at a price of 0.15p per share to City And Claremont Capital Assets Ltd to convert £50,000 of accrued loan interest to equity.