MediaZest plc

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

(Company No. 05151799)

MediaZest plc

CONTENTS

MediaZest plc

DIRECTORS AND ADVISERS

DIRECTORS
Lance O'Neill (Non-Executive Chairman)
Geoffrey Robertson (Chief Executive Officer and Finance Director)
James Abdool (Sales Director)

SECRETARY
Cargil Management Services Limited

REGISTERED OFFICE
27/28 Eastcastle Street
London W1W 8DH

NOMINATED ADVISERS
Northland Capital Partners Limited
131 Finsbury Pavement
London
EC2A 1NT

BROKERS
Hybridan LLP
Birchin Court
20 Birchin Lane
London
EC3V 9DU

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

MediaZest plc

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, aromatic, 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 3.

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. 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 risk the directors are monitoring are set out is Note 24.

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

Geoffrey Robertson

Date: 15 August 2014

MediaZest plc

CHAIRMAN'S STATEMENT

Introduction

The results for MediaZest plc (the "Group") for the year ended 31 March 2014 incorporate the results of its subsidiary, which is wholly owned.

Results for the year and Key Performance Indicators

Turnover for the year was £2,944,000 (2013: £1,850,000), cost of sales was £1,978,000 (2013: £941,000) and the Group made a loss for the year, after taxation, of £653,000 (2013: £551,000) after finance costs of £128,000 (2013: £138,000) and having paid administrative expenses of £1,513,000 (2013: £1,322,000).

The basic loss and diluted loss per share was 0.09p (2013: 0.15p). The Group had cash in hand of £268,000 (2013: £1,000) and a bank overdraft of £nil (2013: £92,000) at the year end and an invoice discounting facility over the debtors of Touch Vision Limited of which £342,000 (2013: £108,000) was in use at 31 March 2014. As at 31 March 2014, the Group had a current maximum limit of £350,000 (2013: £350,000) under the existing invoice discounting facility which was increased to £500,000 on 14 April 2014.

As at 31 March 2014, the Group also had loans from shareholders of £200,000 (2013: £530,000) and interest on those loans outstanding of £2,000 (2013: £153,000).

Business overview

The Group operates two trading divisions through its wholly owned subsidiary Touch Vision Limited: Touch Vision (TV) and MediaZest Ventures (MV). TV trades as an Audio Visual supply and installation company across Education, Public Sector, Retail and Corporate markets, whilst MV operates as a 'digital out of home' creative agency predominantly in the Retail Sector.

The year was one of positives and negatives: in terms of revenue the Group performed well during the year with substantial growth of 59% and progress on the operational side. In addition, the £865,000 fund raising in January 2014 enabled the Group to strengthen and degear its balance sheet by redeeming some £300,000 worth of debt. The securing of the high profile FIFA World Cup Trophy Tour contract with Coca-Cola, complemented by a large Education and a Corporate Sector project, gave the Company a platform to build upon. Set against that, the loss of the Group's largest service and maintenance contract as a consequence of HMV's entry into administration in January 2013 had a direct and immediate impact on Q4 operating margins. These factors coupled with the high cost of servicing some £500,000 worth of debt had an impact on the Group's financial results. Notwithstanding, the Board has also embarked upon a substantial investment in sales and marketing to grow the business for the future. This is showing benefits in the financial year ending 31 March 2015, but was a contributory factor in the increase in losses in the financial year ended 31 March 2014.

FUNDRAISING AND STRENGTHENING OF THE BALANCE SHEET

On 31 December 2013, the Company announced a placing of 247,142,800 shares at 0.35p per share to raise £865,000 before expenses, and an issue of 47,479,714 new shares through the conversion of loan interest amounting to £166,179 at a price of 0.35p per share. The shares were admitted to AIM in January 2014.

Previous to this, on 8 July 2013, the Company completed a placing of 143,200,000 shares at 0.25p per share to raise £358,000. These gross proceeds included conversion of £50,000 of loan interest at the placing price. Net cash proceeds were £288,000 (of which £200,000 was used to pay down debt).

The combined effect of this has been to improve the balance sheet significantly and, despite the ongoing losses, to improve the Company's cash position at 31 March 2014.

REVENUES AND MARGINS

The results for the period reflect a significant improvement in revenue compared to recent years and the Group's best top line performance since 2008. There were three particularly important large projects delivered during this financial year.

First, Coca-Cola provided the Company with the biggest of these by way of a contract to supply large scale audio-visual installations for the FIFA World CupTM Trophy Tour presented by Coca-Cola. This took the Company to 48 countries over the 8 month tour and involved working closely with brand experience pioneers, Ignition Inc. The Company also worked with Coca-Cola's head office team in Atlanta, USA, to deliver the project and provided engineering support and installation team leadership at all 48 events with a 100% success rate despite intense time pressure and delivery challenges at each location. The contract was completed in May 2014 and based on its successful delivery, the Group hopes to work with both parties again in the future whilst acknowledging that, by their nature, projects such as this only come along every few years.

Second, a large University installation project was delivered predominantly in the first half of 2014. This project involved the Company's entire engineering workforce at various points during delivery and in total generated revenue for the Company in excess of £400,000. Some of these revenues will be recognised in the coming financial year due to delays in the building process outside of MediaZest's control affecting timing of delivery.

Finally, the Company completed two substantial Corporate sector projects in the period; especially pleasing following the creation of and investment in a new Corporate sales department during the first half of the year. One of these projects was a high end multi-media presentation system for a Private Equity client and the second a highly advanced video wall solution for a building refurbishment project at Bevis Marks, in the City of London.

The growth in revenue was achieved through the large contract wins detailed above along with additional work with existing customers such as Samsung, O2, Kuoni and JD Sports and the University of Essex, plus new customers such as Pfizer who the Company also worked with on a multi-national basis.

The gross profit margin as a percentage of revenue was 33% (2013: 49%) mainly reflecting a number of low margin equipment supply-only contracts with clients in the Education sector. In addition, the reduced level of service and maintenance work provided for HMV following its administration in January 2013 had an impact. Finally, the average margin on the large Coca-Cola contract of approximately 36% had a one off impact in lowering gross margins in this year. Based on current business wins, the Board expects this trend to reverse in the year ending 31 March 2015.

COST BASE

Administrative expenses increased in the year predominantly due to much larger investment in the sales and marketing process than has been possible in recent years.

In May 2013, the Group took on an experienced Corporate Sales Consultant and this was followed by further investment in a new Sales/marketing Executive and an additional Sales Consultant in the autumn of 2013. The Group also invested in a showroom in London to demonstrate its unique technology offering. These actions have placed the Company in an improved position to grow revenues but involve short term investment to build pipeline and bring opportunities to fruition.

The single largest example of investment in the marketing process has been the Company's attendance at a global trade-show, Euroshop, in partnership with SFD Ltd. SFD Ltd provide shop mannequin, shop fit and visual merchandising services to many large retailers and fashion brands on a global basis. This partnership, whilst relatively informal, has already shown promise with small window display projects already delivered for Marks & Spencer and H&M, both existing SFD clients. The work for Marks & Spencer has been shortlisted for a Retail Week Interiors Award in the " Best Use of Design with Technology in-store" category.

MediaZest's Board considered this partnership to be an important and fruitful step in the future development of the Company.

Interest costs continued to be high until the end of calendar 2013, when, following the successful second placing, the Group paid down a larger proportion of outstanding debt. This mitigated interest costs in the year ended 31 March 2014 and will lead to significant reductions in interest payments going forward.

PRODUCT DEVELOPMENT

The Board highlighted three specific areas in which it was developing unique products in the announcement of December 13 2013 as a means to improve and develop recurring revenues in order to provide the Group with a unique point of difference to other companies that operate in similar markets.

The Group has concentrated on the development of the audience measurement and hologram systems based on extremely positive feedback from potential customers.

MediaZest 'soft' launched the first version of the audience measurement service "MediaZest Retail Analytics" in the first week of July to a wide potential customer base at a Samsung marketing event and expects trial deployments to begin shortly, with negotiations to do so ongoing with several potential retail customers. The Group already has a large number of enquirors expressing interest in this product from demonstrating the Beta version in its showroom during client meetings. The Board believes this product to be particularly attractive to retailers on an ongoing basis and that it will assist in moving revenue streams onto a more consistent basis.

Designs for the hologram unit are now finalised, with a test build now scheduled for autumn 2014 with a launch anticipated shortly thereafter.

Outlook

The Group has made good progress in the last 12 months, and this has enabled it to complete two placings to institutional and other investors to raise £1,223,000 (before expenses and including conversion of interest). These placings have allowed MediaZest to invest in the strategies highlighted to drive additional business in the future and develop new products for which the Board believes there are substantial markets.

There has been a large amount of time expended upon the development of the Retail Analytics product in the latter part of the Financial Year ending 31 March 2014 and the first quarter of the new Financial Year ending 31 March 2015.Further time and resource has been taken up by the final project delivery for Coca-Cola between September 2013 and May 2014. This has not improved performance in the first quarter of the Financial Year ending 31 March 2015. However, the second quarter is showing substantial improvement with several important business wins announced on 8 August 2014 and more expected prior to the end of the half year as a direct result of the changes made during the last twelve months.

The core strategy continues to be the transition of the Group's revenue base towards more ongoing, contractual-type business, and away from dependency on large scale projects which are difficult to predict and suffer the vagaries of timing. As such, efforts are being focussed on larger scale roll-out opportunities which naturally take longer to consummate than short term campaigns. The Directors believe this strategy is starting to pay dividends in the current quarter with the future pipeline in FY 2015 and beyond looking much improved.

Lance O'Neill
Chairman

Date: 15 August 2014

MediaZest plc

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 2014 and the comparative year ended 31 March 2013. 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

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £653,000 (2013: £551,000).

The directors do not recommend the payment of a dividend (2013: £nil).

FINANCIAL RISK MANAGEMENT

Details of the Group's financial instruments and its policies with regards to financial risk management are given in note 24 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
Please see note 28.

MediaZest plc

DIRECTORS' REPORT

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

Lance O'Neill
Chairman

Date: 15 August 2014

CORPORATE GOVERNANCE

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

BOARD STRUCTURE

At the end of the year the Board comprised of one full time executive director and one part time executive director 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 full time executive director is engaged under a service contract, the part time executive director is engaged under a consultancy agreement 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 10. The present members of the Committee are:

Lance O'Neill (Chairman)
Geoffrey Robertson

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 present members of the Committee are:

Lance O'Neill (Chairman)
Geoffrey Robertson

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 finance department and 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 director was engaged under a service contract and the non-executive director under a letter of appointment both terminable by either party on six months notice.

The part time executive director was engaged under a consultancy agreement terminable by either party on three months notice.

SHARE OPTIONS

The Board adopted a share option scheme during the course of 2006, however there were no options granted during the year ended 31 March 2014.

DIRECTORS' REMUNERATION

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

By order of the Board

Lance O'Neill
Chairman

Date: 15 August 2014

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 2014 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 28. 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 11, 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 2014 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 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.

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.

Andrew Edmonds
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: 15 August 2014

MediaZest plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 £'000	2013 £'000
Continuing operations			
Revenue	**3**	2,944	1,850
Cost of sales		(1,978)	(941)
Gross profit		966	909
Administrative expenses		(1,513)	(1,322)
Operating loss	**4**	(547)	(413)
Finance costs	**7**	(128)	(138)
Loss on ordinary activities before taxation		(675)	(551)
Tax on loss on ordinary activities	**8**	22	-
Loss for the year and total comprehensive loss for the year attributable to the owners of the parent		(653)	(551)
Loss per ordinary 0.1p share			
Basic	**10**	(0.09p)	(0.15p)
Diluted	**10**	(0.09p)	(0.15p)

MediaZest plc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

(Company No. 05151799)

	Note	2014 £'000	2013 £'000
Non-current assets			
Goodwill	**11**	2,772	2,772
Property, plant and machinery	**12**	60	63
Total non-current assets		2,832	2,835
Current assets			
Inventories	**14**	95	123
Trade and other receivables	**15**	766	515
Cash and cash equivalents		268	1
Total current assets		1,129	639
Current liabilities			
Trade and other payables	**16**	(1,522)	(1,155)
Financial liabilities	**17**	(200)	(707)
Total current liabilities		(1,722)	(1,862)
Net current liabilities		(593)	(1,223)
Non-current liabilities			
Financial liabilities	**17**	-	-
Total non-current liabilities		-	-
Net assets		2,239	1,612
Equity			
Share capital	**18**	3,174	2,736
Share premium account		4,871	4,029
Share options reserve		7	7
Retained earnings		(5,813)	(5,160)
Total equity		2,239	1,612

The financial statements were approved and authorised for issue by the Board of Directors on 2014 and were signed on its behalf by:

Lance O'Neill
Chairman
15 August 2014

MediaZest plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2014

	Share Capital £'000	Share Premium £'000	Share Options Reserve £'000	Retained Earnings £'000	**Total Equity £'000**
Balance at 1 April 2012	2,587	4,004	7	(4,609)	**1,989**
Loss for the year	-	-	-	(551)	**(551)**
Total comprehensive income for the year	-	-	-	(551)	**(551)**
Issue of share capital	149	30	-	-	**179**
Share issue costs	-	(5)	-	-	**(5)**
Balance at 31 March 2013	2,736	4,029	7	(5,160)	**1,612**
Loss for the year	-	-	-	(653)	**(653)**
Total comprehensive income for the year	-	-	-	(653)	**(653)**
Issue of share capital	438	951	-	-	**1,389**
Share issue costs	-	(109)	-	-	**(109)**
Balance at 31 March 2014	3,174	4,871	7	(5,813)	**2,239**

MediaZest plc

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 £'000	2013 £'000
Net cash used in operating activities	**20**	(418)	(385)
Taxation		22	-
Cash flows used in investing activities			
Purchase of plant and machinery		(36)	(16)
Disposal of plant and machinery		3	3
Purchase of leasehold improvements		(3)	-
Net cash used in investing activities		(36)	(13)
Cash flow from financing activities			
Repayment of bank borrowings		(8)	(17)
Other loans		(77)	77
Shareholder repayments		(330)	-
Interest paid		(128)	(39)
Proceeds of share issue		1,389	179
Interest repaid with equity		(169)	-
Loans repaid with equity		(11)	-
Share issue costs		(109)	(5)
Net cash generated from financing activities		557	195
Net increase/(decrease) in cash and cash equivalents		125	(203)
Cash and cash equivalents at beginning of year		(199)	4
Cash and cash equivalents at end of the year	**19**	(74)	(199)

MediaZest plc

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

(Company No. 05151799)

	Note	2014 £'000	2013 £'000
Non-current assets			
Investments	**13**	2,963	2,963
Current assets			
Trade and other receivables	**15**	19	22
Cash and cash equivalents		9	1
Total current assets		28	23
Current liabilities			
Trade and other payables	**16**	(206)	(538)
Financial liabilities	**17**	(200)	(607)
Total current liabilities		(406)	(1,145)
Net current liabilities		(378)	(1,122)
Net assets		2,585	1,841
Equity			
Share capital	**18**	3,174	2,736
Share premium account		4,871	4,029
Share options reserve		7	7
Retained earnings		(5,467)	(4,931)
Total equity		2,585	1,841

The financial statements were approved and authorised for issue by the Board of Directors on 2014 and were signed on its behalf by:

Lance O'Neill
Chairman
15 August 2014

MediaZest plc

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2014

	Share Capital £'000	Share Premium £'000	Share Options Reserves £'000	Retained Earnings £'000	**Total Equity £'000**
Balance at 1 April 2012	2,587	4,004	7	(4,492)	**2,106**
Loss for the year	-	-	-	(439)	**(439)**
Total comprehensive income for the year	-	-	-	(439)	**(439)**
Issue of share capital	149	30	-	-	**179**
Share issue costs	-	(5)	-	-	**(5)**
Balance at 31 March 2013	2,736	4,029	7	(4,931)	**1,841**
Loss for the year	-	-	-	(536)	**(536)**
Total comprehensive loss for the year	-	-	-	(536)	**(536)**
Issue of share capital	438	951	-	-	**1,389**
Share issue costs	-	(109)	-	-	**(109)**
Balance at 31 March 2014	3,174	4,871	7	(5,467)	**2,585**

MediaZest plc

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014 £'000	2013 £'000
Net cash used in operating activities	**20**	(466)	(327)
Cash flows from financing activities			
Receipts from group companies		81	329
Payments to group companies		(295)	(253)
Shareholder loans		(330)	77
Interest paid		(82)	-
Proceeds of share issue		1,389	179
Interest repaid with equity		(169)	-
Loans repaid with equity		(11)	-
Share issue costs		(109)	(5)
Net cash generated from financing activities		474	327
Net increase in cash and cash equivalents		8	-
Cash and cash equivalents at beginning of year		1	1
Cash and cash equivalents at end of year	**19**	9	1

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 UK and global economy, 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 £200,000 at 31 March 2014 (2013: £530,000) 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 2014 financial statements.

Note 27 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 balance sheet 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 & machinery

Property, plant & machinery 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

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

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 Group 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 2014 was £2,772,000 (2013: £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 Group 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 2014 of £2,963,000 (2013: £2,963,000) – see Note 13.

3. SEGMENTAL INFORMATION

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

	2014 £'000	2013 £'000
UK and Channel Islands	2,042	1,716
Rest of Europe	34	21
Rest of World	868	113
	2,944	1,850

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

	2014 £'000	2013 £'000
Goods and services	2,802	1,508
Service and maintenance	142	342
	2,944	1,850

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.

3. SEGMENTAL INFORMATION (Continued)

Segmental information and results (continued)

	2014				
	Project Division	**Service and Maintenance Division**	**MediaZest Ventures Division**	**Unallocated**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Continuing operations					
UK and Channel Islands	1,388	142	512	-	2,042
Rest of Europe	6	-	28	-	34
Rest of World	859	-	9	-	868
Revenue	2,253	142	549	-	2,944
Cost of sales	(1,591)	(15)	(372)	-	(1,978)
Gross profit	662	127	177	-	966
Administrative expenses	(754)	(48)	(216)	(456)	(1,474)
Depreciation	-	-	-	(39)	(39)
Operating (loss)/profit	(92)	79	(39)	(495)	(547)
Finance costs	-	-	-	(128)	(128)
(Loss)/profit on ordinary activities before taxation	(92)	79	(39)	(623)	(675)
Tax on loss on ordinary activities	-	-	-	22	22
(Loss)/profit on ordinary activities after taxation	(92)	79	(39)	(601)	(653)

NOTES TO THE FINANCIAL STATEMENTS

3. SEGMENTAL INFORMATION (Continued)

Segmental information and results (continued

			2013		
	Project Division	Service and Maintenance Division	MediaZest Ventures Division	Unallocated	Total
	£'000	£'000	£'000	£'000	£'000
Continuing operations					
UK and Channel Islands	979	333	404	-	1,716
Rest of Europe	-	9	12	-	21
Rest of World	38	-	75	-	113
Revenue	1,017	342	491	-	1,850
Cost of sales	(713)	(18)	(210)	-	(941)
Gross profit	304	324	281	-	909
Administrative expenses	(627)	(161)	(149)	(338)	(1,275)
Depreciation	-	-	-	(47)	(47)
Operating (loss)/profit	(323)	163	132	(385)	(413)
Finance costs	-	-	-	(138)	(138)
(Loss)/profit on ordinary activities before taxation	(323)	163	132	(523)	(551)
Tax on loss on ordinary activities	-	-	-	-	-
(Loss)/profit on ordinary activities after taxation	(323)	163	132	(523)	(551)

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.

	2014	2013
	£'000	£'000
Goods and services	883	204
Service and maintenance	20	89
	903	293

4. OPERATING LOSS

	2014 £'000	2013 £'000
This is stated after charging/(crediting):		
Depreciation of owned assets	39	47
Pension contributions	5	5
Operating lease rentals paid:		
- land and buildings	38	75
- other	11	17

5. AUDITOR'S REMUNERATION

	2014 £'000	2013 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	7	7
The audit of the Company's subsidiary	12	12
Tax compliance services	3	3
Tax advisory services	1	1

6. STAFF COSTS

Staff costs during the year	2014 £'000	2013 £'000
Wages and salaries	729	649
Social security costs	82	73
Pension	5	5
	816	727

Average number of employees	2014 Number	2013 Number
Management	7	6
Other	11	10
	18	16

Directors' emoluments	2014 £'000	2013 £'000
Executive directors		
Geoffrey Robertson	125	100
James Abdool	113	93
Non executive director		
Lance O'Neill	50	50
Total	288	243

The remuneration of the highest paid director during the year ended 31 March 2014 was £125,000 (2013: £100,000).

Geoffrey Robertson's emoluments include a £25,000 bonus relating to the winning of the FIFA World Cup Trophy Tour contract.

Geoffrey Robertson has 133,333 unexercised share options at 15p (2013: 133,333 unexercised share options at 15p).

7. FINANCE COSTS

	2014 £'000	2013 £'000
Loan interest, bank interest and charges	128	138

8. TAXATION

	2014 £'000	2013 £'000
Current tax	(22)	-
Deferred tax	-	-
Total tax credit for the year	(22)	-

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

	2014 £’000	2013 £’000
Loss before taxation	(675)	(551)
Tax on loss on ordinary activities at standard UK corporation tax rate of 23% (2013: 24%)	(155)	(132)
Effects of:		
Expenses not allowable for taxation	1	1
Depreciation in excess of capital allowances	-	(8)
R&D Taxation Relief	(22)	-
Losses carried forward	154	139
Total tax credit for the year	(22)	-

A potential deferred tax asset of £2,559,800 (2013: £3,062,000) in respect of the following has not been provided for on the basis that there is insufficient certainty over the date that they will be utilised.

	2014 £’000	2013 £’000
Losses carried forward	12,491	12,337
Net fixed asset timing differences (ACA)	300	412
Short term timing differences	8	8
	12,799	12,757

8. TAXATION (Continued)

Future tax developments

The rates of corporation tax in the UK have been steadily dropping over the last few years. The main rate of corporation tax decreased from 24% in 2012 to 23% from 1 April 2013.

The main rate of corporation tax will continue to reduce to 21% from 1 April 2014. The following year the main rate will reduce further to 20% from 1 April 2015, bringing it in line with the small companies rate.

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 £536,000 (2013: £439,000).

10. LOSS PER ORDINARY SHARE

	2014 £'000	2013 £'000
Losses		
Losses for the purposes of basic and diluted earnings per share being net loss attributable to equity shareholders	653	551

Number of shares	2014 Number	2013 Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	700,199,072	367,675,618
Number of dilutive shares under option or warrant	-	-
Weighted average number of ordinary shares for the purposes of dilutive loss per share	700,199,072	367,675,618

Basic loss per share is calculated by dividing the loss attributed to ordinary shareholders of £653,000 (2013: £551,000) by the weighted average number of shares during the year of 700,199,072 (2013: 367,675,618).

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 not dilutive.

NOTES TO THE FINANCIAL STATEMENTS

11. GOODWILL

	2014 £'000	2013 £'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 allocated as follows.

	2014 £'000	2013 £'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% (2013: 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% (2013: 3%), although they believe the Group has the potential for much greater growth.

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND MACHINERY

	Leasehold Improvements £'000	Plant and Machinery £'000	Total £'000
Cost			
At 1 April 2013	43	331	374
Additions	3	36	39
Disposals	-	(209)	(209)
At 31March 2014	46	158	204
Depreciation			
At 1 April 2013	42	269	311
Provided during the year	2	37	39
Disposals	-	(206)	(206)
At 31 March 2014	44	100	144
Net Book Value			
At 31 March 2014	2	58	60

	Leasehold Improvements £'000	Plant and Machinery £'000	Total £'000
Cost			
At 1 April 2012	43	320	363
Additions	-	16	16
Transfer from inventories	-	(5)	(5)
At 31 March 2013	43	331	374
Depreciation			
At 1 April 2012	24	242	266
Provided during the period	18	29	47
Disposals	-	(2)	(2)
At 31 March 2013	42	269	311
Net Book Value			
At 31 March 2013	1	62	63

13. INVESTMENTS IN SUBSIDIARIES

Investments	Shares in group undertakings £'000	Loans to group undertakings £'000	Total £'000
Cost			
At 1 April 2013	2,963	969	3,932
Repayment of loans to group undertakings	-	-	-
At 31 March 2014	2,963	969	3,932
Provision for impairment			
At 1 April 2013	-	969	969
Release of provision	-	-	-
At 31 March 2014	-	969	969
Net Book Value			
At 31 March 2014	2,963	-	2,963

Investments	Shares in group undertakings £'000	Loans to group undertakings £'000	Total £'000
Cost			
At 1 April 2012	2,963	969	3,932
Repayment of loans to group undertakings	-	-	-
At 31 March 2013	2,963	969	3,932
Provision for impairment			
At 1 April 2012	-	969	969
Release of provision	-	-	-
At 31 March 2013	-	969	969
Net Book Value			
At 31 March 2013	2,963	-	2,963

NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENTS IN SUBSIDIARIES (Continued)

At 31 March 2014 the Company held the following interests in unlisted subsidiary undertakings.

Name of company	Country of incorporation	Proportion held	Business
Touch Vision Limited	UK	100%	Audio Visual Supply & Installation

On 1 April 2014 Touch Vision Limited changed its name to Mediazest International Limited.

14. INVENTORIES

	2014 £'000	2013 £'000
Finished Goods	95	123

The cost of inventories recognised as an expense and included within cost of sales amounted to £1,909,000 (2013: £886,000).

During the year the Group did not make any provision against stock (2013: £nil).

15. TRADE AND OTHER RECEIVABLES

	The Group 2014 £'000	The Group 2013 £'000	The Company 2014 £'000	The Company 2013 £'000
Trade receivables	538	460	-	12
Other receivables	16	6	13	6
Prepayments and accrued income	212	49	6	4
	766	515	19	22

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

	2014 £'000	2013 £'000
31 – 60 days	58	9
61 – 90 days	20	17
91 + days	3	33
	81	59

16. TRADE AND OTHER PAYABLES

	The Group 2014 £'000	The Group 2013 £'000	The Company 2014 £'000	The Company 2013 £'000
Trade payables	844	363	73	45
Amount owed to group company	-	-	103	317
Invoice discounting facility	342	108	-	-
Other payables	18	30	-	-
Other taxes and social security payables	82	85	-	-
Accruals and deferred income	236	569	30	176
	1,522	1,155	206	538

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 £350,000 of which there were £342,000 (2013: £108,000) of funds in use. This facility is provided through the wholly owned subsidiary Touch Vision Limited and is secured under an existing all assets debenture and was increased to £500,000 on 14 April 2014.

17. FINANCIAL LIABILITIES

	The Group 2014 £'000	The Group 2013 £'000	The Company 2014 £'000	The Company 2013 £'000
Current				
Shareholder loans	200	530	200	530
Other loans	-	77	-	77
Bank overdraft	-	92	-	-
Bank loan	-	8	-	-
	200	707	200	607

The bank loan was fully repaid at 31 March 2014 (2013: £8,000).

Shareholder loan interest rates are fixed and range between 10% pa and 15% pa (2013: 10% - 20%). £200,000 of shareholder loans are secured against equity shares in the Company at 0.5 pence per share (2013: £480,000).

18. CALLED UP SHARE CAPITAL

	2014 Number of shares	2014 £'000	2013 Number of shares	2013 £'000
Allotted, called up and fully paid				
Ordinary shares of 0.1 pence	914,614,741	915	476,792,227	477
Deferred shares of 9.9 pence	22,825,327	2,259	22,825,327	2,259
Total	937,440,068	3,174	499,617,554	2,736

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.

At 31 March 2014 the Company had in issue 1,500,000 warrants to subscribe for ordinary shares in the Company at 20 pence per share, such warrants to be exercisable at any time until 22 February 2015.

The Company had a further 1,394,000 warrants to subscribe for ordinary shares in the Company at 50 pence per share at 31 March 2014. The warrants are exercisable at any time until 22 February 2015, or on a takeover or winding up of the Company.

New share issues

On 18 June 2013 the company issued and allotted 143,200,000 new ordinary shares of 0.1p at a price of 0.25p raising £358,000.

On 31 December 2013 the company issued and allotted 294,622,514 new ordinary shares of 0.1p at a price of 0.35p raising £1,031,000.

	Ordinary 2014	Deferred 2014	Total 2014	Ordinary 2013	Deferred 2013	Total 2013
Opening balance	476,792,227	22,825,327	499,617,554	327,625,327	22,825,327	350,450,654
New issues	437,822,514	-	437,822,514	149,166,900	-	149,166,900
Closing balance	914,614,741	22,825,327	937,440,068	476,792,227	22,825,327	499,617,554

Costs directly associated with the share issue amounted to £109,000 (2013: £5,000).

NOTES TO THE FINANCIAL STATEMENTS

19. CASH AND CASH EQUIVALENTS

	The Group 2014 £'000	The Group 2013 £'000	The Company 2014 £'000	The Company 2013 £'000
Cash held at bank	268	1	9	1
Bank overdraft	-	(92)	-	-
Invoice discounting facility	(342)	(108)	-	-
	(74)	(199)	9	1

20. CASH USED IN OPERATIONS

	The Group 2014 £'000	The Group 2013 £'000	The Company 2014 £'000	The Company 2013 £'000
Operating loss	(547)	(413)	(454)	(340)
Depreciation charge	39	47	-	-
Decrease/(increase) in inventories	28	(17)	-	-
Increase/(decrease) in payables	313	243	(15)	13
(Increase)/decrease in receivables	(251)	(245)	3	-
Net cash outflow from operating activities	(418)	(385)	(466)	(327)

21. LEASING COMMITMENTS

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

	2014		2013	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Due				
- within one year	72	3	30	8
- within two to five years	69	7	-	1
- after five years	-	-	-	-
	141	10	30	9

22. CAPITAL COMMITMENTS

There were no capital commitments at 31 March 2014 (2013: £nil).

23. CONTINGENT LIABILITIES

The Group had no contingent liabilities at 31 March 2014 (2013: £nil).

The Company has an unlimited corporate guarantee in favour of RBS Invoice Finance to discharge, on demand, the obligations of Touch Vision Limited with interest from the date of demand.

24. FINANCIAL INSTRUMENTS

The Group'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

Included within current liabilities are loans of £200,000 (2013: £530,000) owed to shareholders, interest rates are fixed and range between 10% pa and 15% pa (2013: 10% - 20%). £200,000 of the shareholder loans are secured against equity shares in the Company at 0.5 pence per share.

Credit risk

The Group'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:

	2014	2013
	£'000	£'000
Trade receivables	538	460
Other receivables	16	6
Cash and cash equivalents	268	1

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

Interest rate risk

The Group is 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 balance is immaterial 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 immaterial and therefore no sensitivity analysis is required under IFRS 7.

The Group 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.
The Group has not entered into any derivative transactions during the year under review.

24. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

The Group maintains 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:

At 31 March 2014	Trade payables £'000	Bank borrowing £'000	Other loans £'000	Invoice discounting facility £'000	Total £'000
6 months or less	844	-	200	342	1,386
6 - 12 months	-	-	-	-	-
1 - 2 years	-	-	-	-	-
Total contractual cash flows	844	-	200	342	1,386
Carrying amount of financial liabilities measured at amortised cost	844	-	200	342	1,386

At 31 March 2013	Trade payables £'000	Bank borrowings £'000	Other loans £'000	Invoice discounting facility £'000	Total £'000
6 months or less	363	100	252	108	823
6 - 12 months	-	-	582	-	582
1 - 2 years	-	-	-	-	-
Total contractual cash flows	363	100	834	108	1,405
Carrying amount of financial liabilities measured at amortised cost	363	100	607	108	1,178

At the year end the Group had an invoice discounting facility of up to £350,000 of which there were £342,000 (2013: £108,000) of funds in use.

The invoicing discount facility was increased to £500,000 on 14 April 2014.

This facility is provided through the wholly owned subsidiary Touch Vision Limited and secured under an existing all assets debenture.

24. 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 which will be settled in US Dollars. During the year the Group did not enter into any arrangements to hedge this risk, however a US Dollar account was opened with NatWest bank to receive these funds and access set up to their Foreign Exchange Platform to ensure the Group benefits from the best available exchange rates. The Group will review this policy as appropriate in the future. The impact on foreign exchange is immaterial therefore no sensitivity analysis is required under IFRS 7.

Capital risk management

The Group defines capital as being share capital plus reserves. The Group's objectives when managing capital are to safeguard the Group's 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.

25. 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 are:
Geoffrey Robertson
Lance O'Neill
James Abdool
James Ofield
Nick Findjan

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

	The Group 2014 £'000	The Group 2013 £'000	The Company 2014 £'000	The Company 2013 £'000
Short term benefits	420	370	288	243
Pension contribution	5	5	-	-
	425	375	288	243

NOTES TO THE FINANCIAL STATEMENTS

25. RELATED PARTY TRANSACTIONS (Continued

James Abdool's fees as a director amounted to £113,000 (2013: £93,000), charged through NeJo Partners, and the balance outstanding as at 31 March 2014 was £11,000 (2013: £11,000).

There were no loans from key management personnel outstanding at 31 March 2014 (2013: £44,000).

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

During the year EP&F Capital Plc provided office space to the Group amounting to £5,000 (2013: £13,000).

The Group owed £38,000 (2013: £26,000) to EP&F Capital Plc and owed EP&F Capital Advisory Limited £2,000 (2013: £2,000) at 31 March 2014.

The Group had outstanding loans from EP&F Capital Plc as at 31 March 2014 of £nil (2013: £100,000), the interest payable on this loan in the year ended 31 March 2014 was £17,000 (2013: £25,000) and is included in finance costs in the consolidated statement of comprehensive income. During the year £47,000 of accrued interest in respect of this loan was converted into equity.

The Group had outstanding loans from City & Claremont Capital Assets Limited as at 31 March 2014 of £200,000 (2013: £430,000), the interest payable on this loan in the year ended 31 March 2014 was £56,000 (2013: £75,000) and is included in finance costs in the consolidated statement of comprehensive income. During the year £169,000 of accrued interest in respect of this loan was converted into equity.

Group 12 months ended 31 March 2014	**Subsidiaries**	**Shareholders**	**Total**
	£'000	**£'000**	**£'000**
Sales	-	-	-
Purchases	-	5	5

Group 12 months ended 31 March 2013	**Subsidiaries**	**Shareholders**	**Total**
	£'000	**£'000**	**£'000**
Sales	-	-	-
Purchases	-	14	14

Balances with group companies are shown in note 16.

NOTES TO THE FINANCIAL STATEMENTS

26. 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:

	2014 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	-	15p
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	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 2014 was two years (2013: three years)

The Group recognised total expenses of £nil related to equity-settled share-based payment transactions (2013: £nil).

27. LIST OF PUBLISHED IFRS THAT ARE NOT EFFECTIVE FOR THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

At the date of authorisation of these financial statements, the following standards and interpretations, which are issued but not yet effective, may be relevant to the group, have not been applied:

- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements
- IFRS 12: Disclosure of Interests in Other Entities
- IAS 27: Consolidated and Separate Financial Statements
- IAS 32: Financial Instruments - Presentation
- IAS 36: Impairment of Assets
- IAS 39: Financial Instruments - Recognition and Measurement
- Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance: Amendments to IFRS 11 and IFRS 12 (not yet adopted by the EU)

Amendments to IFRSs arising from Annual Improvements Projects:
- Improvements to International Financial Reporting Standards (issued May 2012) (not yet endorsed by the EU)

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 Group when the relevant standards come into effect for years commencing after the statement of financial position date.

28. SUBSEQUENT EVENTS

On 1 April 2014 Touch Vision Limited (a wholly owned subsidiary of Mediazest plc) changed its name to Mediazest International Limited in order to align itself more with Mediazest plc.