MediaZest plc

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

(Company No. 05151799)

MediaZest plc

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DIRECTORS AND ADVISERS

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

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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

The Board considers Key Performance Indicators (“KPIs”) to be financial performance, measured using revenue, gross profit, gross margin, EBITDA, profit after tax, profit/loss per share, cash in hand and banking facilities plus outstanding shareholder loans. These key performance indicators are regularly monitored on an ongoing basis. There are no non-financial KPIs actively monitored by management currently.

IFRS 15: “Revenue from Contracts with Customers” has had an impact on how the Group recognises revenue. This is discussed in note 28 of the accounts and has resulted in an amendment to the retained earnings opening balance for the year, as shown in the Consolidated Statement of Changes in Equity. These results include the resultant beneficial profit impact of £117,000.

Turnover for the year was £3,303,000 (2018: £2,819,000), cost of sales was £1,628,000 (2018: £1,458,000) leading to an EBITDA profit of £129,000 (2018: loss of £113,000). The Group made a profit for the year, after taxation, of £6,000 (2018: loss of £256,000) after finance costs of £83,000 (2018: £102,000) and having incurred administrative expenses of £1,586,000 (2018: £1,515,000).

The basic earnings and diluted earnings per share was 0.0004p (2018 loss per share: 0.02p). The Group had cash in hand of £24,000 (2018: £38,000) at the year end and an invoice discounting facility over the debtors of MediaZest International Ltd of which £203,000 (2018: £391,000) was in use at 31 March 2019. As at 31 March 2019, the Group had a limit of £500,000 (2018: £500,000) under the existing invoice discounting facility.

As at 31 March 2019, the Group also had loans from shareholders of £533,000 (2018: £453,000) and interest on those loans during the year amounted to £38,000 (2018: £62,000). Additional shareholder loans were required during the year due to cashflow shortfalls resulting from large projects being cancelled or postponed, largely due to Brexit uncertainties and budget cuts. However, the interest accrued was significantly reduced due to a moratorium on loan interest agreed with a shareholder, City & Claremont Capital Assets Ltd (CCCAL), from 1 October 2018 to 31 March 2019. As of the date of signing these accounts, £11,000 of shareholder loans have been repaid post year end.

These Key Performance Indicators are analysed in detail in the Chairman’s Statement.

The Group has net current liabilities of £991,000 at the year-end (2018: £983,000) and net assets of £1,819,000 (2018: £1,821,000). In view of this the Board has carefully considered Going Concern as detailed in Note 1 to these accounts.

STRATEGIC REPORT

PRINCIPAL RISKS

Principal non-financial risks the directors are monitoring include:

Global Economy – the Group faces a risk of reduced levels of business as a result of the current economic environment, including the impact on the UK and wider economy as a result of the ongoing Brexit negotiations. 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.

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.

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

Geoffrey Robertson
CEO

Date: 28 August 2019

MediaZest plc

CHAIRMAN'S STATEMENT

Introduction

The results for MediaZest plc (the "Group") for the year ended 31 March 2019 incorporate the results of its wholly owned subsidiary, MediaZest International Limited.

Results for the year and Key Performance Indicators

- Revenue for the period was £3,303,000 up 17% (2018: £2,819,000).
- Gross profit was £1,675,000 up 23% (2018: £1,361,000)
- Gross margins improved by 3% to 51% (2018: 48%).
- EBITDA was a profit of £129,000 (2018: loss of £113,000).
- Profit after tax was £6,000 (2018: loss of £256,000).
- The basic and fully diluted earnings per share was 0.0004 pence (2018 loss per share: 0.02 pence).
- Cash in hand at period end £24,000 (2018: £38,000).

Business overview

The Board is pleased to announce that the Group has reached profitability at both EBITDA and Profit after tax for the first time, with considerable year on year improvement in financial performance, beating market expectations comfortably.

The results include the beneficial profit impact of £117,000 resulting from the adoption of IFRS15, which is analysed in note 28. The impact of this is additional revenue of £317,000 and costs of £200,000 which are consequentially recognised in profit or loss for the year ended 31 March 2019.

Significant projects for HP (Hewlett Packard), Lululemon Athletica, Ford Motor Company, Mitsubishi Motors, Opel, and Tiffany & Co. as well as the European Bank for Reconstruction and Development have complemented ongoing contracts with long term clients such as Ted Baker, Diesel, Kuoni and Hyundai. During the year the Group has also successfully completed projects in Europe, the Middle East, Africa, Asia (including China), the Americas and Australasia making the Group a global provider of audio-visual solutions for our client base.

MediaZest International Limited turned over £3,303,000, generating EBITDA of £434,000 and a Profit after Tax of £350,000. It has annual ongoing recurring contractual revenues in excess of £700,000, a number of which are multi-year deals.

The first six months of the Financial Year 2019 were particularly pleasing as activity in the retail sector provided opportunities for growth and new client acquisition, in line with the Group's strategy. The second half of the financial year, however, was markedly more difficult. This was due, in part, to the deterioration in macroeconomic trading conditions that has been evident since November 2018 as a consequence, initially, of uncertainty surrounding Brexit and then latterly, an overall slowdown in the sector as a whole.

In light of these circumstances, the achievement in reaching profitability this year has been particularly encouraging although the Board recognises that there is much work still to be done.

Markets Served and Project Highlights

The Group services, primarily, the Retail sector, particularly the Automotive, Fashion, Electronic goods and Financial Services sectors. In addition, it also provides audio visual solutions for the Corporate and Education markets.

Below we set out some of the project highlights for the year in traditional retail.

The Company continued to provide innovative in-store solutions for HP's concessions within host retailers across Europe, the Middle East and Africa. In aggregate over 200 screens were deployed in twelve countries and eight different languages, all via a centrally managed content management solution provided by MediaZest.

In the follow-up to a successful deployment at Lululemon's flagship store in London's Regent Street two years ago, MediaZest has been working with Lululemon in providing digital signage solutions for multiple stores across Europe as part of their ongoing growth programme.

Business continued steadily with Ted Baker, for whom the company now provides content management and audio-visual support globally in twenty countries.

In 2018, the Group was delighted to be appointed to install a large LED screen at the Tiffany new concept store in Covent Garden and is currently working on their New Bond Street flagship store refresh programme.

MediaZest added Pets at Home as a client in the year, providing audio-visual solutions for their new store concepts in Stockport and Chesterfield. Following the year end the Company has also completed a further store in Stratford-Upon-Avon with two more awarded and another two in the pipeline.

The automotive sector remained fruitful, as the Group continued to work with Hyundai and VW but also delivered new concept stores for Ford, Mitsubishi and Opel. In respect of Ford, the Company provided a range of solutions including projection, LED and data measurement. This "Ford Store" concept in Manchester is located within the Next store in the city's Arndale Shopping Centre.

Mitsubishi opened their first store in the Lakeside shopping centre, again featuring a wide range of audio-visual solutions. For Opel, it provided content management and content build services for a proof of concept dealership in Germany, all in the local language. MediaZest, in respect of the latter, partnered with Snap On Business Solutions in much the same way as it works with Retail Interior Design agencies and the likes of Samsung to jointly deliver best-in-class projects for end clients.

In the corporate arena, the Group undertook a large project for the European Bank for Reconstruction and Development (EBRD), a new headquarters for both Kuoni and its sister company, Carrier. Along with the aforementioned client business the completion of an audio installation at BMW's Mini factory in Oxfordshire, were some of the more notable highlights.

Following the collapse into administration of HMV, a long-standing client, the Company wrote off bad debts of £16,000 against outstanding invoices representing amounts due no more than 30 days at the time of administration. Revenue from project work for the new owner of these stores has generated income of a similar level.

Strategy

The Board's strategy continues to be one of growing both the quantum and quality of revenues with an emphasis upon clients where there is a long-term opportunity to deploy solutions across multiple sites, and sometimes countries, over a period of time.

The Group focus is on providing a high-quality Managed Service offering wrapped around hardware and software delivery that generates ongoing contractual revenues from the customer base over several years and this is a major objective. This strategy has been effective over the last 24 months, in particular, which has enabled the Group to create an annual recurring contractual revenue base of in excess of

£700,000. In the longer-term, the aim is to cover the Group's costs with recurring contractual revenues to achieve consistent profitability, supplemented by one or more 'game changing' large scale roll-out projects.

In the context of the above narrative, the Board has recognised the current period of economic slowdown and the negative impact thereof on the retail sector. It has, therefore, taken the following steps in late 2018/early 2019 to help mitigate this:

- Reduced annual costs by c. £200,000
- Increased marketing activity in the Education and Corporate sectors. This is already showing signs of success as noted below; and
- Undertook a small placing to improve working capital, also as detailed below.

Fund Raising During the Period

The Company raised £110,000 (before expenses) to strengthen the balance sheet from existing investors in February 2019 by way of a placing of 110,000,000 new ordinary shares at a placing price of 0.1p per share. The shares were admitted to trading on AIM in February 2019.

Outlook

Following the progress made during Financial Year 2019, it is prudent to assume that for the new Financial Year ending 31 March 2020, the macro-economic and business environment will continue to be challenging.

However, as already noted, many customers continue to work with the Company on an ongoing basis, rolling out solutions to their stores as refresh or new store programmes continue. Lululemon, Pets at Home, Ted Baker, Kuoni, Hyundai and several others fit into this category with multiple projects for each already won for the new financial year.

A large project in the Education sector has also been won, as announced in the Trading Update of 25 March 2019. This is expected to be deployed in the second half of the new financial year.

Retail markets in which the Company operates are increasingly adopting digital signage solutions, which bodes well for the future. "Big Data" services, including measuring return on investment and improving the relevancy of content to the consumer, represent opportunities in the sector in which the Group is in the vanguard.

Despite the business environment, renewal rates on recurring revenue contracts for "already-deployed" stores continue to be strong. This, coupled with both anticipated revenue and other new business wins, along with the reduction in the cost base means the Board believes the Group has an opportunity to build on this maiden profit during the coming year.

Lance O'Neill
Chairman
Date: 28 August 2019

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 2019 and the comparative year ended 31 March 2018. The consolidated financial results of the Group include the results of its subsidiary company, which is wholly owned.

GENERAL INFORMATION

MediaZest plc is a public limited company which is listed on the AIM market of the London Stock Exchange and is incorporated and domiciled in the UK. The company's registered number is 05151799.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £6,000 (2018: loss of £256,000).

The directors do not recommend the payment of a dividend (2018: £nil).

DIRECTORS

The directors who held office during the year and up to the date of signing the financial statements are given below:

Lance O'Neill
Geoffrey Robertson
James Abdool (appointed 18 September 2018)

FUTURE DEVELOPMENTS

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

FINANCIAL RISK MANAGEMENT

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

POST BALANCE SHEET EVENTS

There have been no post balance sheet events.

CORPORATE GOVERNANCE

Introductory Statement

The Board of Directors acknowledges the importance of good corporate governance and has developed appropriate policies accordingly, given the size of the Group and its current stage of development. As Chairman, Lance O'Neill has oversight of the board and ultimate responsibility for the Group's governance.

The Board has elected to apply the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code') in this regard. The QCA Code is an alternative corporate governance code that can be adopted by AIM companies, and is the result of extensive consultation between the QCA and a wide range of shareholders over "best practice".

The Board of Directors believes that good corporate governance creates shareholder value by improving performance, whilst reducing or mitigating the risks that a company faces as it seeks to create sustainable growth over the medium to long-term.

The QCA code identifies 10 principles that well governed businesses should follow. MediaZest applies these principles as follows:

1. Establish a strategy and business model which promotes long-term value for shareholders

MediaZest's strategy is laid out in detail within the Chairman's Statement, beginning on page 5 of this document.

In particular, this focuses on:-

concentrating new business efforts on large scale opportunities; improving recurring revenue streams; developing intellectual property where possible including through analytics; maintaining a 'one-stop shop' approach for customers.

Key risks to the business and how they are mitigated can be found on page 4.

2. Seek to understand and meet shareholder needs and expectations

The Board is committed to constructive two-way dialogue between all shareholders and the Company, and regularly holds calls or face to face meetings and responds to email enquiries to achieve this. The website provides contact details for the company.

The Chairman regularly discusses relevant matters with the Group's major shareholders and ensures their views are communicated on an accurate and timely basis to the Board. This includes discussion of strategy in order to demonstrate how the Board believes this will deliver long-term value for stakeholders.

In addition, the AGM provides a forum for all shareholders to raise questions in person and the Board devotes time after these meetings to consider the views of attending shareholders and endeavours to answer any questions wherever possible.

Where substantial voting at any general meeting is against any resolutions proposed by the Board, the Chairman will engage with relevant investors to understand the reasons for this and address any concerns, with corrective action as necessary.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Company uses several mechanisms to achieve this.

Quality assurance is governed by ISO 9001 compliance. A central tenet of this framework is continuous improvement in all areas. This includes regular review on an ongoing, constant basis of all aspects of company performance. Both good and bad feedback is sought and reviewed to understand areas for improvement and key areas of strength. The framework also includes review of Group suppliers and their performance including reliability of technology and timeliness and cost-effectiveness of supply. Any issues are reviewed and corrective action sought.

The Company seeks to use recycling and energy efficient devices as far as practically possible and when supplying to customers.

Employee stakeholders are encouraged to share views with their line managers and on a quarterly basis the Board hosts a team meeting for all employees where they can be updated on key clients, developments, technology and their views can be heard, with action taken as appropriate. Annual staff reviews also give employees the opportunity to review progress, training needs and development requirements for the year ahead.

The Company has a proactive approach of promoting from within, where possible, to engender an inspiring culture within the business which affords employees' long-term career opportunities.

The Company's approach to all projects is to deliver an exceptionally high quality, value for money service taking into account longevity of deployment, return on investment for the client and independently recommending the best available products, systems and design to achieve this. This has been recognised in a large number of awards won by the Company over recent years.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

MediaZest's strategy regarding management of risk is laid out on page 4 of these accounts.

Financial risk is monitored on a weekly basis by all Directors, including those of the subsidiary company, and the Group Financial Controller.

The Board aims to meet at least 6 and ideally 12 times a year on a formal basis and a topic on the agenda of these Board Meetings is assessment of risk of all types. This includes reviewing opportunities for development of the Group as well as external threats and competition. It also includes thorough review of financial position, forecasts and monthly management information on a timely basis.

Management meetings and calls occur on a weekly basis and consider the operational risk inherent in the Company's business and report to the Board significant matters that require attention between formal Board Meetings.

5. Maintaining the board as a well-functioning, balanced team led by the chair

The Board comprises one Executive Director (Geoff Robertson) and two Non-Executive Directors (Lance O'Neill and James Abdool). The Board is led by the chair, Lance O'Neill. The Board considers the Non-Executive Directors to be independent notwithstanding their shareholdings and, in the case of the chair, his length of service having been appointed in October 2004).

Mr Robertson is full time, Mr O'Neill works on average one to two days per week with MediaZest. As Independent Non-Executive Director, Mr Abdool works on average four days per month for the Company.

Operational data, and the resulting financial information is regularly provided to the Board on a timely basis, including ahead of formal Board Meetings. The Board aims to meet at least 6 and ideally 12 times a year on a formal basis. In the last 12 months the Board has met at least once per month either in a formal Board Meeting or by way of Management Meeting.

During the financial year ending 31 March 2019, nine formal Board meetings were held and all three directors attended all of the meetings where eligible. In the case of Mr Abdool this includes only those Board meetings held subsequent to his appointment.

All Directors have access to advice from the Company Secretary (externally provided) and the Company's advisers including but not limited to MediaZest's NOMAD, Broker and legal advisers.

All Directors are encouraged to seek further skills as required to meet the demands of the business, and to take further independent advice as necessary, at the expense of the Company where appropriate.

The Company extends this principle further than the Board requires and all employees are encouraged, on an annual basis, to identify training needs and opportunities with their line managers to support continuing development of the whole team and reinforce the continuous improvement ethos that the Board is committed to.

The Board is supported on specific matters by committees.

The Audit Committee comprises Lance O'Neill who has a number of years' experience as a director of smaller public companies, and James Abdool. 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 focusses on reviewing any changes in accounting policy, major areas of judgement and estimates and compliance with accounting principles and regulatory requirements.

The Remuneration Committee comprises Lance O'Neill and James Abdool. Each recuses himself from discussions and refers to Mr Robertson when discussing their own remuneration.

The Board does not have a separate Nominations Committee due to the size of the Board, and all Directors participate in this function when required.

6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

A summary of the experience of each of the directors who held office during the year and up to the date of signing the financial statements are given below:

Lance O'Neill – Non Executive Chairman

Lance is a London-based director of DFB (Australia) Pty. Ltd, a Sydney based investment adviser. He is also chairman of EP&F Capital Plc and a director of Calix Ltd. He has worked in international securities and investment markets since 1981. During this time, he spent over ten years based in London and Sydney with periodic work in the United States and the Far East, principally with Prudential-Bache Securities Inc., Societe Generale (Australia) Securities and Rivkin Securities Limited, working in institutional equity and fixed income sales/trading as well as in corporate finance. He is a director of, and investor in, a number of private and public companies in the UK, USA and Australia. He holds a Bsc (Econ) Hons in Accountancy and Law from the University of Wales and is a member of the Securities Institute of Australia.

Geoff Robertson – Chief Executive Officer & Finance Director

Geoff qualified as a Chartered Accountant in London with Ernst & Young, and left to join Sony Corporation of America in 1997. There he spent two years in the Operational Review department, working and leading Internal Audit reviews of the international offices of Sony Music and Columbia Tristar Pictures, predominantly in Europe, North America and the Far East. He then moved to a line role within Sony Music for the majority of the next five years, in various senior finance roles within a specialist department sourcing international music repertoire through funding or acquisition deals with independent record labels. Although most of this time was spent based in London, Geoff also worked for 3 months at Sony Music Australia during 2003.

Upon his return from Australia, Geoff moved to Lewis Communications Ltd, a privately owned international Public Relations agency as Group Finance Director. He left in October 2005 and joined MediaZest plc. Geoff has a Bsc (Econ) Hons in Econometrics from the London School of Economics.

James Abdool – Non Executive Director

James graduated in Marketing and Management Science in 1994 before joining the family business providing in-store music to restaurants in the UK. Within 5 years he became Managing Director, growing the business internationally in the retail, hospitality and leisure sectors and culminating in leading the company through sale in 2007.

James then joined EnQii, a SaaS based content management software company, heading up EMEA before setting up the International operations for PlayNetwork Inc. He helped shape the sales strategy for MediaZest Plc delivering innovative digital experiences for major retailers and brands as an Executive Director, and then moved to global design and consultancy Arcadis as the Partner heading up Digital Experience working on innovation, technology and content strategies and delivery, across their client base. Most recently, he became SVP UK & Ireland for Fortude to develop and growth their ERP implementation services businesses and support their global expansion with Infor.

James also is a qualified Executive Coach and has spent time coaching key executives in a growing number of companies and roles. He also enjoys charity work. From 2003 he started a 3 year non-executive term with the NHS and charity work today continues as Chair of Crawley Open House helping the homeless and disadvantaged, Governor at Copthorne Prep School, and other local and national charities.

The Board considers there to be three key areas of requirement that give MediaZest a balanced strategy and sufficient knowledge to perform well.

Further details of each Directors skills and experience are noted in the biographies on this page.

Audio-Visual market place – the core of the operational business - Mr Robertson and Mr Abdool provide this.

Public Markets skills – predominantly provided by Mr O'Neill and Mr Robertson.

Financial knowledge – all three of the Directors are well qualified and extremely experienced in this area.

The Board seeks advice from relevant professional advisers, as required, and regularly invites senior staff members to Board meetings to discuss specific matters.

The Board continues to consider further appointments as necessary and when opportunity arises.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Board considers Key Performance Indicators (KPIs) to be financial performance, measured using revenue, gross profit, gross margin, EBITDA, profit after tax, profit/loss per share, cash in hand and banking facilities plus outstanding shareholder loans. These key performance indicators are regularly monitored on an ongoing basis.

There are no non-financial KPIs actively monitored by management at this current time.

The Board reviews the KPIs used on a regular basis, and makes adjustments as necessary.

There is no formal process by which board members are formally appraised as the Board considers it more relevant to monitor how the Group performs against KPIs at this stage in the Company's development.

8. Promote a corporate culture that is based on ethical values and behaviours

The Group maintains an Equal Opportunities Policy that ensures that no individual is discriminated against irrespective of sex, race, disability, sexual orientation, marital status, religious beliefs, or age.

This is applied across all activities of the Group including recruitment and dealings with clients, suppliers, and any other partners.

The Group also maintains a clear Anti-Bribery and Corruption policy as well as an Anti-Modern Slavery policy. Employees with any concerns over either of these can contact their line manager to raise these concerns or the Board if more appropriate.

During the regular employee forums, all staff are encouraged to discuss areas of concern or development opportunities for the Company culture when fulfilling projects for our clients, which is based around 4 key principles:

- Accountability
- Innovation
- Teamwork
- Positivity

This is all undertaken within the ISO9001 Quality Assurance framework that the Company has attained.

The Board keeps these policies under review and reviews their implementation through the various stakeholder feedback processes discussed herein.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Board recognises that, due to the size of the Company and its stage of development, it is necessary to have a reasonably small Board that will evolve and grow with the business.

The Board of Directors has been chosen for their expertise in areas vital to the development of the Company rather than adding more members to reach a specific total number of Directors. The Board's corporate governance is supported by two committees (Audit Committee, and Remuneration Committee) as described in principle 5 and all members of the Board act as the nomination committee.

The make up of the Board and additional skill requirements are considered on a regular basis.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Company's Corporate Governance practices are highlighted on its website, www.mediazest.com and also in these accounts.

DIRECTORS' REPORT (Continued)

The Board is committed to constructive two-way dialogue between shareholders and the Company, as detailed above.

The Chairman regularly discusses relevant matters with the Group's major shareholders and ensures their views are communicated on an accurate and timely basis to the Board.

In addition the AGM provides a forum for all shareholders to raise questions in person and the Board devotes time after these meetings to consider the views of attending shareholders and looks to answer any questions as fully as possible.

The proxies for and against each resolution are announced at the meetings.

The audit committee has focussed during the year on the impact of IFRS 15 in particular on the Group's accounts as well as the wider financial performance and reporting of the Company. This work has been closely conducted with the Company's auditors.

The remuneration committee did not meet during the year and remuneration packages for all individuals falling under the remit of this committee remain unchanged from the prior year.

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.

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: 28 August 2019

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDIAZEST PLC

Opinion
We have audited the financial statements of MediaZest Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 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 notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

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

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

Key audit matter	Description of risk	How the matter was addressed in the audit
Group – Valuation of goodwill Parent company – Valuation of investment in subsidiary	The Group has material goodwill resulting from the acquisition of MediaZest International Limited and the parent company has a material investment in the same subsidiary. The group's assessment of carrying values requires significant judgement, in particular regarding cashflows, growth rates, discount rates and sensitivities.	We have challenged the assumptions used in the impairment model for goodwill and investments as described under Note 11 in Notes to the Financial Statements. In performing our procedures, we: • considered the reliability of estimates by comparing prior year estimates against current year actuals • assessed the appropriateness of the assumptions concerning growth rates • considered sensitivity analyses of key variables included within the value in use calculations • discussed the achievability of current year estimates As part of our procedures we used our internal valuation specialists to assess the appropriateness of the discount rate applied and model used.
Group – Revenue recognition (including accrued and deferred income)	The Group has revenue which can span different accounting periods covering multiple income streams. We have therefore identified revenue cut-off to be a significant audit risk, particularly linked to the adoption of IFRS 15.	As part of our procedures, we: • reviewed a sample of quotations, timesheets, stock movements and maintenance revenue in the year and compared it to the customers' purchase order, invoice and also ensured it has been correctly recorded in the accounting records. • reviewed transactions around the year-end and agreed that goods and services have been provided in the correct period by agreeing to relevant audit evidence • agreed a sample of contract assets and contract liabilities to invoices and evidence of work performed.

Materiality

The materiality for the group financial statements as a whole was set at £66,000. This has been determined with reference to the benchmark of the group's revenue, which we consider to be one of the principal considerations for members of the parent company in assessing the performance of the group. Materiality represents 2% of the group's revenue as presented on the face of the consolidated statement of income.

The materiality for the parent company financial statements as a whole was set at £52,800. This has been determined with reference to the benchmark of the parent company's net assets as the parent company exists only as a holding company for the group and carries on no trade in its own right. Materiality represents 2.9% of net assets as presented on the face of the parent company's Statement of Financial Position.

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

An overview of the scope of our audit
We have audited both the parent company (MediaZest Plc) and subsidiary company (MediaZest International Limited).

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

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

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

We have nothing to report in this regard.

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

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

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the

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

preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

Cumberland House
15-17 Cumberland Place
Southampton
SO15 2BG

Date: 28 August 2019

MediaZest plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £'000	2018 £'000
Continuing operations			
Revenue	**3**	3,303	2,819
Cost of sales		(1,628)	(1,458)
Gross profit		1,675	1,361
Administrative expenses – excluding depreciation & amortisation		(1,546)	(1,474)
EBITDA		129	(113)
Administrative expenses – depreciation & amortisation		(40)	(41)
Operating profit/(loss)	**4**	89	(154)
Finance costs	**7**	(83)	(102)
Profit/(loss) on ordinary activities before taxation		6	(256)
Tax on profit/(loss) on ordinary activities	**8**	-	-
Profit/(loss) for the year and total comprehensive income/(loss) for the year attributable to the owners of the parent		6	(256)
Earnings/(loss) per ordinary 0.1p share			
Basic	**10**	0.0004p	(0.02p)
Diluted	**10**	0.0004p	(0.02p)

MediaZest plc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

(Company No. 05151799)

	Note	2019 £'000	2018 £'000
Non-current assets			
Goodwill	**11**	2,772	2,772
Property, plant & equipment	**12**	62	51
Intangible fixed assets	**13**	1	3
Total non-current assets		2,835	2,826
Current assets			
Inventories	**15**	69	217
Trade and other receivables	**16**	481	897
Cash and cash equivalents		24	38
Total current assets		574	1,152
Current liabilities			
Trade and other payables	**17**	(1,017)	(1,664)
Financial liabilities	**18**	(548)	(471)
Total current liabilities		(1,565)	(2,135)
Net current liabilities		(991)	(983)
Non-current liabilities			
Financial liabilities	**18**	(25)	(22)
Total non-current liabilities		(25)	(22)
Net assets		1,819	1,821
Equity			
Share capital	**19**	3,656	3,546
Share premium account		5,244	5,244
Share options reserve		146	146
Retained earnings		(7,227)	(7,115)
Total equity		1,819	1,821

The financial statements were approved and authorised for issue by the Board of Directors on 28 August 2019 and were signed on its behalf by:

Geoffrey Robertson
CEO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Share Capital £'000	Share Premium £'000	Share Options Reserve £'000	Retained Earnings £'000	**Total Equity £'000**
Balance at 1 April 2017	3,499	5,221	146	(6,859)	**2,007**
Loss for the year	-	-	-	(256)	**(256)**
Total comprehensive loss for the year	-	-	-	(256)	**(256)**
Issue of share capital	47	24	-	-	**71**
Share issue costs	-	(1)	-	-	**(1)**
Balance at 31 March 2018	3,546	5,244	146	(7,115)	**1,821**
Adjustment for adoption of IFRS 15	-	-	-	(117)	**(117)**
Balance at 1 April 2018 restated	3,546	5,244	146	(7,232)	**1,704**
Profit for the year	-	-	-	6	**6**
Total comprehensive income for the year	-	-	-	6	**6**
Issue of share capital	110	-	-	-	**110**
Share issue costs	-	-	-	(1)	**(1)**
Balance at 31 March 2019	3,656	5,244	146	(7,227)	**1,819**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £'000	2018 £'000
Net cash generated from/(used in) operating activities before tax	**21**	117	(434)
Taxation		-	-
Net cash generated from/(used in) operating activities		117	(434)
Cash flows used in investing activities			
Purchase of property, plant and equipment		(30)	(5)
Purchase of intellectual property		-	(2)
Net cash used in investing activities		(30)	(7)
Cash flow from financing activities			
Other loans		(19)	(40)
Shareholder loan receipts		385	233
Shareholder loan repayments		(330)	(213)
Interest paid		(58)	(54)
Proceeds of share issue		110	70
Share issue costs		(1)	-
Net cash generated from/(used in) financing activities		87	(4)
Net increase / (decrease) in cash and cash equivalents		174	(445)
Cash and cash equivalents at beginning of year		(353)	92
Cash and cash equivalents at end of the year	**20**	(179)	(353)

MediaZest plc

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

(Company No. 05151799)

	Note	2019 £'000	2018 £'000
Non-current assets			
Investments	**14**	3,046	3,046
Current assets			
Trade and other receivables	**16**	10	9
Cash and cash equivalents		2	-
Total current assets		12	9
Current liabilities			
Trade and other payables	**17**	(623)	(465)
Financial liabilities	**18**	(533)	(453)
Total current liabilities		(1,156)	(918)
Net current liabilities		(1,144)	(909)
Net assets		1,902	2,137
Equity			
Share capital	**19**	3,656	3,546
Share premium account		5,244	5,244
Share options reserve		146	146
Retained earnings		(7,144)	(6,799)
Total equity		1,902	2,137

Retained earnings includes a parent company loss of £344,000 (2018: £351,000).

The financial statements were approved and authorised for issue by the Board of Directors on 28 August 2019 and were signed on its behalf by:

Geoffrey Robertson
CEO

MediaZest plc

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Share Capital £'000	Share Premium £'000	Share Options Reserves £'000	Retained Earnings £'000	**Total Equity £'000**
Balance at 1 April 2017	3,499	5,221	146	(6,448)	**2,418**
Loss for the year	-	-	-	(351)	**(351)**
Total comprehensive loss for the year	-	-	-	(351)	**(351)**
Issue of share capital	47	24	-	-	**71**
Share issue costs	-	(1)	-	-	**(1)**
Balance at 31 March 2018	3,546	5,244	146	(6,799)	**2,137**
Loss for the year	-	-	-	(344)	**(344)**
Total comprehensive loss for the year	-	-	-	(344)	**(344)**
Issue of share capital	110	-	-	-	**110**
Share issue costs	-	-	-	(1)	**(1)**
Balance at 31 March 2019	3,656	5,244	146	(7,144)	**1,902**

MediaZest plc

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £'000	2018 £'000
Net cash used in operating activities	**21**	(149)	(76)
Cash flows from financing activities			
Shareholder loan receipts		385	232
Shareholder loan repayments		(330)	(212)
Interest paid		(13)	(14)
Proceeds of share issue		110	70
Share issue costs		(1)	-
Net cash generated from financing activities		151	76
Net increase in cash and cash equivalents		2	-
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year	**20**	2	-

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 London, United Kingdom, under company registration number 05151799. The principal place of business, as well as registered office, 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. Future operating and capital costs have also been reviewed and included in the cash flow forecast prepared by the directors.

In addition, these forecasts have been considered in light of the ongoing economic difficulties in the global economy and consequences of the 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 letters of support from two shareholders who have provided material loans to the Group, 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. The balance of these loans at 31 March 2019 totalled £427,000 (2018: £381,000).

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.

Changes in accounting policies and disclosures

(a) New and amended Standards and Interpretations adopted by the Group and Company

The Group and the Company have adopted "IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" for the first time this period. These new standards required additional disclosures which have been provided in note 28.

1. ACCOUNTING POLICIES (Continued)

b) New and amended Standards and Interpretations mandatory for the first time for the financial year beginning 1 April 2018 but not currently relevant to the Group or Company

The following new and amended Standards and Interpretations are not currently relevant to the Group or Company; however some of them may have a significant impact in future years:

- Amendments to IFRS 2: Classification and measurement of share-based payment transactions
- Annual improvements to IFRSs 2014-2017 cycle
- Amendments to IFRS 4: Applying IFRS 9 with IFRS 4
- Amendments to IAS 40: Transfers of investment property
- IFRIC 22 Foreign currency transactions and advance consideration

(c) New and amended Standards and Interpretations issued but not effective for the financial year beginning 1 April 2018

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 16 “Leases” will be effective for the year ending 31 March 2020 onwards and the impact on the financial statements will be significant. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a right-of-use asset for all lease contracts. Therefore, the Company’s operating lease commitments (some £242,000 on an undiscounted basis, as shown in Note 22 of the financial statements) would be brought onto the statement of financial position and amortised and depreciated separately. There will be no impact on cash flows, although the presentation of the cash flow statement will change significantly. Management are currently working on the new processes and systems that will be required to comply with this accounting standard.

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

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 transaction price received or receivable allocated to the performance obligation satisfied and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes. As the expected period between transfer of a promised good or service and payment from the customer is one year or less then no adjustment for a financing component has been made.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

For the sale of standalone goods, revenue is recognised when control passes to the customer, which is typically on despatch of goods. Where a solution is provided to a customer including both goods and services and/or software, this is considered to be a single performance obligation and the contract revenue is recognised over the period of installation. Support revenue is recognised evenly over the period of the contract.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

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. The new IFRS 9 “Financial Instruments” has been considered and deemed to have no material impact on these Financial Statements. This is further explained in note 28.

1. ACCOUNTING POLICIES (Continued)

Financial assets

Cash and cash equivalents include cash at bank and in hand and invoice discounting balances, which are considered to be an integral part of cash management.

Financial assets

Trade receivables are held in order to collect the contractual cash flows and are initially measured at the transaction price as defined in IFRS 15, as the contracts of the Group do not contain significant financing components. Impairment losses are recognised based on lifetime expected credit losses in profit or loss.

Other 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.

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.

1. ACCOUNTING POLICIES (Continued)

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.

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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. The Group auto-enrols all qualifying employees in the NEST workplace pension scheme. Costs incurred during the year are charged to the statement of comprehensive income as they fall due.

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.

EBITDA

This is defined as Profit/(Loss) before Tax, adjusted for finance costs, depreciation and amortisation. The company uses this as a valuable measurement of performance after administrative expenses are deducted, but before depreciation, amortisation, finance costs and tax are considered.

1. ACCOUNTING POLICIES (Continued)

Operating Profit/(Loss)

This is defined as Profit/(Loss) before Tax, adjusted for finance cost.

These can be reconciled as follows:

	2019 £'000	2018 £'000
Profit/(Loss) on ordinary activities before taxation	6	(256)
Finance Costs	83	102
Operating profit/(loss)	89	(154)
Administrative expenses – depreciation & amortisation	40	41
EBITDA	129	(113)

Research & Development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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), the non-recognition of deferred tax assets (Note 8), and judgements around the revenue recognition principles adopted. In particular whether solutions provided to customers form a single or multiple performance obligation. In view of the nature of goods and services provided, the Board consider that there is a single performance obligation based upon the criteria of IFRS 15.

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

Key sources of estimation uncertainty

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value of the cash generating unit 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 2019 was £2,772,000 (2018: £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 2019 of £3,046,000 (2018: £3,046,000) – see Note 14.

Bad debt provisions

The trade receivables of £288,000 (2018: £631,000) recorded in the Group's statement of financial position comprise a relatively small number of large balances. Following on from a year end review, the Group deems all trade receivable balances to be recoverable, therefore no provision has been made for bad debt.

Stock

Stock is stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable direct labour costs. A stock take is carried out at the end of each month and obsolete items, or items unlikely to sell, are written off to cost of sales. The carrying value of stock at the year end was £69,000 (2018: £217,000). No provision for stock was included in the accounts at year end as it was deemed that all carrying stock was likely to result in a sale.

NOTES TO THE FINANCIAL STATEMENTS

3. SEGMENTAL INFORMATION

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

	2019 £'000	2018 £'000
UK and Channel Islands	2,549	2,381
Netherlands	292	281
Switzerland	157	-
Italy	59	-
Germany	53	70
North America	29	54
Other	164	33
	3,303	2,819

An analysis of revenue by type is shown below:

	2019 £'000	2018 £'000
Hardware and installation	2,008	2,016
Support and maintenance – recurring revenue	645	524
Other services (including software solutions)	650	279
	3,303	2,819

£65,000 of revenue has been recognised at a point in time and £3,238,000 of revenue has been recognised over a period of time. Transitional exemptions have been taken from restating the comparative disclosure.

<u>Segmental information and results</u>

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 Board have reviewed segmental information and concluded that there is only one operating segment.

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

	2019 £'000	2018 £'000
Goods and services	155	94
Service and maintenance	181	169
	336	263

4. OPERATING PROFIT/LOSS

	2019 £'000	2018 £'000
This is stated after charging/(crediting):		
Depreciation of owned tangible assets	21	17
Amortisation of intangible assets	2	13
Depreciation of assets held under hire purchase agreements	17	11
Pension contributions	16	10
Operating lease rentals paid:		
- land and buildings	72	83
- other	1	1

5. AUDITOR'S REMUNERATION

	2019 £'000	2018 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	5	5
The audit of the Company's subsidiary	20	16
The provision of tax services	4	-

6. STAFF COSTS

Staff costs during the year - Group	2019 £'000	2018 £'000
Wages and salaries	887	833
Social security costs	103	102
Pension	16	10
	1,006	945

Staff costs during the year - Company	2019 £'000	2018 £'000
Wages and salaries	140	125
Social security costs	15	15
Pension	1	1
	156	141

6. STAFF COSTS (continued)

Consolidated average number of employees	2019 Number	2018 Number
Management	3	3
Other	15	16
Totals	18	19

Company average number of employees	2019 Number	2018 Number
Management	3	2
	3	2

Director's emoluments	2019 £'000	2018 £'000	Unexercised share options at 15p	Unexercised share options at 0.35p
Geoffrey Robertson	127	121	133,333	50,320,000
Lance O'Neill	60	60	-	26,260,000
James Abdool	16	-	-	13,130,000

Two directors were accruing benefits under money purchase pension schemes (2018: 2). £1,000 was charged to the Statement of Comprehensive Income in respect of these schemes.

7. FINANCE COSTS

	2019 £'000	2018 £'000
Bank loan interest and charges	44	41
Other loan interest	39	61
	83	102

8. TAXATION

	2019 £'000	2018 £'000
Current tax	-	-
Current tax – prior years	-	-
Deferred tax	-	-
Total tax charge / (credit) for the year	-	-

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:

	2019 £'000	2018 £'000
Profit/(Loss) before taxation	6	(256)
Tax on Profit/(Loss) on ordinary activities at standard UK corporation tax rate of 19% (2018: 19%)	1	(49)
Effects of:		
Expenses not allowable for taxation	1	1
Deferred tax not recognised	-	(5)
Losses utilised	(60)	(15)
Losses carried forward	58	68
Total tax charge / (credit) for the year	-	-

A potential deferred tax asset of £2,533,000 (2018: £2,535,000) in respect of the following (calculated at the corporate tax rate of 17% (2018: 17%) has not been provided for on the basis that there is insufficient certainty over the date that they will be utilised.

	2019 £'000	2018 £'000
Losses carried forward	14,805	14,818
Net fixed asset timing differences (ACA)	62	92
Short term timing differences	-	1
	14,867	14,911

Future tax developments

The main rate of corporation tax decreased to 19% on 1 April 2017.

The Finance Act 2016 reduces the mainstream rate of corporation tax to 17% in April 2020.

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.

10. EARNINGS/(LOSS) PER ORDINARY SHARE

	2019	2018
Profit/(Loss)	**£'000**	**£'000**
Profit/(Loss) for the purposes of basic and diluted earnings per share being net loss attributable to equity shareholders	6	(256)

	2019	2018
Number of shares	**Number**	**Number**
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,296,370,979	1,245,639,221
Number of dilutive shares under option or warrant	-	-

	2019	2018
	£'000	**£'000**
Weighted average number of ordinary shares for the purposes of dilutive loss per share	1,296,370,979	1,245,639,221

Basic earnings per share is calculated by dividing the profit after tax attributed to ordinary shareholders of £6,000 (2018 loss: £256,000) by the weighted average number of shares during the year of 1,296,370,979 (2018: 1,245,639,221).

The diluted loss per share is identical to that used for basic loss per share as the options are "out of the money" and therefore anti-dilutive.

11. GOODWILL

	2019	2018
	£'000	**£'000**
Net book value	2,772	2,772

Goodwill acquired is allocated to a single cash generating unit (CGU), MediaZest International Limited.

11. GOODWILL (continued)

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

The recoverable amounts of the single CGU 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 adopted a discount rate of 15% (2018: 12.5%) using pre-tax rates that reflect current market assessments of the time value of money and specific risks. 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 forecasts over a further four years based on future expectations of revenue growth and cost inflation. Beyond that cashflows are extrapolated using a long term average growth rate of 2% thereafter.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements £'000	Plant and Machinery £'000	Total £'000
Cost			
At 1 April 2018	11	275	286
Additions	5	44	49
At 31 March 2019	16	319	335
Depreciation			
At 1 April 2018	9	226	235
Provided during the year	2	36	38
At 31 March 2019	11	262	273
Net Book Value			
At 31 March 2019	5	57	62

Included within Plant and Machinery are assets held under hire purchase agreements with a total net book value of £38,000 (2018: £36,000).

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements £'000	Plant and Machinery £'000	Total £'000
Cost			
At 1 April 2017	11	257	268
Additions	-	28	28
Disposals	-	(10)	(10)
At 31 March 2018	11	275	286
Depreciation			
At 1 April 2017	7	210	217
Provided during the year	2	26	28
Disposals	-	(10)	(10)
At 31 March 2018	9	226	235
Net Book Value			
At 31 March 2018	2	49	51

13. INTANGIBLE FIXED ASSETS

	Intellectual Property £'000	Total £'000
Cost		
At 1 April 2018	77	77
Additions	-	-
At 31 March 2019	77	77
Amortisation		
At 1 April 2018	74	74
Provided during the year	2	2
At 31 March 2019	76	76
Net Book Value		
At 31 March 2019	1	1

NOTES TO THE FINANCIAL STATEMENTS

13. INTANGIBLE FIXED ASSETS (continued)

	Intellectual Property £'000	Total £'000
Cost		
At 1 April 2017	75	75
Additions	2	2
At 31 March 2018	77	77
Amortisation		
At 1 April 2017	61	61
Provided during the year	13	13
At 31 March 2018	74	74
Net Book Value		
At 31 March 2018	3	3

14. INVESTMENTS IN SUBSIDIARIES

Investments	Shares in group undertakings £'000	Loans to group undertakings £'000	Total £'000
Cost			
At 1 April 2018	3,046	969	4,015
Additions	-	-	-
At 31 March 2019	3,046	969	4,015
Provision for impairment			
At 1 April 2018	-	969	969
Release of provision	-	-	-
At 31 March 2019	-	969	969
Net Book Value			
At 31 March 2019	3,046	-	3,046

14. INVESTMENTS IN SUBSIDIARIES (continued)

Investments	Shares in group undertakings	Loans to group undertakings	Total
	£'000	£'000	£'000
Cost			
At 1 April 2017	3,046	969	4,015
Additions	-	-	-
At 31 March 2018	3,046	969	4,015
Provision for impairment			
At 1 April 2017	-	969	969
Release of provision	-	-	-
At 31 March 2018	-	969	969
Net Book Value			
At 31 March 2018	3,046	-	3,046

At 31 March 2019 the Company held the following interests in unlisted subsidiary undertakings:

Name of company	Country of incorporation	Proportion held	Business
MediaZest International Ltd 9 Woking Business Park, Albert Drive, Woking, Surrey, GU21 5JY	UK	100%	Audio Visual Supply & Installation

15. INVENTORIES

	2019	2018
	£'000	£'000
Finished Goods	69	217

The cost of inventories recognised as an expense and included within cost of sales amounted to £1,177,000 (2018: £1,316,000).

During the year the Group made a provision against slow moving stock of £nil (2018: £nil).

16. TRADE AND OTHER RECEIVABLES

	The Group 2019 £'000	The Group 2018 £'000	The Company 2019 £'000	The Company 2018 £'000
Trade receivables	288	631	-	-
Other receivables	7	7	-	-
Corporation tax repayable	4	4	-	-
Prepayments	172	180	10	9
Contract assets	10	75	-	-
	481	897	10	9

Trade receivables, which are the only financial assets at amortised cost, are non-interest bearing and generally have a 30 – 90 day term. Due to their short maturities, the carrying amount of trade and other receivables is a reasonable approximation of their fair value.

Of the trade receivables balance at the end of the year of £288,000 (2018: £631,000), £50,000 is due from the Group's largest customer. There are no other customers who represent more than 5% of the total balance of trade receivables.

A provision for impairment of trade receivables is established using an expected loss model. Expected loss is calculated from a provision matrix based on the expected lifetime default rates and estimates of loss on default.

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

	2019 £'000	2018 £'000
31 – 60 days	25	244
61 – 90 days	39	7
91 + days	1	42
	65	293

17. TRADE AND OTHER PAYABLES

	The Group 2019 £'000	The Group 2018 £'000	The Company 2019 £'000	The Company 2018 £'000
Trade payables	348	525	69	58
Amount owed to group company	-	-	531	388
Invoice discounting facility	203	391	-	-
Other taxes and social security payables	53	91	-	-
Contract liabilities	286	325	-	-
Accruals and other payables	127	332	23	19
	1,017	1,664	623	465

Trade payables comprise amounts outstanding for trade purchases and on-going costs and, together with the Invoice Discounting facility and accruals, are the only financial liabilities measured at amortised cost. 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.

The Group's invoice discounting facility is up to £500,000, of which there were £203,000 (2018: £391,000) of funds in use at the balance sheet date. This facility is provided through the wholly owned subsidiary MediaZest International Ltd and is secured under an existing all assets debenture.

18. FINANCIAL LIABILITIES

	The Group 2019 £'000	The Group 2018 £'000	The Company 2019 £'000	The Company 2018 £'000
Current				
Shareholder loans	533	453	533	453
Hire purchase liabilities	15	12	-	-
Bank loan	-	6	-	-
	548	471	533	453

At the beginning of the year, shareholder loan interest rates were fixed at 10% with one loan at 15% per annum (2018: 10% with one loan at 15%). During the year, the Board secured a moratorium on interest on one shareholder loan from 1 October 2018 to 31 March 2019.

18. FINANCIAL LIABILITIES (Continued)

Non-current	The Group 2019 £'000	The Group 2018 £'000	The Company 2019 £'000	The Company 2018 £'000
Hire purchase liabilities	25	22	-	-
Bank loan	-	-	-	-
	25	22	-	-

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

All financial liabilities are measured at amortised cost.

19. CALLED UP SHARE CAPITAL

	2019 Number of shares	2019 £'000	2018 Number of shares	2018 £'000
Allotted, called up and fully paid				
Ordinary shares of 0.1 pence	1,396,425,774	1,397	1,286,425,774	1,287
Deferred shares of 9.9 pence	22,825,327	2,259	22,825,327	2,259
Total	1,419,251,101	3,656	1,309,251,101	3,546

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 2019 £'000	The Group 2018 £'000	The Company 2019 £'000	The Company 2018 £'000
Cash held at bank	24	38	2	-
Invoice discounting facility	(203)	(391)	-	-
	(179)	(353)	2	-

21. CASH USED IN OPERATIONS

	The Group 2019 £'000	The Group 2018 £'000	The Company 2019 £'000	The Company 2018 £'000
Profit/(Loss) after tax	6	(256)	(344)	(351)
Finance costs	83	102	38	62
Depreciation/amortisation charge	40	41	-	-
Decrease/(increase) in inventories	148	(148)	-	-
(Decrease)/increase in payables	(776)	481	158	218
Decrease/(increase) in receivables	616	(654)	(1)	(5)
Net cash inflow/(outflow) from operating activities	117	(434)	(149)	(76)

Reconciliation of liabilities arising from financing activities:

Group	**2017**	**Cash flows**	**Non-cash changes: New finance leases**	**Non-cash changes: Interest accrued**	**2018**	**Cash flows**	**Non-cash changes: New finance leases**	**Non-cash changes: Interest accrued**	**2019**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Bank loan	27	(21)	-	-	6	(6)	-	-	-
Hire Purchase	30	(19)	23	-	34	(13)	19	-	40
Shareholder loans	385	20	-	48	453	55	-	25	533
	442	(20)	23	48	493	36	19	25	573

Company	**2017**	**Cash flows**	**Non-cash changes: New finance leases**	**Non-cash changes: Interest accrued**	**2018**	**Cash flows**	**Non-cash changes: New finance leases**	**Non-cash changes: Interest accrued**	**2019**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Shareholder loans	385	20	-	48	453	55	-	25	533
	385	20	-	48	453	55	-	25	533

22. LEASING COMMITMENTS

In September 2018 The Group extended its lease at the Woking Headquarters for a further 10 years, with a 5 year break clause. As such, The Group has commitments at the statement of financial position date under non-cancellable operating leases for which payments extend over a number of years as follows:

	2019 Land and Buildings £'000	2018 Land and Buildings £'000
Due		
- within one year	54	23
- within two to five years	188	-
- after five years	-	-
	242	23

23. CAPITAL COMMITMENTS – GROUP & COMPANY

There were no capital commitments at 31 March 2019 (2018: £nil).

24. CONTINGENT LIABILITIES

The Group had no contingent liabilities at 31 March 2019 (2018: £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 £533,000 (2018: £453,000) owed to shareholders, interest rates are fixed at 10% per annum with one loan at 15% pa (2018: 10% with one loan at 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	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade receivables	288	631	-	-
Other receivables	7	7	-	-
Cash and cash equivalents	24	38	2	-

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.

25. FINANCIAL INSTRUMENTS (Continued)

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:

GROUP At 31 March 2019	**Trade payables £'000**	**Other loans £'000**	**Invoice discounting facility £'000**	**Total £'000**
6 months or less	348	533	203	1,084
6 - 12 months	-	-	-	-
1 - 2 years	-	-	-	-
Total contractual cash flows	348	533	203	1,084
Carrying amount of financial liabilities measured at amortised cost	348	533	203	1,084

GROUP At 31 March 2018	**Trade payables £'000**	**Other loans £'000**	**Invoice discounting facility £'000**	**Total £'000**
6 months or less	492	453	391	1,336
6 - 12 months	-	-	-	-
1 - 2 years	33	-	-	33
Total contractual cash flows	525	453	391	1,369
Carrying amount of financial liabilities measured at amortised cost	525	453	391	1,369

The Group has an invoice discounting facility of up to £500,000 of which there were £203,000 (2018: £391,000) of funds in use at the balance sheet date.

25. FINANCIAL INSTRUMENTS (Continued)

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

COMPANY At 31 March 2019	**Trade payables £'000**	**Total £'000**
6 months or less	69	69
6 - 12 months	-	-
1 - 2 years	-	-
Total contractual cash flows	69	69
Carrying amount of financial liabilities measured at amortised cost	69	69

COMPANY At 31 March 2018	**Trade payables £'000**	**Total £'000**
6 months or less	58	58
6 - 12 months	-	-
1 - 2 years	-	-
Total contractual cash flows	58	58
Carrying amount of financial liabilities measured at amortised cost	58	58

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 Ofield
James Abdool

Information regarding their compensation, is given below in aggregate per IAS 24 Related Party Disclosures.

	The Group 2019 £'000	The Group 2018 £'000	The Company 2019 £'000	The Company 2018 £'000
Short term benefits	296	272	140	117
Social security costs	34	34	15	15
Pension contribution	8	7	1	1
	338	313	156	133

There were no sales to other group companies during the year ended 31 March 2019 (2018: £nil). At the balance sheet date the Company owed £531,000 to its subsidiary MediaZest International Ltd (2018: £388,000). Balances between group companies arise as a result of loans or recharges undertaken in the normal course of business.

Lance O'Neill is a director of EP&F Capital Plc. The Company owed £33,000 (2018: £33,000) to EP&F Capital Plc at 31 March 2019.

The Company had outstanding loans from City & Claremont Capital Assets Limited ("CCCAL"), the Company's largest shareholder, as at 31 March 2019 of £370,000 (2018: £381,000). The interest accrued on these loans in the year ended 31 March 2019 was £23,000 (2018: £44,000) and is included in finance costs in the consolidated statement of comprehensive income.

The Company had an outstanding loan from Shallotte Investments Limited, a shareholder of the Group, as at 31 March 2019 of £57,500 (2018: £55,000). The total interest accrued on this loan at year ended 31 March 2019 was £7,500 (2018: £5,000).

At 31 March 2018 the Company had a loan outstanding from an entity connected with a family member of one of the MediaZest plc directors, of £17,000, including interest accrued of £4,500. This was fully repaid in April 2018. A further £15,000 was loaned for a month and repaid in the year.

26. RELATED PARTY TRANSACTIONS (continued)

At 31 March 2019 the Company had a loan outstanding from a close family member of a director totalling £30,000, including accrued interest of £2,000. The Company also had a loan from other family members of the same director totalling £70,000, including accrued interest of £4,000. £10,000 of this loan has been repaid subsequent to the year end.

Close family members of a Director provided services to the Group to the value of £50,000 in the year (2018: £52,000) and received commission of £10,000 (2018: £13,000). One of these members also provided the use of a credit card facility upon which expenses were incurred on behalf of the company and reimbursed. Over the course of the year this was used a number of times with the total expenses incurred never more than £16,000 at any one time, which was repaid on each occasion in full. In aggregate the total "loaned" to the company was £66,000 (2018: £30,000) during the year, £56,000 (2018: £19,000) of which was repaid by year end. The outstanding loan was repaid in April 2019, including £600 of interest.

A Director of MediaZest plc provided an ongoing credit facility of up to £40,000 on a month by month basis during the year at various times which was fully repaid after 30 days on each occasion. This facility was used several times in the year and the total aggregate "loaned" to the company was £240,000 (2018: £176,000) and fully settled at year end. Interest paid on this facility during the year was £4,000 (2018: £4,000). The Director also provided consultancy services to the Group and received invoiced remuneration of £24,000 (2018: £19,000) during the year. At the year end the balance outstanding for consulting fees was £3,000 (2018: nil).

27. SHARE BASED PAYMENTS

During 2015 the Group's share option scheme was updated and the Company authorised the issue of 130,010,000 share options at an exercise price of £0.0035 per share. A total of 128,690,000 options were granted on 1 October 2015 and a further 440,000 on 6 January 2016. Options totalling 1,320,000 were forfeited during the year due to staff leaving. A further 880,000 options remain to be issued. 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:

	2019 Number of share options	Weighted average exercise price
Outstanding at the beginning of the year	129,130,000	0.35p
Granted during the year	-	
Forfeited during the year	(1,320,000)	
Exercised during the year	-	
Expired during the year	-	
Outstanding at the end of the year	127,810,000	0.35p
Exercisable at the end of the year	-	

27. SHARE BASED PAYMENTS (continued)

The Group recognised total expenses of £nil related to equity-settled share-based payment transactions (2018: £nil).

28. ADOPTION OF IRFS 9 AND IFRS 15

IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with customers were both adopted with effect from 1 April 2018 in line with the transitional provisions provided in the new standards.

For IFRS 9 there is not deemed to be any material impact as the impact of any increased loss allowance is deemed immaterial.

For IFRS 15, Management have reviewed the nature of their contracts in line with the new standard. In prior years the Group had unbundled the sale of goods and service works, recognising each element separately, when providing solutions to customers. However, Management now believe this solution constitutes the provision of a single performance obligation, where contract revenue should be recognised over time in line with the criteria of IFRS 15. As a result, Management have reviewed contracts in progress at the start of the financial year and aligned the accounting treatment to the new policy.

As disclosed in the Statement of Changes in Equity, this results in a reduction of equity of £117,000 relating to profit which cannot be recognised in line with the new accounting policy at the start of the year. The impact of this, is additional revenue of £317,000 and costs of £200,000 which are consequentially recognised in profit or loss for the year ended 31 March 2019 as this adjustment reverses in the current year.

For the remaining income streams of the business is there is no change in accounting policy from adopting IFRS 15.

29. RESERVES

Share premium account

Share premium represents the excess of the amount received on the issue of share capital in excess of its nominal value.

Share options reserve

This reserve relates to share options issued.

Retained earnings

Retained earnings relates to accumulated profits less distributions to shareholders.

30. POST BALANCE SHEET EVENTS

There are no post balance sheet events.