Quadriga Holdings Limited

Strategic Report, Directors' Report and

Financial Statements for the Year Ended 31 March 2015

Quadriga Holdings Limited

Contents of the Financial Statements
for the Year Ended 31 March 2015

Quadriga Holdings Limited

Company Information
for the Year Ended 31 March 2015

DIRECTORS:	S A Moorer Jr J G Naro
REGISTERED OFFICE	Forum 1 Station Road Theale Berkshire RG7 4RA
REGISTERED NUMBER:	04019893 (England and Wales)
AUDITOR:	KPMG LLP Arlington Business Park Theale Reading RG7 4SD

Strategic Report
for the Year Ended 31 March 2015

The directors present their strategic report of the company and the group for the year ended 31 March 2015

REVIEW OF BUSINESS
The group's trading operations are co-ordinated through a network of UK, European, US and African undertakings The company's functional currency is Sterling

The trading results for the year and the group's financial position at the end of the year are disclosed in the financial statements and notes on pages eight to thirty three

Turnover for the financial year ended 31 March 2015 amounted to £53 0 million (2014 £64 9 million, unaudited) and the group incurred an operating loss of £16 3 million (2014 £4 0 million, unaudited) The loss for the financial year after interest and tax was £15 4 million (2014 loss £5 6 million, unaudited)

PRINCIPAL ACTIVITY
The principal activity of the group is creating on-property value via accessible guest facing technologies and services for the hospitality industry in Europe, North America, Middle East and Africa The deployed systems and services provide functionality in the areas of internet and network connectivity, guest entertainment, hotel services, and communications

Strategy and future development
In July 2015 Exceptional Innovation B V completed the acquisition of Quadriga Holdings Limited and its subsidiaries, a leading international provider of managed guest services for the hospitality industry and The SmarTV Company, an innovative developer of interactive entertainment solutions for commercial and consumer markets

The combined companies will form a global technology service provider that maximises guest engagement and satisfaction, enhances the entertainment experience, and increases revenue while delivering operational efficiencies for hotels The group will have its headquarters in the Netherlands and significant operating subsidiaries located in England and the United States, as well as regional offices in Europe and the Middle East

Exceptional Innovation's goal is to continue to expand the company's reach and offerings to give hoteliers one global vendor for all of their hospitality technology needs

Key performance indicators
The group's key performance indicators are Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) and the number of hotel rooms in which the group's systems are installed

Reconciliation of operating loss to EBITDA

	2015	2014 Unaudited
	£'000	£'000
Operating loss	**(16,268)**	(4,041)
Depreciation of rental assets	**7,361**	12,607
Other amounts written off rental assets	**9**	698
Reversal of prior year impairment of rental assets	**(262)**	-
Amortisation of intangible fixed assets	**2,770**	2,950
Impairment of intangible assets	**9,057**	-
Depreciation of tangible fixed assets	**803**	806
EBITDA	**3,470**	13,020
Exceptional restructuring costs	**208**	(310)
EBITDA before exceptional restructuring costs	**3,678**	12,710

The number of hotels rooms in which the company's systems were installed fell by 15% during the financial year, after having fallen by 13% in the previous financial year

Going Concern
During the year, the group's debt financing was made up of a loan from a related party, Interactive Hotel Services Holdings plc ("IHSH"), which accrued interest at 10% In March 2015 part of the loan was waived, reducing the outstanding balance from £31 0 million to £12 8 million

On completion of the purchase of Quadriga by Exceptional Innovation B V £4 4 million of the loan was waived by IHSH and the remainder repaid in full, by way of a loan from Exceptional Innovation B V to Quadriga Holdings Limited of £8 4 million The group has net current liabilities of £1 6 million at the balance sheet date but following the loan reorganisation the group is in a net current asset position

Consequently, the company and group financial statements have been prepared on a going concern basis

Research and development
The group continues to invest in research and development During the financial year the group incurred and capitalised costs of £1 4 million (2014 £2 2 million, unaudited) and expensed £3 2 million (2014 £3 3 million, unaudited) on the development of proprietary digital technology platforms for the hotel industry At 31 March 2015, the directors concluded it was necessary to fully impair the capitalised development costs, which had a net book value of £8 1 million

PRINCIPAL RISKS AND UNCERTAINTIES
The group's business and strategy are subject to a number of risks The directors have set out below the principal risks facing the business

The directors of the company are of the opinion that the group has adopted a thorough risk management process that involves the formal review of all the risks identified below Where possible, processes are in place to monitor and mitigate such risks

Competitor action
The management seeks to compete effectively and maintain market share by continuously developing and updating its product portfolio and its relationships with key customers along with a regular review of actions from its competitors and developments in the marketplace

Loss of key personnel
The group employed an average of 241 employees during the financial year ended 31 March 2015 (2014 250, unaudited) Regular operational reviews ensure that knowledge and key customer and supplier relationships are retained by the management of the group so that the impact of the loss of any employee or agent would be reduced

Financial risk management
The group's operations expose it to a variety of financial risks that include economic uncertainty, credit risk, liquidity and cash flow risks, interest rate risk, and foreign exchange risk The group has established a financial management framework that seeks to limit the adverse effects on financial performance by monitoring levels of debt finance and the related finance costs

The group's assets primarily consist of rental and other fixed assets, trade debtors, installation of equipment in progress and cash The group's liabilities primarily consist of trade creditors and accruals and loan payable to a related party

Economic environment uncertainty
The management aim to mitigate the effects of uncertainty in the economic environment by seeking to

- regularly review the company's exposure to customer and supplier payment default risk,
- minimise the company's exposure to fluctuations in hotel occupancy by engaging in fixed fee contracts

Credit risk
The management actively mitigates the risk of payment default by seeking favourable payment methods and credit arrangements with its customers and by reviewing outstanding payments and provisions for payment default regularly

Liquidity and cash flow risks
Liquidity risk is monitored on an ongoing basis by undertaking weekly cash flow forecasting procedures In order to ensure continuity of funding, the management seeks to maintain sufficient cash reserves and un-drawn committed borrowing facilities

The group's objective is to maintain a balance between continuity of funding and flexibility through the use of a loan from its parent company, Exceptional Innovation B V , and an external facility agreement

Interest rate risk
The exposure of the group to interest rate fluctuations is managed by maintaining funding flexibility through a combination of cash pooling, shareholder funding and borrowings while obtaining a large degree of certainty in its commitments by borrowing extensively under fixed rates

Foreign exchange risk
The majority of the group's transactions originate in Sterling and Euro, or in the domestic currency of the overseas undertaking involved, with a minimal exposure to foreign exchange fluctuations The group seeks to further reduce this risk by, where possible, matching foreign currency receipts with payments The overseas undertakings have a minimal exposure to currency risk as their monetary assets and liabilities are held in their functional currencies, which is mainly Euros

Employees
The group recognises the value of a workforce drawn from varied backgrounds and requires management to exercise fairness and reasonableness in its human resources practices The group is committed to operating non-discriminatory policies and practices in relation to recruitment, selection, training, development and promotion without regard to sex, marital status, dependants, disability, colour, race, religion, creed or ethnic origins

Where existing employees become disabled, it is the group's policy wherever practical to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees If the employee is unable continue with their own job then consideration will be given to what reasonable adjustments may be made to enable the employee to carry out a role within the group The group will then make all reasonable efforts to re-deploy the employee within the group

It is the group's policy to communicate regularly with all employees in the business

All employees are encouraged to take an active interest in the business and to read the regular communication documents, announcements and notices issued to employees

The group encourages the existence of regular communication and consultation meetings within the group for all its employees, including the employee representatives on the Business Forum These meetings offer an opportunity for employees' views and ideas to be made known to and considered by the group and for two-way communication to be achieved

ON BEHALF OF THE BOARD.

S A Moorer Jr - Director

14 August 2015

Quadriga Holdings Limited
Forum 1
Station Road
Theale
Berkshire
RG7 4RA

DIVIDENDS
The directors do not recommend the payment of a dividend (2014 £nil, unaudited)

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements

DIRECTORS
The directors who have held office during the period from 1 April 2014 to the date of this report are as follows

G N Marsh - resigned 19 September 2014
L Wake - appointed 4 June 2014

S A Moorer Jr and J G Naro were appointed as directors after 31 March 2015 but prior to the date of this report.

R D Taylor, L Wake and P A Wilson ceased to be directors after 31 March 2015 but prior to the date of this report

The group provided qualifying third party indemnity provisions to one or more of the directors during the financial year and at the date of this report.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditor is aware of that information

ON BEHALF OF THE BOARD:

S A Moorer Jr - Director

14 August 2015

Quadriga Holdings Limited
Forum 1
Station Road
Theale
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RG7 4RA

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)

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 the group and of the profit or loss of the group for that period In preparing these financial statements, the directors are required to

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

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

Independent Auditor's Report to the Members of
Quadriga Holdings Limited

We have audited the financial statements of Quadriga Holdings Limited for the year ended 31 March 2015 on pages eight to thirty three The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

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

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

Opinion on financial statements
In our opinion the 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 2015 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Other matter - Prior period financial statements
In forming our opinion on the financial statements, which is not modified, we note that the prior period financial statements were not audited Consequently, International Standards on Auditing (UK and Ireland) require the auditor to state that the corresponding figures contained within these financial statements are unaudited

Neil Hughes (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD

14 August 2015

Quadriga Holdings Limited

Consolidated Profit and Loss Account
for the Year Ended 31 March 2015

	Notes	2015 £'000	2014 Unaudited £'000
TURNOVER	2	**52,984**	64,912
Cost of sales		**(45,709)**	(44,196)
GROSS PROFIT		**7,275**	20,716
Administrative expenses		**(23,543)**	(24,757)
OPERATING LOSS	5	**(16,268)**	(4,041)
Interest receivable and similar income	6	**3,876**	62
Interest payable and similar charges	7	**(2,941)**	(2,894)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(15,333)**	(6,873)
Tax on loss on ordinary activities	8	**(81)**	1,267
LOSS FOR THE FINANCIAL YEAR FOR THE GROUP		**(15,414)**	(5,606)

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current year or previous year

Consolidated Statement of Total Recognised Gains and Losses
for the Year Ended 31 March 2015

	Notes	2015 £'000	2014 Unaudited £'000
LOSS FOR THE FINANCIAL YEAR	23, 27	**(15,414)**	(5,606)
Foreign exchange		(5,042)	(551)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		(20,456)	(6,157)

NOTE OF HISTORICAL COST PROFITS AND LOSSES

There are no material differences between the results stated above and their historical cost equivalents

Quadriga Holdings Limited (Registered number 04019893)

Consolidated Balance Sheet
31 March 2015

	Notes	2015 £'000	2014 Unaudited £'000
FIXED ASSETS			
Intangible assets	11	-	10,457
Tangible assets	12	8,435	15,100
		8,435	25,557
CURRENT ASSETS			
Stocks	14	4,768	5,587
Debtors	15	15,320	19,684
Cash at bank		3,371	6,034
		23,459	31,305
CREDITORS			
Amounts falling due within one year	16	(25,078)	(47,252)
NET CURRENT LIABILITIES		(1,619)	(15,947)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,816	9,610
CREDITORS			
Amounts falling due after more than one year	17	(189)	(214)
PROVISIONS FOR LIABILITIES	21	(2,212)	(2,723)
NET ASSETS		4,415	6,673
CAPITAL AND RESERVES			
Called up share capital	22	75,724	75,724
Share premium	23	366,135	366,135
Profit and loss account	23	(437,444)	(435,186)
SHAREHOLDERS' FUNDS	27	4,415	6,673

The financial statements were approved by the Board of Directors on 14 August 2015 and were signed on its behalf by

S A Mooler Jr - Director

As at 31 March 2015 net current liabilities includes a loan payable to a related party of £12 8 million (2014 £28 5 million, unaudited) This was partially waived and the remainder repaid in July 2015, see the Strategic Report and note 25 for further details, and replaced with a long term loan from the company's immediate parent company of £8 4 million

Quadriga Holdings Limited (Registered number 04019893)

Company Balance Sheet
31 March 2015

	Notes	2015 £'000	2014 Unaudited, Restated £'000
FIXED ASSETS			
Investments	13	-	13,300
CURRENT ASSETS			
Debtors	15	61,990	69,135
Cash at bank		528	1,829
		62,518	70,964
CREDITORS			
Amounts falling due within one year	16	(58,029)	(78,119)
NET CURRENT ASSETS/(LIABILITIES)		4,489	(7,155)
NET ASSETS		4,489	6,145
CAPITAL AND RESERVES			
Called up share capital	22	75,724	75,724
Share premium	23	366,135	366,135
Profit and loss account	23	(437,370)	(435,714)
SHAREHOLDERS' FUNDS	27	4,489	6,145

The financial statements were approved by the Board of Directors on 14 August 2015 and were signed on its behalf by:

S A Mooser Jr - Director

Quadriga Holdings Limited

Consolidated Cash Flow Statement
for the Year Ended 31 March 2015

	Notes	2015 £'000	2014 Unaudited £'000
Net cash inflow from operating activities	1	**1,647**	7,555
Returns on investments and servicing of finance	2	**(1,137)**	(1,331)
Taxation		**(63)**	(177)
Capital expenditure	2	**(3,110)**	(5,412)
		(2,663)	635
Financing	2	**-**	-
(Decrease)/increase in cash in the period		**(2,663)**	635

Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 March 2015

1 RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015	2014 Unaudited
	£'000	£'000
Operating loss	**(16,268)**	(4,041)
Depreciation and amortisation charges	**10,934**	16,363
(Profit)/loss on disposal of fixed assets	**(240)**	151
Decrease in provisions	**(200)**	(1,773)
Impairment of goodwill	**994**	-
Impairment of development costs	**8,063**	-
Impairment reversal on rental assets	**(262)**	-
Decrease/(increase) in stocks	**420**	(1,167)
Decrease/(increase) in debtors	**3,866**	(660)
Decrease in creditors	**(5,660)**	(1,318)
Net cash inflow from operating activities	**1,647**	7,555

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2015	2014
	£'000	£'000
Returns on investments and servicing of finance		
Interest received	**25**	18
Interest paid	**(1,104)**	(1,286)
Interest element of finance lease payments	**(58)**	(63)
Net cash outflow for returns on investments and servicing of finance	**(1,137)**	(1,331)
Capital expenditure		
Purchase of intangible fixed assets	**(1,370)**	(2,197)
Purchase of tangible fixed assets	**(2,154)**	(3,589)
Receipts from sale of tangible fixed assets	**414**	374
Net cash outflow for capital expenditure	**(3,110)**	(5,412)

1 ACCOUNTING POLICIES

Accounting convention
The financial statements have been prepared under the historical cost convention

Basis of preparation
The financial statements have been prepared in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) and under the historical cost accounting rules

Going concern
During the financial year the group's debt financing comprised primarily of a 10% loan issued by Interactive Hotel Services Holdings plc, a related party The group had net current liabilities of £1 6 million at the balance sheet date, due primarily to this related party loan On 9 July 2015 the loan was waived in part and then the remainder repaid in full as part of the sale of the Quadriga group to Exceptional Innovation B V The group and the company now have net current assets and net assets In addition, Exceptional Innovation B V has loan facilities that will enable it to fund the group's activities, as required

The company is not a trading entity, therefore it relies on the cash flows generated by other group undertakings to be able to meet its liabilities as they fall due The directors have considered the availability of these cash flows, their strength and timing and believe the company will meet its obligations as and when they arise

Consequently, the directors consider there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company and the group to continue as a going concern Thus they continue to adopt the going concern basis of accounting in preparing these annual financial statements

Basis of consolidation
The consolidated financial statements include the financial statements of the company and its subsidiary undertakings for the year ended 31 March 2015 The acquisition method of accounting has been adopted. Under this method, the results of any subsidiary undertakings acquired or disposed of in the financial year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account

The group has taken advantage of the exemption in FRS 8 Related Party Disclosures not to disclose transactions between two or more members of the group, where any subsidiary undertaking which is party to the transaction is wholly owned by a member of the group

Subsidiary undertakings' audit exemption
The following subsidiary undertakings, which are both included in these consolidated financial statements, are exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A of the Companies Act 2006

Name	Registered number
Quadriga Worldwide Limited	0827164
Quadriga EMEA Limited	3038297

Turnover
Turnover consists principally of amounts (excluding value added tax) derived from the rental and outright sale of in-room equipment (including software) to hotels Rental income is recognised on a straight line basis over the contract life, and outright sales are recognised on the acceptance of the goods by the customer Income from hotel guests viewing of Pay-TV and other in-room technology based services is recognised as turnover as the service is provided Turnover also includes amounts derived from the maintenance of this equipment, recognised rateably over the maintenance term

Goodwill and negative goodwill
Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions since 1 January 1998, is capitalised

Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life

Negative goodwill arising on consolidation in respect of acquisitions since 1 January 1998 is included within fixed assets and released to profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale

On subsequent disposal or termination of business acquired since 1 January 1998, the profit or loss on disposal or termination is calculated after charging (crediting) the unamortised amount of any related goodwill (negative goodwill)

Intangible fixed assets and amortisation
Intangible fixed assets purchased separately from a business are capitalised at their cost plus any expenses incidental to its acquisition

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably These are amortised to nil by equal annual instalments over the estimated useful life

Tangible fixed assets
Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Rental assets	3 to 7 years
Office equipment	5 years
Computer equipment	3 years
Fixtures and fittings	5 to 10 years

Stock
Stock is stated at the lower of cost and net realisable value

Taxation
The charge/(credit) for taxation is based on the result for the financial year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 Deferred Tax

1 **ACCOUNTING POLICIES - continued**

Research and development
Research expenditure is charged to the profit and loss account as incurred Development expenditure is capitalised only where there is a clearly defined project, the expenditure is separately identifiable, the technical feasibility of the related project is considered reasonably certain and where it is anticipated with sufficient certainty that further development costs to be incurred on the same project, together with related production, selling and administrative costs, will be more than covered by a future revenue stream

Capitalised development expenditure is amortised over the period economic benefits are expected to be derived, which is between 3 and 7 years depending on the nature of the project and the timing of the future revenue stream

Capitalised development expenditure for each project is reviewed at the end of each accounting period and where the circumstances which justified the deferral of the expenditure no longer apply, or are considered doubtful, the expenditure, to the extent to which it is considered to be irrecoverable, is written off immediately, project by project

Foreign currencies
(i) foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of group entities at the foreign exchange rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date Foreign exchange differences arising on translation are recognised in the relevant captions of the income statement Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction

(ii) financial statements of foreign operations

The assets and liabilities of foreign operations whose functional currency is not Sterling are translated at foreign exchange rates ruling at the balance sheet date The revenues and expenses of these foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings

The exchange rates used in these financial statements are

Average exchange rate for the year ended 31 March 2015 used for income and expense items £1 €1 2741 (2014 £1 €1 1855, unaudited)

Closing exchange rate at 31 March 2015 used for assets and liabilities £1 €1 3674 (2014 £1 €1 2102, unaudited)

Leases
Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are disclosed under creditors

Post-retirement benefits
The group operates a number of defined contribution schemes

The assets of the schemes are held separately from those of the group in independently administered funds The amount charged against profits represents the contributions payable to the defined contribution schemes in respect of the accounting period

1 **ACCOUNTING POLICIES - continued**

Investments
Investments in subsidiary undertakings are stated in the company's balance sheet at cost less any provision for impairment

Cash and liquid resources
Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market

Classification of financial instruments issued by the group
Financial instruments issued by the group are treated as equity (i e forming part of shareholders' funds) only to the extent that they meet the following two conditions

1 they include no contractual obligations upon the company (or group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company (or group), and

2 where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy The finance cost on the financial liability component is correspondingly higher over the life of the instrument

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds

2 SEGMENTAL ANALYSES

The directors consider that there is only one class of business being the supply and outright sale of equipment and software enabling the provision of in-room technology based services to hotels and similar services to other markets across Europe and in the USA

The tables below set out information in respect of the business for each of the group's geographic areas of operation The directors consider that there is no material difference between turnover by origin and by destination

Analysis of turnover by geographical market	**2015**	2014 Unaudited
	£'000	£'000
UK	**12,443**	12,138
Rest of Europe	**36,046**	48,455
Rest of the World	**4,495**	4,319
	52,984	64,912

Segment result before interest and tax	**2015**	2014 Unaudited
	£'000	£'000
UK	**(14,383)**	(5,252)
Rest of Europe	**1,238**	4,362
Rest of the World	**(3,123)**	(3,151)
	(16,268)	(4,041)
Interest receivable and similar income	**3,876**	62
Interest payable and similar charges	**(2,941)**	(2,894)
Loss on ordinary activities before taxation	**(15,333)**	(6,873)

Segment net assets excluding intercompany	**2015**	2014 Unaudited
	£'000	£'000
UK	**4,744**	16,337
Rest of Europe	**9,392**	17,358
Rest of the World	**3,119**	2,237
	17,255	35,932
Loan and accrued interest from related party	**(12,840)**	(29,259)
Net assets	**4,415**	6,673

3 STAFF COSTS

The average number of persons, including directors, employed by the company during the financial year, analysed by category, was as follows

	2015 Number	2014 Unaudited Number
Sales	61	60
Operations and administration	171	184
Research and development	9	6
	241	250

The aggregate payroll costs of these persons were as follows

	2015 £'000	2014 Unaudited £'000
Wages and salaries	11,024	12,512
Social security costs	2,408	2,372
Other pension costs	503	529
Redundancy costs	59	26
	13,994	15,439

4 DIRECTORS' EMOLUMENTS

The remuneration of directors in respect of qualifying services was as follows

	2015 £'000	2014 Unaudited £'000
Directors' emoluments	517	540
Compensation for loss of office	25	-
Pension contributions to money purchase schemes	24	14
	566	554

The remuneration of the highest paid director was £209,000 (2014 £230,000, unaudited) and no company pension contributions were made (2014 £nil, unaudited) The 2014 figures include bonuses paid to directors in the 2014-15 financial year in relation to their services in 2013-14 No bonuses have been paid to directors in relation to their services during 2014-15

There were 3 (2014 2, unaudited) directors accruing benefits under money purchase schemes

5 OPERATING LOSS

Loss on ordinary activities before taxation is stated after charging/(crediting)

Cost of sales	Note	2015 £'000	2014 Unaudited £'000
Amortisation of intangible fixed assets	11	2,770	2,950
Impairment of intangible assets	11	9,057	-
Depreciation of rental assets	12	7,361	12,607
Other amounts written off rental assets		9	698
Reversal of prior year impairment of rental assets		(262)	-
Other cost of sales		26,774	27,941
		45,709	44,196
Net operating expenses			
Staff costs, excluding redundancy costs	3	13,935	15,413
Depreciation of other tangible fixed assets	12	803	806
Rentals payable under operating leases		501	777
Other expenses		8,096	8,071
Exceptional restructuring costs (see below)		208	(310)
		23,543	24,757

Exceptional restructuring costs	2015 £'000	2014 Unaudited £'000
Professional fees	(6)	(205)
Redundancy costs	59	25
Other restructuring costs	155	(130)
	208	(310)

Having regard to the nature of the company's business, the analysis of operating costs as prescribed by the Companies Act 2006 is not meaningful In the circumstances, as prescribed by section 410 of the Companies Act 2006, the directors have adapted the prescribed format to the requirements of the company's business

Included within net operating expenses is £494,000 (2014 £398,000, unaudited) in respect of expenditure on research and development, and amortisation of capitalised development costs of £2,682,000 (2014 £2,862,000, unaudited)

Also included in net operating expenses is remuneration to the auditor and its associates for audit and other services as follows

	2015 £'000	2014 Unaudited £'000
Audit of these financial statements	90	89
Amounts receivable by the auditor and its associates for other services		
Audit of financial statements of other group undertakings	130	156
Tax compliance services	18	30
All other services	11	7
	249	282

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2015	2014 Unaudited
	£'000	£'000
Deposit account interest	25	18
Net foreign exchange gains	3,851	44
	3,876	62

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014 Unaudited
	£'000	£'000
Bank interest	57	26
Interest on related party loans	2,826	2,805
Finance charge payable in respect of finance leases	58	63
	2,941	2,894

8 TAXATION

	2015	2014 Unaudited
	£'000	£'000
UK corporation tax		
Current tax charge on loss on ordinary activities	-	-
Overseas tax		
Tax on profit/(loss) on ordinary activities	52	(187)
Deferred tax	29	(1,080)
Tax charge/(credit)	81	(1,267)

	2015	2014
Reconciliation of tax charge/(credit)		
Loss on ordinary activities before taxation	(15,333)	(6,873)
Current tax credit at 21% (2014 23%)	(3,220)	(1,581)
Effects of		
Income not taxable/expenses not deductible for tax purposes	(337)	8
Differences between capital allowances and depreciation and amortisation charges	(90)	(10)
Short term timing differences	8	(72)
Unutilised tax losses	3,639	1,655
Overseas taxation	52	(187)
Tax charge/(credit)	52	(187)

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2014 In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020 This will reduce the company's future current tax charge accordingly The deferred tax asset at 31 March 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date

Deferred tax

A deferred tax asset has been recognised in the accounts in those entities where the directors consider that it is reasonable to forecast that there will be future profits against which the assets can be recovered

The movement on the assets and liabilities recognised this year are as follows

Assets

	Brought forward (Unaudited) £'000	Charge to the P&L £'000	Translation £'000	Carried forward £'000
Difference between depreciation and capital allowances	357	(40)	-	**317**
Other timing differences	299	(38)	-	**261**
Deferred tax asset on tax losses	70	(7)	(8)	**55**
Total per note 15	726	(85)	(8)	**633**

The breakdown of the asset by country is as follows

	£'000
Sweden	39
Poland	98
Italy	290
Finland	202
Bulgaria	4
Total	**633**

Liabilities

	Brought forward (Unaudited) £'000	Credit to the P&L £'000	Translation £'000	Carried forward £'000
Difference between depreciation and capital allowances	-	-	-	-
Other timing differences	(56)	56	-	-
Total per note 17	(56)	56	-	-

The liability related solely to the Malta branch

For the remaining entities no deferred tax asset has been recognised on the timing differences set out below as, in the opinion of the directors, their ability to obtain the tax benefit is dependent upon suitable profits arising in the relevant statutory company in the future, that are either not currently foreseen or which cannot be estimated with sufficient certainty

Group	**2015**	2014
		Unaudited
	£'000	£'000
Timing difference including unutilised tax losses	**18,264**	14,856

9 PARENT COMPANY

In the previous financial year the results of the company and its subsidiaries were included in the consolidated financial statements of Interactive Hotel Services Limited, an intermediate parent of the company as at 31 March 2015 and 2014 Hence, in the prior year the company prepared and filed unaudited company only financial statements, relying on the audit exemption set out in s479A of the Companies Act 2006

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements The parent company's loss for the financial year was £19,854,000 (2014 £14,121,000 loss, unaudited, restated)

In the previous financial year the directors conducted an impairment review of the company's investments in its subsidiaries and concluded that there was no impairment However, a subsequent review of the calculations, performed after the accounts had been filed, indicated an impairment of £11,500,000 in the carrying value of the investments as at 31 March 2014

The error was detected during the current financial year and in accordance with the requirement stated in FRS 3 *Reporting Financial Performance*, the impairment is now recognised retrospectively and certain comparative figures in the company balance sheet have been restated

The directors also performed an impairment review of company's investments in its subsidiaries and intra-group debtors as at 31 March 2015, which resulted in an impairment of £13,300,000 in the carrying value of investments and an impairment of £8,364,000 in the carrying value of debtors

10 PENSION

The group has established a defined contribution scheme for UK employees in the Scottish Widows Stakeholder Scheme for Quadriga Worldwide Limited under which post-retirement benefits are provided This scheme was established on 1 December 2013

Staff engaged outside the UK are covered by local arrangements, normally defined contribution schemes

The charge to the profit and loss account in respect of the financial year was £503,000 (2014 £529,000, unaudited) Pension contributions of £nil (2014 £nil, unaudited) were accrued as at 31 March 2015

11 INTANGIBLE FIXED ASSETS

Group

	Goodwill £'000	Negative goodwill £'000	Development costs £'000	Totals £'000
COST				
At 1 April 2014 (Unaudited)	167,412	(339)	27,524	194,597
Additions	-	-	1,370	1,370
Impairments	-	-	-	-
Release of negative goodwill	-	339	-	339
Exchange differences	39	-	-	39
At 31 March 2015	167,451	-	28,894	196,345
AMORTISATION AND IMPAIRMENT				
At 1 April 2014 (Unaudited)	166,161	(170)	18,149	184,140
Amortisation for year	173	(85)	2,682	2,770
Impairments	1,078	-	8,063	9,141
Release of negative goodwill	-	255	-	255
Exchange differences	39	-	-	39
At 31 March 2015	167,451	-	28,894	196,345
NET BOOK VALUE				
At 31 March 2015	-	-	-	-
At 31 March 2014 (Unaudited)	1,251	(169)	9,375	10,457

A full review of the unamortised balance of intangible assets is performed at each balance sheet date in accordance with FRS 11 *Impairment of Fixed Assets and Goodwill* Following such impairment review as at 31 March 2015 the directors concluded it was necessary to fully impair all goodwill and development costs with the carrying amount of £1,078,000 and £8,063,000, respectively

The directors have also reassessed the period during which it is expected to benefit from the negative goodwill and concluded it was appropriate to fully release it to the profit and loss account in this financial year

12 TANGIBLE FIXED ASSETS

Group

	Rental assets £'000	Other assets £'000	Totals £'000
COST			
At 1 April 2014 (Unaudited)	95,190	15,743	110,933
Additions	1,347	807	2,154
Disposals	(19,363)	(250)	(19,613)
Exchange differences	(9,344)	(147)	(9,491)
At 31 March 2015	67,830	16,153	83,983
DEPRECIATION			
At 1 April 2014 (Unaudited)	82,100	13,733	95,833
Charge for year	7,361	803	8,164
Eliminated on disposal	(19,178)	(261)	(19,439)
Impairments	(262)	-	(262)
Exchange differences	(8,589)	(159)	(8,748)
At 31 March 2015	61,432	14,116	75,548
NET BOOK VALUE			
At 31 March 2015	6,398	2,037	8,435
At 31 March 2014 (Unaudited)	13,090	2,010	15,100

Other assets included fixtures, equipment and vehicles

The net book value of rental assets includes £387,000 (2014 £768,000, unaudited) of assets capitalised under finance lease arrangements

Depreciation on these assets charged in the financial year was £309,000 (2014 £517,000, unaudited)

13 FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £'000
COST	
At 1 April 2014 (Unaudited, restated)	77,494
At 31 March 2015	77,494
IMPAIRMENT	
At 1 April 2014 (Unaudited, restated)	64,194
Impairments (see note 9)	13,300
At 31 March 2015	77,494
NET BOOK VALUE	
At 31 March 2015	-
At 31 March 2014 (Unaudited, restated)	13,300

13 FIXED ASSET INVESTMENTS - continued

Company

The subsidiary undertakings in which the company had an interest (* direct interest) at 31 March 2015 were

	Country of incorporation	Class	% of shares held
Quadriga Americas LLC	USA	Ordinary	100%
NXTV (Thailand) Co Ltd	Thailand	Ordinary	100%
NXTV Asia Ltd	Hong Kong	Ordinary	100%
Quadriga Belgium NV	Belgium	Ordinary	99 5%
Quadriga Benelux BV	Netherlands	Ordinary	100%
Quadriga Business Espana SA	Spain	Ordinary	100%
Quadriga d o o	Croatia	Ordinary	100%
Quadriga Danmark A/S	Denmark	Ordinary	100%
Quadriga Deutschland GmbH	Germany	Ordinary	100%
Quadriga EMEA Limited England	England	Ordinary	100%
Quadriga EMEA Romania SRL	Romania	Ordinary	100%
Quadriga Finland Oy	Finland	Ordinary	100%
Quadriga France SAS	France	Ordinary	100%
Quadriga Greece Hotel Technologies S A	Greece	Ordinary	100% (*96%)
Quadriga Holdings BV (holding company)	Netherlands	Ordinary	100%
Quadriga Italia S p a	Italy	Ordinary	100% (*33%)
Quadriga Latvia SIA	Latvia	Ordinary	100%
Quadriga Norge AS	Norway	Ordinary	100%
Quadriga Overseas Holdings Limited (holding company)	England	Ordinary	100%
Quadriga Poland SP z o o	Poland	Ordinary	100%
Quadriga Suisse SA	Switzerland	Ordinary	100%
Quadriga Svenska AB	Sweden	Ordinary	100%
Quadriga Technology Limited (dormant)	England	Ordinary	100%
Quadriga USA Limited (holding company)	England	Ordinary *	100%
Quadriga Worldwide Limited	England	Ordinary *	100%
Smoovie TV Europe SAS	France	Ordinary	100%
Thorn France Holdings SAS (holding company)	France	Ordinary	100%
UAB Quadriga Inroom Technologies	Lithuania	Ordinary	100%
Quadriga Middle East FZ-LLC	Dubai	Ordinary	100%

Quadriga d o o entered formal liquidation procedures on 12 August 2013

Quadriga Middle East FZ-LLC was incorporated on 21 September 2014

The principal activity of the subsidiary undertakings listed above is (unless otherwise indicated) creating on-property value via accessible guest facing technologies and services for the hospitality industry in Europe, North America, Middle East and Africa The deployed systems and services provide functionality in the areas of internet and network connectivity, guest entertainment, hotel services, and communications

14 STOCKS

	Group	
	2015	2014
		Unaudited
	£'000	£'000
Stocks	**1,027**	2,143
Work-in-progress	**3,741**	3,444
	4,768	5,587

15 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2015	2014	**2015**	2014
		Unaudited		Unaudited
	£'000	£'000	**£'000**	£'000
Trade debtors	**9,935**	14,019	**-**	-
Amounts owed by group undertakings	**-**	-	**219,139**	217,920
Less provision against amounts receivable	**-**	-	**(157,153)**	(148,789)
Amounts owed by related parties	**1,287**	1,460	**-**	-
Other debtors	**1,353**	1,156	**-**	-
Deferred taxation	**633**	726	**-**	-
Net VAT recoverable & other tax debtors	**176**	186	**-**	-
Prepayments and accrued income	**1,936**	2,137	**4**	4
	15,320	19,684	**61,990**	69,135

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2015	2014	**2015**	2014
		Unaudited		Unaudited
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts (see note 18)	**280**	484	**-**	-
Finance leases (see note 19)	**198**	341	**-**	-
Trade creditors	**3,142**	4,306	**-**	-
Customer deposits and rentals in advance	**2,836**	2,935	**-**	-
Amounts owed to group undertakings	**-**	-	**45,024**	48,678
Amounts owed to related parties	**162**	371	**34**	34
Tax	**28**	29	**131**	147
Social security and other taxes	**484**	600	**-**	-
Other creditors	**917**	3,129	**-**	-
Related party loan payable	**12,815**	28,525	**12,815**	28,525
Interest accrued on related party loan	**25**	735	**25**	735
Accruals and deferred income	**4,191**	5,797	**-**	-
	25,078	47,252	**58,029**	78,119

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2015	2014 Unaudited
	£'000	£'000
Finance leases (see note 19)	189	158
Deferred tax	-	56
	189	214

18 LOANS

An analysis of the maturity of loans is given below

	Group	
	2015	2014 Unaudited
	£'000	£'000
Amounts falling due within one year or on demand		
Bank loans	280	484

19 OBLIGATIONS UNDER LEASING AGREEMENTS

The maturity of obligations under finance leases and hire purchase contracts is as follows

Group	2015	2014 Unaudited
	£'000	£'000
Finance leases which expire		
Within one year	234	398
In the second to fifth years inclusive	222	185
	456	583
Less finance charges allocated to future periods	(69)	(84)
	387	499

Annual commitments under non-cancellable operating leases were as follows

Group

	Land and buildings		Other operating leases	
	2015	2014 Unaudited	2015	2014 Unaudited
	£'000	£'000	£'000	£'000
Expiring				
Within one year	310	258	80	147
Between one and five years	309	723	488	327
	619	981	568	474

20 FINANCIAL INSTRUMENTS

The group's principal financial instruments, which exclude short-term debtors and creditors, comprise loans and cash The main purpose of these financial instruments is to raise finance for the group's operations

The main risks arising on these financial instruments are set out in the Strategic Report

Financial liabilities

Group	**2015** **£'000**	2014 Unaudited £'000
Related party loan and accrued interest	**(12,840)**	(29,259)
Finance leases	**(387)**	(499)
	(13,227)	(29,758)

The weighted average interest rate in the current and prior financial years was 10% on the loan The finance leases have finance lease charges of 2 32% to 17%

Financial assets
The group has only floating rate financial assets, comprising interest bearing cash deposits There are no interest free financial assets in either financial year

The currency profile of financial assets at the end of the financial year was

Group	**2015** **£'000**	2014 Unaudited £'000
Sterling	**192**	904
Euro	**1,365**	2,698
Other	**1,814**	2,432
	3,371	6,034

Foreign currency risk
The group's principal currency risk exposure is in respect of its UK subsidiary companies which receive finance in Sterling and lend this to trading subsidiaries whose assets are mainly held in Euro The overseas operations have a minimal exposure to currency risk as their monetary assets and liabilities are held in their functional currencies

Liquidity risk
The group's objective is to maintain a balance between continuity of funding and flexibility through the use of a loan from its parent company, Exceptional Innovation B V , and an external facility agreement

The maturity profile of the group's financial liabilities at the end of the financial year was as follows

Group	2015 £'000	2014 Unaudited £'000
Within one year, or on demand	**(13,038)**	(29,600)
In more than two years, but not more than five years	**(189)**	(158)
	(13,227)	(29,758)

The directors consider that the carrying value of the financial assets and liabilities approximates their fair values

The group's undrawn committed borrowing facilities, in respect of which all conditions precedent had been met, were

	2015 £'000	2014 Unaudited £'000
Expiring in one year or less	**4,914**	6,332

21 PROVISIONS FOR LIABILITIES

Group	Overseas tax liabilities £'000	Other £'000	Total £'000
At the beginning of the financial year (unaudited)	445	2,278	2,723
Utilised	(13)	(168)	(181)
Charged/ (Credited) to the profit and loss account	(91)	73	(18)
Translation	-	(312)	(312)
At the end of the financial year	**341**	**1,871**	**2,212**

22 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid

Number	Class	Nominal value	2015 £'000	2014 Unaudited £'000
58,723,023	Ordinary	£1	**58,723**	58,723
1,000	Deferred Ordinary	£1	**1**	1
17,000,000	Preference	£1	**17,000**	17,000
			75,724	75,724

23 RESERVES

Group

	Profit and loss account £'000	Share premıum £'000	Totals £'000
At 1 Aprıl 2014 (Unaudıted)	(435,186)	366,135	(69,051)
Deficıt for the year	(15,414)		(15,414)
Foreıgn exchange movement	(5,042)	-	(5,042)
Loan Waıver	18,198	-	18,198
At 31 March 2015	(437,444)	366,135	(71,309)

Company

	Profit and loss account £'000	Share premıum £'000	Totals £'000
At 1 Aprıl 2014 (Unaudıted, restated)	(435,714)	366,135	(69,579)
Deficıt for the year	(19,854)	-	(19,854)
Loan Waıver	18,198	-	18,198
At 31 March 2015	(437,370)	366,135	(71,235)

24 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

As at and durıng the year ended 31 March 2015, Vıctorıan Capıtal LP Incorporated (VCI), a Guernsey ıncorporate lımıted partnershıp, actıng through ıts general partner Tusk Co-Investment GP Lımıted, held 100% of the ıssued share capıtal of Interactıve Hotel Servıces Lımıted, whıch was formerly the largest group of whıch the company was a member and for whıch group financıal statements were prepared

On 9 July 2015, VCI, the ultımate controllıng party of the company, agreed to sell ıts entıre ınterest ın Quadrıga Holdıngs Lımıted that was held vıa Interactıve Hotel Servıces Holdıngs plc and Interactıve Hotel Servıces Investments Lımıted, to Exceptıonal Innovatıon B V As a result of thıs transactıon Quadrıga Holdıngs Lımıted became the parent company of the group and ıs therefore requıred to prepare group financıal statements

Exceptıonal Innovatıon B V has ST Holdıngs LLC as ıts ultımate parent company As such the dırectors regard ST Holdıngs LLC, a company ıncorporated ın The Unıted States of Amerıca, as the ultımate parent company and Mr Seale A Moorer Jr the ultımate controllıng party

25 RELATED PARTY DISCLOSURES

The transactions and balances between the company and Interactive Hotel Services Holdings plc, a related party during the year, in respect of an intercompany loan are

Group	2015 Principal £'000	2015 Interest £'000	2014 Unaudited Principal £'000	2014 Unaudited Interest £'000
At the beginning of the financial year	**28,525**	**735**	27,673	39
Interest charged	-	**2,828**	-	2,808
Interest added to principal	**75**	**(75)**	852	(852)
Paid	-	**(1,050)**	-	(1,260)
Waived	**(15,785)**	**(2,413)**	-	-
At the end of the financial year	**12,815**	**25**	28,525	735

As at 31 March 2015 Interactive Hotel Services Limited owed £1,287,000 (2014 £1,460,000, unaudited) to the Group

26 POST BALANCE SHEET EVENTS

On 9 July 2015 the entire share capital of Quadriga Holdings Limited was acquired by Exceptional Innovation B V , a company incorporated in the Netherlands (for more details, please see note 24) Following this transaction, Quadriga Holdings Limited and certain subsidiary companies became guarantors for an external facility agreement of EUR 50 million obtained by Exceptional Innovation B V

On the date of the acquisition, the loan from Interactive Hotel Services Holdings plc, the immediate parent company, was waived by £4 4 million and the remainder was repaid in cash To fund this repayment an intercompany loan of £8 4 million was advanced to Quadriga Holdings Limited by Exceptional Innovation B V

Due to this change, Quadriga Holdings Limited is the largest group for which consolidated accounts are prepared as at and for the year ended 31 March 2015

27 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2015 £'000	2014 Unaudited £'000
Loss for the financial year	**(15,414)**	(5,606)
Other recognised gains and losses relating to the year (net)	**(5,042)**	(551)
Loan waiver credited directly to the profit and loss reserve	**18,198**	-
Net reduction of shareholders' funds	**(2,258)**	(6,157)
Opening shareholders' funds	**6,673**	12,830
Closing shareholders' funds	**4,415**	6,673

27 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company

	2015	2014 Unaudited Restated
	£'000	£'000
Loss for the financial year	(19,854)	(14,121)
Loan waiver credited directly to the profit and loss reserve	18,198	-
Net addition/(reduction) to shareholders' funds	(1,656)	(14,121)
Opening shareholders' funds, as originally stated	17,645	20,266
Prior year adjustment (as explained in Note 9)	(11,500)	-
Opening shareholders' funds, as restated	6,145	20,266
Closing shareholders' funds	4,489	6,145

28 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

Group	2015 £'000	2014 Unaudited £'000
Increase/(decrease) in cash for the financial year	(2,663)	635
Payment of debt financing, including finance leases	1,108	1,323
Decrease/(increase) in net debt resulting from cash flow	(1,555)	1,958
Non-cash movements	15,422	(1,953)
Decrease in net debt in the financial year	13,867	5
Net debt at the beginning of the financial year	(23,723)	(23,728)
Net debt at the end of the financial year	(9,856)	(23,723)

29 ANALYSIS OF NET DEBT

	Cash £'000	Finance leases £'000	Debt payable to a related party £'000	Total £'000
At the beginning of the financial year	6,034	(498)	(29,259)	(23,723)
Cash flow	(2,663)	58	1,050	(1,555)
Non-cash movement	-	-	15,369	15,369
Translation	-	53	-	53
At the end of the financial year	3,371	(387)	(12,840)	(9,856)