

Company Registration No 02789136 (England and Wales)

**ANTENNA AUDIO LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2015**



## ANTENNA AUDIO LIMITED

### COMPANY INFORMATION

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<b>Directors</b>	D Black T Kearney D A Falter H M Pinnell
<b>Company number</b>	02789136
<b>Registered office</b>	Sheraton House, 14-16 Great Chapel Street London W1F 8FL
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London United Kingdom EC4A 4AB

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## **ANTENNA AUDIO LIMITED**

### **STRATEGIC REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2015**

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The directors present the strategic report for the year ended 31 December 2015

##### **Fair review of the business**

Antenna Audio Limited competes in a subset of the global tourism market and is a market leader in the production and delivery of educational content for use in onsite multimedia and mobile tours at museums, exhibitions, historic sites, and visitor attractions throughout the world. With a range of audio and multimedia device offerings and content solutions, Antenna delivers tailored content to reach diverse audiences, from adults to children, international visitors, and individuals with special needs. In addition to customised, interactive audio tour programs, Antenna partners with its clients to develop a range of product offerings including mobile apps, podcasts, kiosks, and multi-lingual translations.

The company typically enters into multi-year contracts referred to as 'Optional' or 'Universal' contracts. Under an Optional contract, museum or site patrons are presented with an option to purchase an audio tour as a separate charge at entrance. Fees are collected and shared by the client and company at a predetermined rate. Under a Universal contract, an audio tour is included in the price of admission to a museum or site, a portion of which is remitted to Antenna at a predetermined rate. The company has a successful history of strong retention rates as contracts come up for renewal.

Antenna also leases or sells its audio and multi-media devices to clients who wish to produce their own content, and in other circumstances will enter into production-only contracts, where the company produces content that is delivered via a device provided by a third-party.

The company's KPI's are shown on page 3 and the full results are shown later in these financial statements.

The company's turnover fell by 6.4% in the year as a result of competitive pressure and a renewed focus on higher margin contracts leading to some lower margin client attrition. However this improved gross margin from 22.6% to 24.3% in the period. The group's management also placed strong emphasis improved cost controls in the period, which resulted in a 34.9% increase in operating profit to £808,000.

##### **Principal risks and uncertainties**

The company's principal risk is a reduction in the global tourism market amid the volatile economic and political climates and the accompanying decline in the number of travellers visiting our client's sites.

Additionally, the company's operations expose it to financial risks that include currency risk, inflation risk, interest rate risk, credit risk, operational and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies remain unchanged from the previous years.

##### **Currency Risk**

The company is exposed to translational and transactional foreign exchange risk as it operates in various currencies, including the US Dollar, the Euro and to a lesser extent the currencies of emerging markets, which affect the management and levels of working capital.

Historically there has been no use of foreign exchange derivatives to manage this risk on the basis that the overall effect on the company's financial statements has not been material enough to warrant the cost and time to manage this activity. To manage the currency risk arising from commercial operations the company, in so far as it is able, matches purchases and sales in the transactional currency and utilises spot trades to cover any shortfall.

## ANTENNA AUDIO LIMITED

### STRATEGIC REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2015

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##### Principal risks and uncertainties (Continued)

###### *Inflation Risk*

The company has exposure to the inflationary effect in countries in which it operates, offset by its ability to raise prices in those countries in which it sells. This exposure could affect the company's cost base particularly as it relates to compensation and increases in minimum and living wages. No specific hedging of inflation risk has been carried out.

###### *Interest Rate Risk*

Interest rate risk arises primarily on the investment of the company's cash balances or on its borrowings. The directors believe this to be an acceptable risk given the cash balances.

###### *Credit Risk*

Credit risk is the risk that a third party might fail to fulfil its performance obligations under the terms of a commercial arrangement. For cash and cash equivalents and trade and other receivables, credit risk represents the carrying amount on the balance sheet.

The company transacts across a large client base and the historical bad debt experience has been negligible. The company consequently has not taken out any credit insurance and is not likely to do so in the foreseeable future.

###### *Operational Risk*

The company has numerous operational risks. These include:

The recruitment and retention of key personnel to the processes for their extensive knowledge of the industry, and for both maintaining strong relationships with clients, and delivering and supporting operations on clients' sites. If the company was unable to retain or attract its key talent or had inadequate talent management and succession planning for key roles, the company's performance could be adversely affected through client losses and profitability.

The reputational risk that might arise from poor execution, non-delivery or late delivery of any project could impact customer retention and reduce the rate of new clients signing up to Antenna.

Technological and product advances within the industry. If the group was unable to continue to develop its new products and delivery methods at the rate of its competition then the company might lose customers.

The directors continue to review internal processes and controls to identify and limit these risks.

###### *Liquidity Risk*

Liquidity risk is the risk of loss from not having access to sufficient funds to meet both expected and unexpected cash demands.

The company maintains an extended cash flow forecast to ensure that sufficient liquidity is available to meet foreseeable needs and invests cash assets safely as well as profitably.

The company's principal risk is a reduction in the global tourism market amid the volatile economic and political climates and the accompanying decline in the number of travellers visiting our clients' sites.

## ANTENNA AUDIO LIMITED

### STRATEGIC REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2015

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##### Key performance indicators

The directors monitor the group's performance in a number of ways including key performance indicators. The key performance indicators for the period are as follows

	2015 £000	2014 £000
Turnover	18,479	19,744
Gross profit	4,494	4,459
Operating profit	808	599

##### Non-financial key performance indicators

The directors monitor employee numbers and the average monthly number of employees is as disclosed in note 6, particulars of employees, on page 18

On behalf of the board



T Kearney  
Director  
20/01/2017

# ANTENNA AUDIO LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2015

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The directors present their annual report and financial statements for the year ended 31 December 2015

#### Principal activities

The principal activity of the company during the year was providing audio tours, equipment and associated products and services to the world's finest museums, galleries and visitor attractions

#### Branches

The company operates branches located in Spain, Taiwan and Poland

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows

D Black	
D J Rowlands	(Resigned 30 April 2015)
I B Morgenstern	(Resigned 12 February 2015)
T Kearney	
B W T Hanna	(Appointed 30 March 2015 and resigned 31 August 2016)
D A Falter	
H M Pinnell	(Appointed 31 August 2016)

#### Results and dividends

The results for the year are set out on page 9

No ordinary dividends were paid The directors do not recommend payment of a final dividend

#### Research and development

The Group's research and development is on-going and it continues to refine its product offering in the market place In 2015 and 2016 the newly implemented product development cycle enabled the company to significantly invest in a variety of new products and services with new audio and multimedia devices having numerous digital media and security capabilities as desired by our customers During 2015 and 2016 the Group also continued development and improvement of a new proprietary digital content authoring, data management and data analytic software suite allowing our clients to further refine and customise their visitor offerings

#### Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company's continues and that the appropriate training is arranged It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees

#### Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance

## ANTENNA AUDIO LIMITED

### DIRECTORS' REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2015

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##### **Auditor**

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the company will be put at a General Meeting

##### **Statement of disclosure to auditor**

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

##### **Going concern**

As shown in the results for the year the company has improved its underlying profitability during 2015 through a focus on higher margin contracts and cost cutting. However during 2015 the group also invested in new players and developing new audio content, which led to a net reduction in cash balances in the year. The cost cutting effort has continued significantly in 2016, whilst the group has not needed to invest in the equipment and content to the same degree. As a result cash balances around the group are significantly higher than at 31 December 2015. This pattern is expected to continue during 2017.

During 2014 the US parent company entered into a Revolving Credit Agreement with US Bank with a maturity date of April 2019 and credit limit of \$8.5 million, all of which is currently drawn and outstanding. During 2016 the Credit Facility was renegotiated and the maturity date was accelerated to March 31, 2017. The US parent company is in discussions with US Bank regarding a long-term extension of the Revolving Credit Agreement and is in the process of marketing the Facility to alternative lenders. The Directors are confident that US parent company will secure an extension or refinancing of the current facility given the improvement in financial performance of the Group in 2016, which is expected to continue through 2017.

##### **General**

##### *Strategic report*

The directors have set out information relating to the principal risks and uncertainties of the business in the strategic report.

In accordance with section 414C(11) of the Companies Act 2006 the company has chosen to include a Strategic Report as required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

On behalf of the board



T Kearney

Director

20/1/2017

## **ANTENNA AUDIO LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015**

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The directors are responsible for preparing the Strategic Report and the 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

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



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANTENNA AUDIO LIMITED**

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### **Opinion on financial statements**

We have audited the financial statements on pages 9 to 28. 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), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit 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

### **Emphasis of matter - going concern**

In forming our opinion on the financial statements which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The US parent and group are currently going through a refinancing exercise in respect of its current banking facilities which expire on 31 March 2017. The future of the group is dependent on the outcome of those negotiations.

These conditions, as explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern beyond 31 March 2017. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

### **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 <http://www.frc.org.uk/auditscopeukprivate>

### **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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANTENNA AUDIO LIMITED (CONTINUED)

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### Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 6, 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 (APB's) Ethical Standards for Auditors.

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.

*RSM UK Audit LLP*

Mark Nisbett (Senior Statutory Auditor)  
for and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
United Kingdom  
EC4A 4AB  
*1 February 2017*

## ANTENNA AUDIO LIMITED

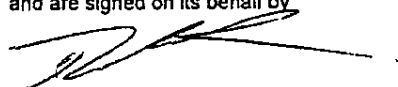
### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £'000	2014 £'000
Turnover	3	18,479	19,744
Cost of sales		(13,985)	(15,285)
<b>Gross profit</b>		<b>4,494</b>	<b>4,459</b>
Administrative expenses		(6,234)	(6,892)
Other operating income		2,548	3,032
<b>Operating profit</b>	4	<b>808</b>	<b>599</b>
Interest receivable and similar income	8	-	158
Interest payable and similar charges	9	(45)	(81)
<b>Profit on ordinary activities before taxation</b>		<b>763</b>	<b>676</b>
Taxation	10	(536)	(232)
<b>Profit for the financial year</b>	22	<b>227</b>	<b>444</b>
<b>Other comprehensive income net of taxation</b>			
Currency translation on retranslation of branches		(56)	(138)
<b>Total comprehensive income for the year</b>		<b>171</b>	<b>306</b>

**ANTENNA AUDIO LIMITED****STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

	Notes	2015 £'000	2014 £'000
<b>Fixed assets</b>			
Intangible assets	11	336	402
Tangible assets	12	2,752	4,135
Investments	13	95	89
		<u>3,183</u>	<u>4,626</u>
<b>Current assets</b>			
Stocks	15	1	377
Debtors falling due after one year	16	1,170	1,217
Debtors falling due within one year	16	11,376	8,265
Cash at bank and in hand		647	856
		<u>13,194</u>	<u>10,715</u>
Creditors amounts falling due within one year	17	<u>(7,278)</u>	<u>(6,413)</u>
<b>Net current assets</b>		<u>5,916</u>	<u>4,302</u>
<b>Total assets less current liabilities</b>		<u><u>9,099</u></u>	<u><u>8,928</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	883	883
Share premium account	22	11,505	11,505
Other reserves	22	(127)	(71)
Profit and loss reserves	22	(3,162)	(3,389)
<b>Total equity</b>		<u><u>9,099</u></u>	<u><u>8,928</u></u>

The financial statements were approved by the board of directors and authorised for issue on 20/01/2017 and are signed on its behalf by



T Kearney  
Director

# ANTENNA AUDIO LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital	Share premium account	Other reserves	Profit and loss reserves	Total
Notes	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2014</b>	<b>883</b>	<b>11,505</b>	<b>67</b>	<b>(3,833)</b>	<b>8,622</b>
<b>Year ended 31 December 2014</b>					
Profit for the year	-	-	-	444	444
Other comprehensive income net of taxation					
Currency translation on retranslation of branches	-	-	-	(138)	(138)
Total comprehensive income for the year	-	-	-	306	306
Transfers	-	-	(138)	138	-
<b>Balance at 31 December 2014</b>	<b>883</b>	<b>11,505</b>	<b>(71)</b>	<b>(3,389)</b>	<b>8,928</b>
<b>Year ended 31 December 2015</b>					
Profit for the year	-	-	-	227	227
Other comprehensive income net of taxation					
Currency translation on retranslation of branches	-	-	-	(56)	(56)
Total comprehensive income for the year	-	-	-	171	171
Transfers	-	-	(56)	56	-
<b>Balance at 31 December 2015</b>	<b>883</b>	<b>11,505</b>	<b>(127)</b>	<b>(3,182)</b>	<b>9,099</b>

# ANTENNA AUDIO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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### 1 Accounting policies

#### Company information

Antenna Audio Limited is a private company limited by shares incorporated in England and Wales. The registered office is Sheraton House, 14-16 Great Chapel Street, London, W1F 8FL.

The company's principal activities and nature of its operations are disclosed in the Strategic Report.

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements are the first financial statements of Antenna Audio Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Antenna Audio Limited for the year ended 31 December 2014 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares,
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures,
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument, basis of determining fair values, details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income,
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

## ANTENNA AUDIO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1 Accounting policies (Continued)

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

As permitted by FRS102 section 33 "Related party disclosures" the financial statements do not disclose transactions with the parent company and the fellow subsidiaries where 100% of the voting rights are wholly controlled by the group.

Antenna Audio Limited is a wholly owned subsidiary of Antenna International (UK) Limited and the results of Antenna Audio Limited and its subsidiaries are included in the consolidated financial statements of Antenna International (UK) Limited which are available from Sheraton House, 14-16 Great Chapel Street London, England, W1F 8FL.

#### Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

As shown in the results for the year the company has improved its underlying profitability during 2015 through a focus on higher margin contracts and cost cutting. However during 2015 the group also invested in new players and developing new audio content, which led to a net reduction in cash balances in the year. The cost cutting effort has continued significantly in 2016, whilst the group has not needed to invest in the equipment and content to the same degree. As a result cash balances around the group are significantly higher than at 31 December 2015. This pattern is expected to continue during 2017.

During 2014 the US parent company entered into a Revolving Credit Agreement with US Bank with a maturity date of April 2019 and credit limit of \$8.5 million, all of which is currently drawn and outstanding. During 2016 the Credit Facility was renegotiated and the maturity date was accelerated to March 31, 2017. The US parent company is in discussions with US Bank regarding a long-term extension of the Revolving Credit Agreement and is in the process of marketing the Facility to alternative lenders. The Directors are confident that US parent company will secure an extension or refinancing of the current facility given the improvement in financial performance of the Group in 2016, which is expected to continue through 2017.

Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

## ANTENNA AUDIO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1 Accounting policies (Continued)

##### Turnover

Turnover represents the fair value of the consideration received or receivable (excluding value added tax) derived from services provided in relation to the group's audio interpretation and is derived from lease contracts, universal contracts (based on visitor numbers), optional contracts (based on tour numbers), equipment sales and production sales

Turnover is recognised on an accruals basis, when all contractual obligations have been met

On lease contracts, turnover is recognised evenly over the duration of the lease

On universal contracts, turnover is recognised according to the number of visitors per site as per the contract

On optional contracts, turnover is recognised according to the number of tours taken. The gross income is recognised as turnover, with any royalty/client share disclosed as cost of sales. Turnover and client share amounts are determined by the contract. If the contract refers to a price per tour and a separate royalty or commission amount that is payable by the company to the client, the tour price is treated as turnover and the royalty or commission amount is treated as client share within cost of sales. If the contract does not refer to a price per tour but instead just refers to an amount payable per tour by the client to the company, this amount is recognised as turnover and there is no client share

Equipment sale turnover is accounted for as turnover on the date of delivery

Production sale turnover is recognised on a straight line basis over the term of the related contract

##### Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases

Translation and recording costs	- Over the life of the contract
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##### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses

Depreciation is recognised on a straight line basis so as to write off the cost of assets over their useful lives on the following bases

Leasehold improvements	- 5 years
Fixtures & fittings	- 3 to 4 years
Equipment	- 3 to 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss



# ANTENNA AUDIO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

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### 1 Accounting policies (Continued)

#### **Fixed asset investments**

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### **Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

#### **Work in progress**

Work in progress consists of temporary and permanent productions that are yet to be completed and is valued at the lower of cost and net realisable value. Cost is determined using the actual costs and includes direct labour costs and overheads appropriate to the stage of production.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade debtors, other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost, being the transaction price less any amounts settled and any impairment losses. If the arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

# ANTENNA AUDIO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

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### 1 Accounting policies (Continued)

#### *Other financial assets*

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### *Classification of financial liabilities*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### *Basic financial liabilities*

Basic financial liabilities, including trade creditors, other creditors, bank loans, amounts due to group undertakings, are initially recognised at transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled. If the arrangement constitutes a financing transaction, the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

#### *Other financial liabilities*

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

## ANTENNA AUDIO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1 Accounting policies (Continued)

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire

##### ***Equity instruments***

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company

##### ***Taxation***

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits

##### ***Employee benefits***

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits

##### ***Retirement benefits***

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments

##### ***Leases***

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed

# ANTENNA AUDIO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

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### 1 Accounting policies (Continued)

#### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income

#### **Research and development**

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods

#### **Key accounting judgements**

##### **Players**

Audio Players are shown within Fixed Assets, initially recognised at cost and subsequently depreciated over a period of 4 years

Audio players are assembled from a number of individual parts and throughout their life a number of parts are replaced. Given the global nature of the operations and the ability to track individual components and replacement parts management have estimated the useful life which they have placed at 4 years based on historical trends

##### **Going Concern**

As noted in strategic report and within note 1. The assessment of going concern is a key management judgement for the current period. Refer to these sections for further detail

## ANTENNA AUDIO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 3 Turnover and other revenue

An analysis of the company's turnover is as follows

	2015 £'000	2014 £'000
Turnover analysed by class of business		
Turnover attributable to the one principal activity of the company	18,479	19,744

Turnover analysed by geographical market

	2015 £'000	2014 £'000
United Kingdom	4,631	5,104
Europe	10,421	11,449
Rest of world	3,427	3,191
	18,479	19,744

## ANTENNA AUDIO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Turnover and other revenue (Continued)

	2015 £'000	2014 £'000
Other operating income		
Management charges - player leasing	1,451	1,883
Management charges - other	1,097	1,149
	<u>2,548</u>	<u>3,032</u>

#### 4 Operating profit

	2015 £'000	2014 £'000
Operating profit for the year is stated after charging/(crediting)		
Exchange losses/(gains)	39	(45)
Research and development costs	1,764	1,533
Depreciation of owned tangible fixed assets	2,263	2,948
Loss on disposal of tangible fixed assets	73	143
Amortisation of intangible assets	446	420
Operating lease charges	322	205
	<u></u>	<u></u>

#### 5 Auditor's remuneration

	2015 £'000	2014 £'000
Fees payable to the company's auditor and its associates		
For audit services		
Audit of the company's financial statements	100	95
For other services		
Taxation compliance services	15	33
All other non-audit services	65	12
	<u>80</u>	<u>45</u>

#### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was

	2015 Number	2014 Number
Office staff	97	95
Site staff	213	190
	<u>310</u>	<u>285</u>

# **ANTENNA AUDIO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2015**

### **6 Employees (Continued)**

Their aggregate remuneration comprised

	2015 £'000	2014 £'000
Wages and salaries	7,535	7,812
Social security costs	936	903
Pension costs	293	125
	<u>8,764</u>	<u>8,940</u>

### **7 Directors' remuneration**

	2015 £'000	2014 £'000
Remuneration for qualifying services	166	156
Company pension contributions to defined contribution schemes	10	5
	<u>176</u>	<u>161</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2014 - 1)

### **8 Interest receivable and similar income**

	2015 £'000	2014 £'000
Interest income		
Interest receivable from group companies	-	158
	<u>-</u>	<u>158</u>

### **9 Interest payable and similar charges**

	2015 £'000	2014 £'000
Interest payable to group undertakings	36	40
Other interest on financial liabilities	9	41
	<u>45</u>	<u>81</u>

# **ANTENNA AUDIO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2015**

### **10 Taxation**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	340	126
Double tax relief	(307)	(126)
	<u>33</u>	<u>-</u>
<b>Total UK current tax</b>		
Foreign current tax on profits for the current period	456	196
	<u>489</u>	<u>196</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	47	36
	<u>536</u>	<u>232</u>
<b>Total tax charge</b>		

The charge for the year can be reconciled to the profit per the income statement as follows

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Profit before taxation</b>	<u>763</u>	<u>676</u>
<b>Expected tax charge based on the standard rate of corporation tax in the UK of 20.25% (2014: 21.50%)</b>	155	145
Tax effect of expenses that are not deductible in determining taxable profit	253	45
Tax effect of utilisation of tax losses not previously recognised	-	(143)
Capital allowances for period in excess of depreciation	154	149
Other timing differences	(26)	38
	<u>536</u>	<u>232</u>
<b>Tax expense for the year</b>		

The company has estimated tax losses of £13,988 (2014: £70,000) available to carry forward against future trading profits



# ANTENNA AUDIO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

### 11 Intangible fixed assets

	Translation and recording costs £'000
<b>Cost</b>	
At 1 January 2015	1,659
Additions	380
At 31 December 2015	2,039
<b>Amortisation and impairment</b>	
At 1 January 2015	1,257
Amortisation charged for the year	446
At 31 December 2015	1,703
<b>Carrying amount</b>	
At 31 December 2015	336
At 31 December 2014	402

Amortisation charge is included in administrative expenses

### 12 Tangible fixed assets

	Leasehold improvements £'000	Fixtures & fittings £'000	Equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 2015	307	1,385	11,140	12,832
Additions	1	82	870	953
Disposals	-	-	(226)	(226)
At 31 December 2015	308	1,467	11,784	13,559
<b>Depreciation and impairment</b>				
At 1 January 2015	282	1,215	7,200	8,697
Depreciation charged in the year	13	96	2,154	2,263
Eliminated in respect of disposals	-	-	(153)	(153)
At 31 December 2015	295	1,311	9,201	10,807
<b>Carrying amount</b>				
At 31 December 2015	13	156	2,583	2,752
At 31 December 2014	25	170	3,940	4,135

## ANTENNA AUDIO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

#### 13 Fixed asset investments

	Notes	2015 £'000	2014 £'000
Investments in subsidiaries	14	95	89
<b>Movements in fixed asset investments</b>			
			Shares in group undertakings £'000
Cost or valuation			
At 1 January 2015			89
Additions			6
At 31 December 2015			95
Carrying amount			
At 31 December 2015			95
At 31 December 2014			89

#### 14 Subsidiaries

These financial statements are separate company financial statements for Antenna Audio Limited

Details of the company's subsidiaries at 31 December 2015 are as follows

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct Indirect	
Antenna Audio GmbH	Germany	Audio tour provider	Ordinary shares	100	00
Antenna Audio Italia Srl	Italy	Audio tour provider	Ordinary shares	100	00
Antenna Audio BV	Netherlands	Audio tour provider	Ordinary shares	100	00
Antenna Audio S a r l	France	Audio tour provider	Ordinary shares	100	00
Antenna Lab S a r l *	France	Service provider	Ordinary shares		100 00
Antenna Audio Middle East Ltd	Israel	Audio tour provider	Ordinary shares	100	00
Antenna Audio Ltd	Thailand	Manufacturer	Ordinary shares	100	00
Antenna Internacional S de Mexico R L de C V		Audio tour provider	Ordinary shares	100	00
Antenna Audio Kiralama ve Ticaret Anonim Sirketi	Turkey	Audio tour provider	Ordinary shares	100	00

## ANTENNA AUDIO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

#### 14 Subsidiaries (Continued)

\* Wholly owned subsidiary of Antenna Audio S a r l

During the year, the group incorporated the two new subsidiaries in Turkey and Mexico

#### 15 Stocks

	2015 £'000	2014 £'000
Work in progress	1	377

#### 16 Debtors

	2015 £'000	2014 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	655	549
Amounts due from fellow group undertakings	8,698	5,816
Other debtors	539	458
Prepayments and accrued income	1,484	1,442
	<u>11,376</u>	<u>8,265</u>
<b>Amounts falling due after one year</b>		
Deferred tax asset (note 19)	1,170	1,217
	<u>1,170</u>	<u>1,217</u>
<b>Total debtors</b>	<u>12,546</u>	<u>9,482</u>

Amounts due from fellow group undertakings are repayable on demand and no interest is charged

#### 17 Creditors amounts falling due within one year

	Notes	2015 £'000	2014 £'000
Bank loans and overdrafts	18	242	216
Trade creditors		372	651
Amounts due to group undertakings		4,160	3,527
Corporation tax		358	38
Other taxation and social security		335	239
Other creditors		15	30
Accruals and deferred income		1,796	1,712
		<u>7,278</u>	<u>6,413</u>

Amounts due to fellow group undertakings are repayable on demand and no interest is charged

# **ANTENNA AUDIO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2015**

### **18 Borrowings**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Bank overdrafts	<u>242</u>	<u>216</u>
Payable within one year	<u>242</u>	<u>216</u>

### **19 Deferred taxation**

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so  
The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes

	<b>Assets</b>	<b>Assets</b>
	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balances</b>		
Excess of depreciation over taxation allowances	1,144	1,048
Tax losses	14	14
Other timing differences	<u>12</u>	<u>155</u>
	<u>1,170</u>	<u>1,217</u>
<b>Movements in the year</b>		<b>2015</b>
		<b>£'000</b>
Asset at 1 January 2015		1,217
Credit to profit and loss		<u>(47)</u>
Asset at 31 December 2015		<u>1,170</u>

The directors expect the company to make sufficient future profits against which the deferred tax asset can be recovered

### **20 Retirement benefit schemes**

#### **Defined contribution schemes**

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £293k (2014 - £125k)

Contributions outstanding at the year end amounted to £41k (2014 - £nil)

## ANTENNA AUDIO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

#### 21 Share capital

	2015 £'000	2014 £'000
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
88,252,913 Ordinary shares of 1p each	883	883

Shares rank equally for voting purposes. On a show of hands each member shall have one vote and on a poll each member shall have one vote per share held.

Each share ranks equally for any dividend declared.

Each share ranks equally for any distribution made on winding up.

The shares are not redeemable.

#### 22 Reserves

##### Profit and loss reserves

Reserves of the Company represent the following:

##### Share premium

Consideration received for shares issued above their nominal value net of transaction costs. There was no movement on the share premium account during the financial year.

##### Profit and loss account

Cumulative profit and loss net of distributions to owners.

##### Other reserves

Differences on retranslation of opening reserves of foreign branches.

#### 23 Operating lease commitments

##### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 £'000	2014 £'000
Within one year	180	195
Between two and five years	381	532
	<u>561</u>	<u>727</u>

## **ANTENNA AUDIO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015**

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#### **24 Controlling party**

The company's immediate parent undertaking is Antenna International (UK) Limited, an entity incorporated in England and Wales

The directors consider the ultimate parent company to be Antenna Investment Holdings LLC, incorporated in the United States of America

The smallest group in which the results of the company are consolidated is that headed by Antenna International (UK) Limited. Copies of these financial statements can be obtained from its registered office at Sheraton House, 14-16 Great Chapel Street, London, W1F 8FL. The largest group in which the results of the company are consolidated is that headed by Antenna Investment Holdings LLC.

In the opinion of the directors there is no ultimate controlling party.