Financial Statements KVH Media Group Entertainment Limited

For the Year Ended 31 December 2015

Registered number: 04004291

Company Information

Directors	M Woodhead P A Rendall (resigned 22 June 2016)
Company secretary	F Feingold
Registered number	04004291
Registered office	2A Queen Street Leeds West Yorkshire LS1 2TW
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor No 1 Whitehall Riverside Leeds West Yorkshire LS1 4BN

KVH Media Group Entertainment Limited

Contents

Directors' Report

For the Year Ended 31 December 2015

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

Principal activity

The principal activity of the Company is that of the production and sale of radio programming for commercial and leisure outlets.

Results

The profit for the year, after taxation, amounted to £408,000 (2014 - £191,000).

Directors

The directors who served during the year were:

M Woodhead
P A Rendall (resigned 22 June 2016)

Disclosure of information to auditor

Each of the persons who is a director at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 29 November 2016 and signed on its behalf.

M Woodhead
Director

Directors' Responsibilities Statement

For the Year Ended 31 December 2015

The directors are responsible for preparing 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 - Section 1A - Small Entities 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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; 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 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.

Grant Thornton

Independent Auditor's Report to the Members of KVH Media Group Entertainment Limited

We have audited the financial statements of KVH Media Group Entertainment Limited for the year ended 31 December 2015, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes. 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit;.

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

Grant Thornton

Independent Auditor's Report to the Members of KVH Media Group Entertainment Limited

Matters on which we are required to report under the Companies Act 2006

In light of the knowledge and understanding of the Company and its environment, obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the Directors' report.

Grant Thornton UK LLP

Mark Overfield BSc FCA (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Leeds
Date: 2 December 2016

Statement of Comprehensive Income

For the Year Ended 31 December 2015

	Note	2015 £000	2014 £000
Turnover		**2,464**	1,586
Cost of sales		**(1,235)**	(745)
Gross profit		**1,229**	841
Administrative expenses		**(816)**	(649)
Profit on ordinary activities before tax		**413**	192
Tax on profit		**(5)**	(1)
Profit for the year		**408**	191
Total comprehensive income for the year		**408**	191

There were no recognised gains and losses for 2015 or 2014 other than those included in the Statement of Comprehensive Income.

There was no other comprehensive income for 2015 or 2014.

The notes on pages 8 to 22 form part of these financial statements.

KVH Media Group Entertainment Limited
Registered number:04004291

Statement of Financial Position

As at 31 December 2015

	Note		2015 £000		2014 £000
Fixed assets					
Intangible assets	8		**42**		22
Tangible assets	9		**104**		73
Investments	10		**15**		15
			161		110
Current assets					
Stocks	11	**63**		35	
Debtors Within One Year	12	**2,730**		1,834	
Cash at bank and in hand	13	**97**		154	
		2,890		2,023	
Creditors: amounts falling due within one year	14	**(1,008)**		(508)	
Net current assets			**1,882**		1,515
Total assets less current liabilities			**2,043**		1,625
Net assets			**2,043**		1,625
Capital and reserves					
Called up share capital	15		**1**		1
Share premium account	16		**929**		929
Profit and loss account	16		**1,113**		695
			2,043		1,625

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 November 2016.

M Woodhead
Director

The notes on pages 8 to 22 form part of these financial statements.

Statement of Changes in Equity

As at 31 December 2015

	Share capital	Share premium	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 January 2015	1	929	695	1,625
Comprehensive income for the year				
Profit for the year	-	-	408	408
Share options	-	-	10	10
Total comprehensive income for the year	-	-	418	418
At 31 December 2015	1	929	1,113	2,043

Statement of Changes in Equity

As at 31 December 2014

	Share capital	Share premium	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 January 2014	1	929	484	1,414
Comprehensive income for the year				
Profit for the year	-	-	191	191
Share options	-	-	20	20
Total comprehensive income for the year	-	-	211	211
At 31 December 2014	1	929	695	1,625

The notes on pages 8 to 22 form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 31 December 2015

1. General information

KVH Media Group Entertainment Limited is a private company, limited by shares, registered in England.

The registered address is 2A Queen Street, Leeds, West Yorkshire, LS1 2TW.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006, previously the Company applied the Financial Reporting Standard for Smaller Entities (FRSSE).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its ultimate parent, KVH Industries Inc. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The Company has taken advantage of the following disclosure exemptions available under paragraph 1.12 of FRS 102:
(a) Disclosures in respect of each class of share capital have not been presented.
(b) Disclosures in respect of financial instruments have not been presented.
(c) No disclosure has been given for the aggregate remuneration of key management personnel.

Exemptions have been applied on account of the fact that the entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of KVH Industries Inc.

The following principal accounting policies have been applied:

Notes to the Financial Statements
For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.2 Going concern

The Company's business activities, together with any significant factors likely to affect its future development and position, are set out in the Directors' Report. The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The Company participates in centralised treasury arrangements with KVH Media Group Limited and so shares banking arrangements with its immediate parent and fellow subsidiaries.

The directors, having assessed the responses of the directors of the Company's immediate parent, KVH Media Group Limited, and its ultimate beneficial owner, KVH Industries Inc, to their enquiries, believe that at both levels those companies have the ability to continue as a going concern and have the ability to continue with their current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of KVH Media Group Limited and KVH Industries Inc, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Fixed asset investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Notes to the Financial Statements
For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.5 Intangible assets

Software is initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

Development costs are capitalised when they relate to separately identifiable projects of ongoing commercial value to the company and are amortised over their useful life of 3-5 years.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The principal annual rates used are:

Plant and equipment	-	20% to 33%
Fixtures and fittings	-	10% to 20%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of comprehensive income.

Notes to the Financial Statements
For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.7 Stocks

Stocks are stated at the lower of cost or net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on an average cost basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Operating leases

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

2.9 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Notes to the Financial Statements
For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.10 Foreign currencies

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the Income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Income statement within 'other operating income'.

2.11 Pensions

The parent company, KVH Media Group Limited, operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes to the Financial Statements
For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.13 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements

For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.15 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Income statement is charged with fair value of goods and services received.

2.16 Finance costs

Finance costs are charged to the Income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3. Critical accounting judgements and estimation uncertainty

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual value of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of the property, plant and equipment and note 2.6 for the useful economic lives for each class of assets.

Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 12 for the net carrying amount of the debtors and associated impairment provision.

Impairment of investments

The Company considers the current and expected financial performance and position of each subsidiary undertaking and compares this to the value of the investment held. Where the value of the investment is in excess of expected future returns an impairment is recognised in the profit and loss in that period.

4. Employees

Staff costs, including directors' remuneration, were as follows:

	2015	2014
	£000	£000
Wages and salaries	**421**	313
Social security costs	**48**	38
Cost of defined contribution scheme	**18**	12
	487	363

The parent company, KVH Media Group Limited, operates a defined contribution pension scheme in which the employees of the company participate. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £18,000 (2014 - £12,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The average monthly number of employees, including the directors, during the year was as follows:

	2015	2014
	No.	No.
	14	12

Notes to the Financial Statements

For the Year Ended 31 December 2015

5. Directors' remuneration

	2015 £000	2014 £000
Directors' emoluments	32	30
Company contributions to defined contribution pension schemes	2	1
	34	31

During the year retirement benefits were accruing to 1 director (2014 - 1) in respect of defined contribution pension schemes.

The directors of the Company are also directors of the parent company, KVH Media Group Limited, and of fellow subsidiary undertakings. Directors' emoluments are paid by the parent company and the amount disclosed above reflects amounts attributable to services provided to the Company.

6. Deferred taxation

	Deferred tax £000
At 1 January 2015	5
Charged to the profit or loss	(5)
At 31 December 2015	-

The deferred tax asset is made up as follows:

	2015 £000	2014 £000
Difference between accumulated depreciation and amortisation and capital allowances	-	5

7. Share based payments

The ultimate parent company has issued equity-settled share options to three employees in respect of services to the Company.

There were 12,000 options granted on 17 September 2013. All were outstanding at the year end.

One quarter of each employee's total options can be exercised after a period of one year; a further quarter of each employee's total options can be exercised after two years and also after three years. The final quarter can be exercised after four years and once vested all options expire five years after the grant date.

The options are exercisable at the market price established when the options were granted. There are no other specific performance conditions attached to the options.

The options that have fully vested are identified below. The main inputs into the Black Scholes option pricing model are summarised below:

Risk free rate:	1.45%
Dividend yield:	0%
Volatility:	48%
Life:	4.24 years

Class of share	Market price at issue and exercise price	Fair value at date of issue	Options issued and remaining as at 31 December 2015
Ordinary $1	$13.41	$5.47	12,000

As the options relate to shares in the ultimate parent company, and that Company receives no payment in return, an amount equal to the charge of £10,000 (2014: £20,000) incurred is recorded as a capital contribution directly in equity.

Notes to the Financial Statements
For the Year Ended 31 December 2015

8. Intangible assets

	Development costs	Software	Total
	£000	£000	£000
Cost			
At 1 January 2015	233	21	254
Additions	33	-	33
Disposals	(3)	-	(3)
At 31 December 2015	263	21	284
Amortisation			
At 1 January 2015	213	19	232
Charge for the year	11	-	11
Disposals	(1)	-	(1)
At 31 December 2015	223	19	242
Net book value			
At 31 December 2015	40	2	42
At 31 December 2014	20	2	22

Notes to the Financial Statements
For the Year Ended 31 December 2015

9. Tangible fixed assets

	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost or valuation			
At 1 January 2015	211	172	383
Additions	25	41	66
At 31 December 2015	236	213	449
Depreciation			
At 1 January 2015	178	132	310
Charge for the year	13	22	35
At 31 December 2015	191	154	345
At 31 December 2015	45	59	104
At 31 December 2014	33	40	73

Notes to the Financial Statements
For the Year Ended 31 December 2015

10. Fixed asset investments

	Shares in group undertakings £000
Cost	
At 1 January 2015 and 31 December 2015	**15**
At 31 December 2015	**15**
At 31 December 2014	15

The above investment relates to the Company's holding in the entire ordinary share capital of Rigstream B.V. a company registered in Holland.

11. Stocks

	2015 £000	2014 £000
Raw materials and consumables	**63**	35

12. Debtors

	2015 £000	2014 £000
Trade debtors	**749**	289
Amounts owed by group undertakings	**1,698**	1,447
Prepayments and accrued income	**283**	93
Deferred taxation	**-**	5
	2,730	1,834

Notes to the Financial Statements
For the Year Ended 31 December 2015

13. Cash and cash equivalents

	2015 £000	2014 £000
Cash at bank and in hand	**97**	154

14. Creditors: Amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	**145**	66
Amounts owed to group undertakings	**394**	113
Other taxation and social security	**56**	51
Accruals and deferred income	**413**	278
	1,008	508

15. Share capital

	2015 £000	2014 £000
Authorised		
1,000 ordinary shares of £1 each	**1**	1
Allotted, called up and fully paid		
932 ordinary shares of £1 each	**1**	1

16. Reserves

Share premium

This account records the premium received on share capital already in issue.

Profit and loss account

This account records the historical profits and losses generated by the Company and retained within the business.

17. Pension commitments

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Notes to the Financial Statements
For the Year Ended 31 December 2015

18. Commitments under operating leases

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015	2014
	£000	£000
Leases ending:		
Later than 5 years	299	43

19. Related party transactions

As the Company is a wholly owned subsidiary of KVH Media Group Limited, which in turn is a wholly owned subsidiary of KVH Industries UK Limited, which is turn is a wholly owned subsidiary of KVH Industries Inc, the Company has taken advantage of the exemption and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the KVH Industries Inc. group.

20. Controlling party

The Company is a subsidiary undertaking of KVH Industries Inc., which is the ultimate parent company incorporated in the USA. The immediate parent company is KVH Media Group Limited, a company registered in England & Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by KVH Industries Inc. The consolidated accounts of KVH Industries Inc are available to the public and can be obtained from KVH Industries Inc, 50 Enterprise Center, Middletown, Rhode Island, USA or alternatively from the website at www.kvh.com/investors.

21. FRS 102 Transition

Prior to adopting FRS 102 the Company applied the Financial Reporting Standard for Smaller Entities (FRSSE).

On adoption of FRS 102, capitalised software costs totalling £21,000 at 1 January 2014 have been reclassified from tangible fixed assets to intangible fixed assets. There is no impact on the net assets of the Company or the charges to the Statement of Comprehensive Income as a result of this reclassification.

Under the Financial Reporting Standard for Smaller Entities (FRSSE) the Company was not required to recognise an expense in respect of share options which have been issued in the parent company. On transition to FRS 102, the Company recognised the charge for share options relating to the period 1 January 2014 to 31 December 2014. Following the recognition of these instruments, the Company recognised a charge of £20,000 within administrative expenses, and an equal amount in profit and loss reserves for the year ended 31 December 2014. The net impact on the Statement of Financial Position was nil.