

Financial Statements

KVH Media Group Entertainment Limited

For the Year Ended 31 December 2016

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COMPANIES HOUSE

Registered number: 04004291

Company Information

Directors	M Woodhead P 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

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Director's Report

For the Year Ended 31 December 2016

The director presents his report and the financial statements for the year ended 31 December 2016.

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 £138,000 (2015 - £408,000).

Directors

The directors who served during the year and since were:

M Woodhead
P Rendall (resigned 22 June 2016)

Director's responsibilities statement

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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. He is 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.

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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.

Director's Report (continued)

For the Year Ended 31 December 2016

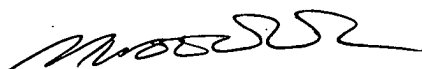
Auditor

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

Small companies exemption

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

This report was approved by the board on 8 June 2017 and signed on its behalf.



M Woodhead
Director

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 2016, 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 Director and Auditor

As explained more fully in the Director's responsibilities statement on page 1, the director is 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 2016 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.



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

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's 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 take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Director's report.

Grant Thornton UK LLP

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

19 June 2017

Statement of Comprehensive Income

For the Year Ended 31 December 2016

	Note	2016 £000	2015 £000
Turnover		2,308	2,464
Cost of sales		(1,254)	(1,235)
Gross profit		1,054	1,229
Administrative expenses		(929)	(816)
Operating profit		125	413
Tax on profit		13	(5)
Profit for the year		138	408

There was no other comprehensive income for 2016 (2015: nil).

The notes on pages 8 to 20 form part of these financial statements.

Statement of Financial Position

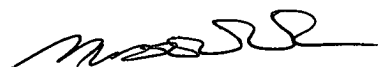
As at 31 December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Intangible assets	9	52	42
Tangible assets	10	71	104
Investments	11	15	15
		<u>138</u>	<u>161</u>
Current assets			
Stocks	12	55	63
Debtors: amounts falling due within one year	13	2,841	2,730
Cash at bank and in hand	14	322	97
		<u>3,218</u>	<u>2,890</u>
Creditors: amounts falling due within one year	15	(1,170)	(1,008)
Net current assets		<u>2,048</u>	<u>1,882</u>
Total assets less current liabilities		<u>2,186</u>	<u>2,043</u>
Net assets		<u><u>2,186</u></u>	<u><u>2,043</u></u>
Capital and reserves			
Called up share capital	16	1	1
Share premium account	17	929	929
Profit and loss account	17	1,256	1,113
		<u>2,186</u>	<u>2,043</u>

These accounts have been delivered in accordance with the provisions applicable to companies subject to the small companies regime in Part 15 of the Companies Act 2006.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 June 2017.

M Woodhead
Director



The notes on pages 8 to 20 form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 December 2016

	Called up share capital £000	Share premium account £000	Retained earnings £000	Total equity £000
At 1 January 2016	1	929	1,113	2,043
Comprehensive income for the year				
Profit for the year	-	-	138	138
Total comprehensive income for the year	-	-	138	138
Capital contribution (note 8)	-	-	5	5
Total transactions with owners	-	-	5	5
At 31 December 2016	1	929	1,256	2,186

Statement of Changes in Equity

For the Year Ended 31 December 2015

	Called up share capital £000	Share premium account £000	Retained earnings £000	Total equity £000
At 1 January 2015	1	929	695	1,625
Comprehensive income for the year				
Profit for the year	-	-	408	408
Total comprehensive income for the year	-	-	408	408
Capital contribution (note 8)	-	-	10	10
Total transactions with owners	-	-	10	10
At 31 December 2015	1	929	1,113	2,043

The notes on pages 8 to 20 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2016

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 unless otherwise specified within these accounting policies 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.

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

2.2 Consolidated financial statements

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 following principle accounting policies have been applied:

2.3 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 Director's 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 its parent and fellow subsidiaries to share banking arrangements. Details of these arrangements are set out in the 10k filing of its ultimate parent KVH Industries Inc available at www.kvh.com/investors.

The director, having assessed the responses of the directors of the Company's parent, KVH Industries Inc, to their enquiries, believe that the Company has the ability to continue as a going concern and has the ability to continue within the current banking arrangements. KVH Industries Inc has agreed to provide such financial support as is necessary to enable the Company to meet its ongoing financial obligations as and when they fall due for the foreseeable future and in any event for a period of no less than 12 months from the date of approval of the financial statements.

On the basis of his assessment of the Company's financial position and the enquiries made of the directors of KVH Industries Inc, the Company's director has a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus he continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.4 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.

2.5 Fixed asset investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 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. Software is amortised over its useful economic life of 5 years.

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 ten 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.

2.7 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

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

maintenance are charged to the incomes statement 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.

2.8 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.9 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 a first in, first out 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 the Statement of comprehensive income.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 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.

2.12 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

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.12 Financial instruments (continued)

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 Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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.

2.13 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 2016

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Sterling (£).

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 Statement of Comprehensive Income.

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

2.15 Finance costs

Finance costs are charged to the Statement of comprehensive income 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.

2.16 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 Statement of Comprehensive Income, 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.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge 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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.18 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 Statement of comprehensive income 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 Statement of comprehensive income over the remaining vesting period.

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

3. Judgements in applying accounting policies and key sources of 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 10 for the carrying amount of the property, plant and equipment and note 2.7 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 13 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 Statement of comprehensive income in that period.

4. Employees

The average monthly number of employees, including directors, during the year was 17 (2015 - 14).

5. Auditor's remuneration

	2016 £000	2015 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	26	10

6. Director remuneration

	2016 £000	2015 £000
Directors' emoluments	32	32
Directors pension costs	2	2
	<u>34</u>	<u>34</u>

During the year retirement benefits were accruing to 1 director (2015 - 1) in respect of detailed contribution pension schemes.

The director of the Company is a director 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.

Notes to the Financial Statements

For the Year Ended 31 December 2016

7. Deferred taxation

	2016 £000
At 1 January 2016	-
Charged to the profit or loss	12
At 31 December 2016	12

The deferred tax asset is made up as follows:

	2016 £000
Accelerated capital allowances	12

8. 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 2016
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 £5,000 (2015: £10,000) incurred is recorded as a capital contribution directly in equity.

Notes to the Financial Statements

For the Year Ended 31 December 2016

9. Intangible assets

	Development costs £000	Software costs £000	Total £000
Cost			
At 1 January 2016	263	21	284
Additions	37	-	37
Disposals	(145)	(16)	(161)
At 31 December 2016	<u>155</u>	<u>5</u>	<u>160</u>
Amortisation			
At 1 January 2016	223	19	242
Charge for the year	25	2	27
On disposals	(145)	(16)	(161)
At 31 December 2016	<u>103</u>	<u>5</u>	<u>108</u>
Net book value			
At 31 December 2016	<u>52</u>	<u>-</u>	<u>52</u>
At 31 December 2015	<u>40</u>	<u>2</u>	<u>42</u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

10. Tangible fixed assets

	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost			
At 1 January 2016	236	213	449
Additions	5	1	6
Disposals	(128)	(13)	(141)
At 31 December 2016	113	201	314
Depreciation			
At 1 January 2016	191	154	345
Charge for the period on owned assets	14	25	39
Disposals	(128)	(13)	(141)
At 31 December 2016	77	166	243
Net book value			
At 31 December 2016	36	35	71
At 31 December 2015	45	59	104

Notes to the Financial Statements

For the Year Ended 31 December 2016

11. Fixed asset investments

	Investment in subsidiary £000
Cost	
At 31 December 2016 and 31 December 2015	15
	<hr/>
Net book value	
At 31 December 2016 and 31 December 2015	15
	<hr/> <hr/>

The above investment relates to the Company's holding in the entire ordinary share capital of Rigstream B.V. a company registered in Holland. The principal activity of that company is the delivery of media services.

12. Stocks

	2016 £000	2015 £000
Raw materials and consumables	55	63
	<hr/> <hr/>	<hr/> <hr/>

13. Debtors

	2016 £000	2015 £000
Trade debtors	389	749
Amounts owed by group undertakings	2,018	1,698
Prepayments	422	283
Deferred taxation	12	-
	<hr/> <hr/>	<hr/> <hr/>
	2,841	2,730

The amounts owed to group undertakings are interest free and repayable on demand.

14. Cash and cash equivalents

	2016 £000	2015 £000
Cash at bank and in hand	322	97
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

For the Year Ended 31 December 2016

15. Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	53	145
Amounts owed to group undertakings	401	394
Other taxation and social security	64	56
Other creditors	5	-
Accruals and deferred income	647	413
	<u>1,170</u>	<u>1,008</u>

The amounts owed to group undertakings are interest free and repayable on demand.

16. Share capital

	2016 £000	2015 £000
Authorised		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>
Allotted, called up and fully paid		
932 ordinary shares of £1 each	<u>1</u>	<u>1</u>

17. Reserves**Share premium account**

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

Profit and loss account

Includes all current and prior period retained profits and losses.

18. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £000	2015 £000
Not later than 1 year	59	59
Later than 1 year and not later than 5 years	183	237
Later than 5 years	-	5
	<u></u>	<u></u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

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 in turn is a wholly owned subsidiary of KVH Industries Inc the Company has taken advantage of the exemption available in section 33.1a of FRS 102 to not disclose 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 to 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.