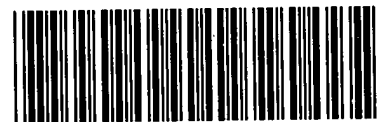


Financial Statements KVH Media Group Entertainment Limited (formerly Headland Entertainment Limited)

For the year ended 31 December 2014

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COMPANIES HOUSE

Registered number: 04004291

Company Information

Registered number 04004291

Directors M Woodhead
P A Rendall

Company secretary F Feingold

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

Contents

	Page
Directors' report	1 - 2
Directors' responsibilities statement	3
Independent auditor's report	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 15

Directors' Report

For the year ended 31 December 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

Principal activity, review of business and future developments

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

The directors plan to continue with the management policies that have led to the satisfactory result achieved in the year.

Change of name

The company changed its name to KVH Media Group Entertainment Limited on 31 January 2014.

Directors

The directors who served during the year were:

M Woodhead
P A Rendall

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

Disclosure of information to auditor

Each of the persons who are directors 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.

Directors' Report

For the year ended 31 December 2014

Auditor

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

This report was approved by the board on 24 July 2015 and signed on its behalf.



M Woodhead

Director

2A Queen Street
Leeds
West Yorkshire
LS1 2TW

Directors' Responsibilities Statement

For the year ended 31 December 2014

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the 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 judgments 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 KVH Media Group Entertainment Limited (formerly Headland Entertainment Limited)

We have audited the financial statements of KVH Media Group Entertainment Limited (formerly Headland Entertainment Limited) for the year ended 31 December 2014, which comprise the Profit and loss account, the Balance sheet 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).

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 (APB'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 2014 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



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

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 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

11 August 2015

Profit and Loss Account

For the year ended 31 December 2014

	Note	2014 £000	2013 £000
Turnover	1,2	1,586	1,351
Cost of sales		(745)	(596)
Gross profit		841	755
Administrative expenses		(629)	(539)
Operating profit	3	212	216
Profit on ordinary activities before taxation		212	216
Tax on profit on ordinary activities	6	(1)	(3)
Profit for the financial year	15	211	213

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents.

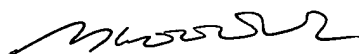
The notes on pages 8 to 15 form part of these financial statements.

Balance Sheet

As at 31 December 2014

	Note	£000	2014 £000	£000	2013 £000
Fixed assets					
Intangible assets	8		20		14
Tangible assets	9		75		105
Investments	10		15		15
			<u>110</u>		<u>134</u>
Current assets					
Stocks	11	35		13	
Debtors	12	1,834		1,876	
Cash at bank		154		32	
		<u>2,023</u>		<u>1,921</u>	
Creditors: amounts falling due within one year	13	(508)		(641)	
Net current assets			<u>1,515</u>		<u>1,280</u>
Net assets			<u>1,625</u>		<u>1,414</u>
Capital and reserves					
Called up share capital	14		1		1
Share premium account	15		929		929
Profit and loss account	15		695		484
Shareholders' funds	16		<u>1,625</u>		<u>1,414</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 July 2015.



M Woodhead
Director

The notes on pages 8 to 15 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2014

1. Accounting Policies

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 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.

1.3 Cash flow statement

The company has taken advantage of the exemption in FRS1 from the requirement to produce a cash flow statement on the grounds that a parent undertaking includes the company in its own consolidated financial statements.

1.4 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.

1.5 Turnover

Revenue excludes VAT and is recognised to the extent that it is probable the economic benefits will flow to the Company and that revenue can be reliably measured. Sales income is recognised after the despatch of goods. Rental income arising from the supply of goods is accounted for on a straight line basis over the length of the rental term.

1.6 Intangible assets

Software development costs are capitalised where they relate to separately identifiable projects of ongoing commercial value to the company and are amortised over their useful economic life of 3 to 5 years.

Notes to the Financial Statements

For the year ended 31 December 2014

1. Accounting Policies (continued)

1.7 Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

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

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value.

1.9 Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

1.10 Taxation

The charge for taxation is based on the profit/loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

1.11 Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

1.12 Pension costs

The parent company, KVH Media Group Limited (formerly Headland Media Limited), operates a defined contribution pension scheme in which the employees of the company participate. The pension cost under this scheme is the amount of contributions payable in respect of the accounting period. Headland Media Limited or the company provide no other post-retirement benefits to employees.

2. Turnover

An analysis of turnover by geographical market has not been presented as, in the opinion of the directors, it is seriously prejudicial to the business.

Notes to the Financial Statements

For the year ended 31 December 2014

3. Operating profit

The operating profit is stated after charging:

	2014 £000	2013 £000
Depreciation of tangible fixed assets:		
- owned by the company	45	37
Auditor's remuneration - audit of the financial statements	8	6
Auditor's remuneration - taxation compliance services	-	2
Operating lease rentals:		
- other operating leases	46	56
Difference on foreign exchange	(1)	-
Amortisation of intangible assets	16	18
	<u>115</u>	<u>119</u>

4. Staff costs

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

	2014 £000	2013 £000
Wages and salaries	313	367
Social security costs	38	36
Other pension costs	12	10
	<u>363</u>	<u>413</u>

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

2014 No.	2013 No.
12	12
<u>12</u>	<u>12</u>

The parent company, KVH Media Group Limited (formerly Headland Media 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 £12,000 (2013: £10,000).

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 2014

5. Directors' remuneration

	2014 £000	2013 £000
Remuneration	30	24
Company contributions to money purchase pension schemes	1	2

During the year retirement benefits were accruing to 1 director (2013 - 1) in respect of defined contribution pension schemes.

The directors of the Company are also directors of the parent company, KVH Media Group Limited (formerly Headland Media 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. Taxation

	2014 £000	2013 £000
Analysis of tax charge in the year		
Deferred tax		
Origination and reversal of timing differences	1	2
Effect of tax rate change on opening balance	-	1
Total deferred tax (see note 7)	1	3
Tax on profit on ordinary activities	1	3

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before tax	212	216
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%)	45	50
Effects of:		
Capital allowances for year in excess of depreciation	(1)	-
Fixed asset timing differences	-	(1)
Group relief claimed before payment	(44)	(49)
Current tax charge for the year (see note above)	-	-

Notes to the Financial Statements

For the year ended 31 December 2014

7. Deferred tax asset

	2014 £000	2013 £000
At beginning of year	6	9
Charged to the profit and loss account	(1)	(3)
At end of year	<u>5</u>	<u>6</u>

The elements of deferred taxation at 20% (2013: 20%) are as follows:

	2014 £000	2013 £000
Difference between accumulated depreciation and amortisation and capital allowances	<u>5</u>	<u>6</u>

8. Intangible fixed assets

	Development costs £000
Cost	
At 1 January 2014	211
Additions	22
At 31 December 2014	<u>233</u>
Amortisation	
At 1 January 2014	197
Charge for the year	16
At 31 December 2014	<u>213</u>
Net book value	
At 31 December 2014	<u>20</u>
At 31 December 2013	<u>14</u>

Notes to the Financial Statements

For the year ended 31 December 2014

9. Tangible fixed assets

	Fixtures and fittings £000	Plant and equipment £000	Total £000
Cost			
At 1 January 2014	171	218	389
Additions	1	14	15
At 31 December 2014	172	232	404
Depreciation			
At 1 January 2014	111	173	284
Charge for the year	21	24	45
At 31 December 2014	132	197	329
Net book value			
At 31 December 2014	40	35	75
At 31 December 2013	60	45	105

10. Investments

	Shares in group undertakings £000
Cost and net book value	
At 1 January 2014 and 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

	2014 £000	2013 £000
Receiver equipment for installation	35	13

Notes to the Financial Statements

For the year ended 31 December 2014

12. Debtors

	2014 £000	2013 £000
Trade debtors	289	311
Amounts owed by group undertakings	594	448
Amounts owed by parent undertaking	853	1,052
Prepayments and accrued income	93	59
Deferred tax asset (see note 7)	5	6
	<u>1,834</u>	<u>1,876</u>

**13. Creditors:
Amounts falling due within one year**

	2014 £000	2013 £000
Trade creditors	66	155
Amounts owed to fellow subsidiary	113	248
Other taxation and social security	51	-
Accruals and deferred income	278	238
	<u>508</u>	<u>641</u>

14. Share capital

	2014 £000	2013 £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>

15. Reserves

	Share premium account £000	Profit and loss account £000
At 1 January 2014	929	484
Profit for the financial year		211
	<u>929</u>	<u>695</u>
At 31 December 2014		

Notes to the Financial Statements

For the year ended 31 December 2014

16. Reconciliation of movement in shareholders' funds

	2014 £000	2013 £000
Opening shareholders' funds	1,414	1,201
Profit for the financial year	211	213
Closing shareholders' funds	<u>1,625</u>	<u>1,414</u>

17. Operating lease commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2014 £000	2013 £000
Expiry date:		
Less than 5 years	<u>43</u>	<u>56</u>

18. Related party transactions

As the company is a wholly owned subsidiary of KVH Media Group Limited (formerly Headland Media 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 contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the KVH Industries Inc. group.

19. Guarantees

The company has entered into a cross guarantee with fellow group companies in favour of its bankers. At 31 December 2014 borrowings amounted to £nil (2013: £nil).

20. Ultimate parent undertaking and 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.