

Exterion Leasing (uk) Limited
06423332

Doubleplay I Limited

Annual report and consolidated financial statements
for the year ended 31 December 2016

Registered number
08604738



Doubleplay I Limited

Directors

Leon Taviansky
Shaun Gregory
Anthony Booker

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office

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London WC1X 8NL

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Strategic Report

The Directors present their strategic report for the year ended 31 December 2016.

Review of business

The principal activity of Doubleplay I Limited (the "Company") is that of a holding company. The principal activity of the Company and its subsidiaries (collectively, the "Group") is that of a poster advertising contractor, operating in the billboard, street furniture, transport and retail sectors in the European market.

The key financial and other performance indicators during the year were as follows.

	2016 £'000	2015 £'000	Trading Increase/ (Decrease)	Foreign Exchange Increase/ (Decrease)	% Trading Increase/ (Decrease)
Revenue	381,338	354,142	10,269	16,927	2.8%
Gross profit	123,022	115,316	1,843	5,863	1.5%
Gross profit (%)	32%	33%	(1%)		
Operating profit	11,561	23,741	(11,984)	(196)	(50.9%)
Average number of employees	890	906	(16)		

Underlying revenue for the full year was behind expectations but ahead of prior year at constant currency and actual currencies. The UK market grew by 2%, driven by higher revenues in the London Underground business. The Netherlands reported a 13% growth mainly as a result of the acquisition of Centercom in February 2016. Spain and Ireland have delivered strong growth of 47% and 7% driven by new bus contracts in Spain and transformed assets on the CIE estate in Ireland. Turnover in France has declined, impacted by lower volumes and price impacts.

Gross profit at 32% is lower than expected and lower than prior year due to a shortfall in revenues in more fixed cost markets.

Administrative expenses are higher in 2016 with increased professional fees incurred for the debt refinancing, and costs related to the UK office move.

The decline in average headcount reflects the impact of the various restructuring activities.

Operating profit is below expectations and prior year.

Strategic Report (continued)

Principal risks and uncertainties

Risks and uncertainties associated with operating poster advertising concessions with the Group's franchise contracts include the following:

- The cyclical nature of advertising revenue and the health of the European economy;
- Sales revenues derived from the resale of advertising space must cover minimum guarantees payable to franchise owners and deliver a commercial return on any capital investment programme;
- Contractual commitments must be adhered to, including the provision of accurate sales, delivery and other operating data to franchise owners, and
- Health and safety is of paramount importance given the requirement to post advertising campaigns in complex environments.

In order to monitor and minimise any potential adverse impact of these key uncertainties, the Group's management meets at least once a month to discuss financial and other key performance metrics of the business, including:

- Sales and the sales pipeline, key client relationships, research and marketing initiatives;
- Financial performance by franchise owners, upcoming franchise renewals and potential tender opportunities;
- Delivery statistics and incidences of non-display together with appropriate resolution;
- Safety and quality indicators such as incidents at work and reviews of the quality of posted campaigns across nationwide locations, and
- Employee turnover by department and other employee-related matters

The international profile of the Group's operations exposes it to financial risks including the effects of changes in foreign exchange rates, interest rates, credit risks and liquidity risks.

The Group's central finance department is responsible for ensuring there are appropriate funding requirements to meet the ongoing requirements of the Group and for managing effectively liquid funds in the Group. Regular cash flow forecasts are prepared by subsidiaries within the Group and reviewed by management. In addition it is responsible for managing the interest risks of the Group within guidelines agreed by the Board. Foreign currency transaction risks are generally managed directly by the operating subsidiaries. The Group does not undertake any speculative trading activity in financial instruments

a. Interest rate risk

It is the Group's objective to minimise the cost of borrowings and maximise the value from its cash resources, whilst retaining the flexibility of funding opportunities.

The Group has entered into an external term loan with an interest rate which can flex with movements in the LIBOR interest rate. In addition, the Group also entered into a revolving facility loan wherein interest is also subject to movements in the LIBOR interest rate and the financial covenant test results.

b. Currency risk

The Group has significant investments in overseas operations, particularly in Europe, and recurring exposures to exchange rate fluctuations in respect of foreign currency transactions. As a result, movements in exchange rates can affect the Group's statement of financial position and income statement. The Group seeks to comply with the requirements of hedge accounting where considered appropriate.

Foreign currency transaction exposures result from sales or purchases by subsidiaries within the Group in a currency other than their functional currency

Strategic Report (continued)

c. Financial credit risk

The credit profiles of the Group's customers are obtained from credit rating agencies and are closely monitored. The scope of these reviews includes amounts overdue and credit limits.

Trade receivables are considered impaired when the amount is in dispute; customers are in financial difficulty or for other reasons which imply there is doubt over the recoverability of the debt.

d. Liquidity risk

The Group aims to mitigate liquidity risk by managing cash generation by its operations, applying cash collection targets throughout the Group.

The Group's central finance department is responsible for ensuring there are appropriate funding requirements to meet the ongoing requirements of the Group and for managing effectively liquid funds in the Group.

Management reviews annual strategy plans, budgets and forecasts, as well as daily cash balances and weekly forecasts to ensure that optimal use is made of liquid funds within the Group to avoid unnecessary borrowing.

e. Capital management

The Company aims to manage its capital structure in order to safeguard the going concern of the Group and to provide returns for the Company's shareholders. The Company may maintain or adjust its capital structure by adjusting the amount of dividends paid to shareholders, returning capital to shareholders, issuing new shares or selling assets.

On Behalf of the Board



Anthony Booker
Director
10 March 2017

Directors' Report

The directors present the Doubleplay I Limited (the "Company") annual report and financial statements for the year ended 31 December 2016.

The financial statements include the trading results of the Company and its subsidiaries (collectively, the "Group").

Directors

For the period, the Directors of the Company were as follows:

- Leon Taviansky
- Daniel Madden (resigned on 1 September 2016)
- Shaun Gregory (appointed on 23 June 2016)
- Anthony Booker (appointed on 23 June 2016)

The Directors hold depositary receipts in Stichting Administratiekantoor Doubleplay which holds the B ordinary shares of the Company. The Company maintains liability insurance, which includes indemnity for its Directors and officers, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006, and was in force during the entire financial period and as of the date of approval of the financial statements.

Dividends

The profit for the year after taxation amounted to £24.8m (year ended 31 December 2015 – £12.4m). A dividend amounting to £99.1m was paid to Semper Veritas Holding S.à.r.l., the immediate parent company, on 30 September 2016.

Future Developments

The Group enters into a large number of long term franchise contracts across all territories. These contracts have a range of expiry dates and are usually subject to a competitive tender at the end of the contract term. The Group was able to renew one of its larger franchise contracts in 2016 and has mobilised for a three year capital expenditure investment programme on this franchise estate.

The Group continues to assess all tender opportunities based on the strategic focus of the Group.

Financial Instruments

Details of financial instruments are provided in the strategic report on pages 4-6.

Directors' Report (continued)

Going Concern

The Group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposure to interest rate, currency, credit and liquidity risks are described in the Strategic Report on pages 4-6.

The Group has considerable financial resources together with long-term contracts with a number of franchise owners across different geographic areas. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Employee Involvement

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Group as a whole.

Communication with all employees continues through the Group intranet and email communications.

Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed to the shareholders for reappointment of Ernst & Young LLP as auditor of the Group.

On Behalf of the Board



Anthony Booker
Director
10 March 2017

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Group and Company financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union.

Under Company Law the Directors must not approve the Group and Company financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Group and Company for that period. In preparing the Group and Company financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company's financial position and financial performance;
- state that the Group and Company have complied with IFRSs, subject to any material departures disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent, and
- prepare the Group and Company financial statements on the going concern basis unless it is inappropriate to presume that the Group or Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company transactions, and disclose with reasonable accuracy at any time the financial position of the Group and Company, and enable them to ensure that the Group and Company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and 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 Doubleplay I Limited

We have audited the financial statements of Doubleplay I Limited for the year ended 31 December 2016 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity and the Consolidated Cash Flow Statement, and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' responsibilities set out on page 9, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2016 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

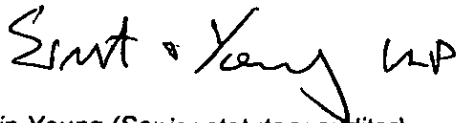
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of Doubleplay I Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



*Philip Young (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
10 March 2017*

Consolidated Income Statement

For year ended 31 December 2016

	<i>Note</i>	Year ended 31.12.16	Restated Year ended 31.12.15
		£000	£000
Revenue	4	381,338	354,142
Cost of sales		(258,316)	(238,826)
Gross profit		123,022	115,316
Other operating expenses, net	4	(489)	(447)
Distribution expenses		(36,021)	(34,201)
Administrative expenses		(74,951)	(56,927)
Operating profit	5	11,561	23,741
Foreign exchange gain/(loss)		19,639	(241)
Finance expenses, net	8	(14,999)	(8,845)
Profit before tax		16,201	14,655
Taxation	9	8,590	(2,256)
Profit for the year		24,791	12,399
Attributable to:			
Equity holders of the parent		24,791	12,399

Profit for the year relates entirely to continuing operations.

Consolidated Statement of Comprehensive Income

For year ended 31 December 2016


	<i>Note</i>	Year ended 31.12.16 £000	Restated Year ended 31.12.15 £000
Profit for the year		24,791	12,399
Other comprehensive income to be reclassified through profit and loss			
Foreign exchange (loss)/ gain on translation differences		(21,682)	2,570
Income tax effect	9	-	-
		<u>(21,682)</u>	<u>2,570</u>
Other comprehensive income not to be reclassified through profit and loss			
Actuarial gains on defined benefit pension plans	21	271	594
Income tax effect	9	-	-
		<u>271</u>	<u>594</u>
Other comprehensive income for the year, net of tax		(21,411)	3,164
Total comprehensive income for the year		<u>3,380</u>	<u>15,563</u>
Attributable to:			
Equity holders of the parent		<u>3,380</u>	<u>15,563</u>

Consolidated and Company Statement of Financial Position**At 31 December 2016**

	Note	Group 2016 £000	Company 2016 £000	Restated Group 2015 £000	Company 2015 £000	Group 2014 £000	Company 2014 £000
Non-current assets							
Intangible assets	11	56,591	-	46,706	-	49,406	-
Property, plant and equipment	10	61,242	-	49,592	-	50,601	-
Investments	12	129	95,343	110	57,279	1,013	54,385
Amounts due from affiliated undertakings	16	-	-	-	30,630	-	28,130
Other receivables	14	1,821	-	1,561	-	1,702	-
Prepayments and other assets	15	7,449	-	5,453	-	3,587	-
Deferred tax asset	13	34,511	-	19,581	-	21,073	-
		<u>161,743</u>	<u>95,343</u>	<u>123,003</u>	<u>87,909</u>	<u>127,382</u>	<u>82,515</u>
Current assets							
Cash and cash equivalents	17	20,227	5	57,072	199	49,696	602
Other financial assets	18	440	-	2,487	-	-	-
Trade and other receivables	14	103,278	67	102,862	-	93,073	31
Amounts due from affiliated undertakings	16	233	1,195	181	-	160	-
Prepayments and other assets	15	8,993	-	11,994	-	13,873	-
		<u>133,171</u>	<u>1,267</u>	<u>174,596</u>	<u>199</u>	<u>156,802</u>	<u>633</u>
Total assets		<u>294,914</u>	<u>96,610</u>	<u>297,599</u>	<u>88,108</u>	<u>284,184</u>	<u>83,148</u>
Non-current liabilities							
Interest-bearing loans and borrowings	19	159,709	350	73,278	25,328	78,871	25,328
Employee benefits	21	6,556	-	5,996	-	6,870	-
Provisions	24	13,630	-	13,616	-	13,863	-
Other non-current liabilities	3,19	3,118	7	4,478	4,392	2,366	2,366
Deferred tax liability	13	6,158	-	-	-	-	-
		<u>189,171</u>	<u>357</u>	<u>97,368</u>	<u>29,720</u>	<u>101,970</u>	<u>27,694</u>
Current liabilities							
Trade and other payables	20	130,433	71	132,066	31	130,197	144
Provisions	24	6,852	-	5,051	-	5,450	-
		<u>137,285</u>	<u>71</u>	<u>137,117</u>	<u>31</u>	<u>135,647</u>	<u>144</u>
Total liabilities		<u>326,456</u>	<u>428</u>	<u>234,485</u>	<u>29,751</u>	<u>237,617</u>	<u>27,838</u>
Net (liabilities)/assets		<u>(31,542)</u>	<u>96,182</u>	<u>63,114</u>	<u>58,357</u>	<u>46,567</u>	<u>55,310</u>
Equity attributable to equity holders of the parent							
Share capital	23	5,330	5,330	53,302	53,302	53,302	53,302
Share premium		-	-	478	478	478	478
Other reserves	22	2,669	-	1,554	-	570	-
Foreign currency translation reserve		(23,530)	12,443	(1,848)	4,378	(4,418)	1,431
Retained earnings		<u>(16,011)</u>	<u>78,409</u>	<u>9,628</u>	<u>199</u>	<u>(3,365)</u>	<u>99</u>
Total equity		<u>(31,542)</u>	<u>96,182</u>	<u>63,114</u>	<u>58,357</u>	<u>46,567</u>	<u>55,310</u>

The Company has taken advantage of the exemption under Section 408 of the companies Act from presenting its own profit and loss account. In 2016, the profit for the year amounted to £128.9m (2015: £0.1m)

These financial statements were approved by the board of Directors on 10 March 2017 and were signed on its behalf by:



Anthony Booker
Director

Company registered number: 08604738

Consolidated and Company Statement of Changes in Equity

Consolidated

	Note	Share capital £000	Share premium £000	Other reserves £000	Restated Foreign currency translation reserve £000	Restated Retained earnings £000	Restated Total equity £000
Balance at 31 December 2014		53,302	478	570	(4,418)	(3,365)	46,567
Total comprehensive income for the year							
Profit for the year		-	-	-	-	12,399	12,399
Other comprehensive income		-	-	-	2,570	594	3,164
Total comprehensive income for the year		-	-	-	2,570	12,993	15,563
Transactions with owners, recorded directly in equity							
Equity settled share based payments	22	-	-	984	-	-	984
Total contributions and distributions		-	-	984	-	-	984
Total transactions with owners of the company		-	-	984	-	-	984
Balance at 31 December 2015		53,302	478	1,554	(1,848)	9,628	63,114
Total comprehensive income/(loss) for the year							
Profit for the year		-	-	-	-	24,791	24,791
Other comprehensive income/(loss)		-	-	-	(21,682)	271	(21,411)
Total comprehensive income/(loss) for the year		-	-	-	(21,682)	25,062	3,380
Transactions with owners, recorded directly in equity							
Dividends (£1.88 per share)		-	-	-	-	(99,151)	(99,151)
Share capital reduction	23	(47,972)	(478)	-	-	48,450	-
Equity settled share based payments	22	-	-	1,115	-	-	1,115
Total contributions and distributions		(47,972)	(478)	1,115	-	(50,701)	(98,036)
Total transactions with owners of the company		(47,972)	(478)	1,115	-	(50,701)	(98,036)
Balance at 31 December 2016		5,330	-	2,669	(23,530)	(16,011)	(32,542)

Consolidated and Company Statement of Changes in Equity (continued)

Company

	<i>Note</i>	Share capital £000	Share premium £000	Foreign currency translation reserve £000	Retained earnings £000	Total parent equity £000
Balance at 31 December 2014		53,302	478	1,431	99	55,310
Total comprehensive income for the year						
Profit for the year		-	-		100	100
Other comprehensive income		-	-	2,947		2,947
Total comprehensive income for the year		-	-	2,947	100	3,047
Balance at 31 December 2015		53,302	478	4,378	199	58,357
Total comprehensive income for the year						
Profit for the year		-	-		128,911	128,911
Other comprehensive income		-	-	8,065	-	8,065
Total comprehensive income for the year		-	-	8,065	128,911	136,976
Transactions with owners, recorded directly in equity						
Dividends					(99,151)	(99,151)
Share capital reduction	23	(47,972)	(478)	-	48,450	-
Total contributions and distributions		(47,972)	(478)	-	(50,701)	(99,151)
Total transactions with owners of the company		(47,972)	(478)	-	(50,701)	(99,151)
Balance at 31 December 2016		5,330	-	12,443	78,409	96,182

Consolidated Cash Flow Statement*For year ended 31 December 2016*

	<i>Note</i>	Group 2016 £000	Group 2015 £000
Cash flows from operating activities			
Profit for the year before tax		16,201	14,655
<i>Adjustments for:</i>			
Depreciation and amortisation	5	16,864	12,027
Foreign exchange (gains)/losses		(19,639)	241
Financial expense, net	8	14,999	8,845
Net loss on sale of property, plant and equipment	4	1,278	709
Gain on disposal of investment in associates	4	-	(174)
Equity settled share based payment	22	1,115	984
Negative goodwill	3	(239)	-
Decrease/(increase) in trade and other receivables, prepayments and other assets		2,586	(2,142)
Decrease in trade and other payables		(2,708)	(4,907)
Increase in amounts due from affiliated undertakings		(52)	(21)
Movement in other assets		(209)	(3,969)
Movement in pension and provisions		1,056	(4,673)
Interest paid, net		(12,310)	(4,015)
Tax paid		(2,632)	(830)
Net cash from operating activities		16,310	16,730
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		214	572
Purchase of property, plant and equipment		(17,966)	(10,746)
Acquisition of a subsidiary, net of cash acquired	3	(5,950)	-
Proceeds of disposal of subsidiary		-	1,102
Net cash used in investing activities		(23,703)	(9,072)
Cash flows from financing activities			
Proceeds from borrowings	19	165,461	-
Payment of loan transaction costs	19	(10,049)	-
Repayment of borrowings	19	(60,110)	(3,741)
Payment of loan to parent company	19	(24,978)	-
Dividends paid to equity holders of the parent company	28	(99,151)	-
Payment of finance lease liabilities	19	(548)	(815)
Net cash used in financing activities		(29,375)	(4,556)
Net (decrease)/increase in cash and cash equivalents		(36,768)	3,102
Effect of exchange rate fluctuations on cash held		(77)	4,274
Cash and cash equivalents, beginning	17	57,072	49,696
Cash and cash equivalents, end	17	20,227	57,072

Notes to the financial statements

1. Accounting policies

Doubleplay I Limited (the "Company") is a company incorporated and domiciled in the United Kingdom.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") and equity account the Group's interest in associates and jointly controlled entities. The parent company financial statements present information about the Company as a separate entity and not about the Group.

Both the Company financial statements and the Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). On publishing the Company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 2.

Restatement

In the previous financial year, deferred tax assets amounting to £1.2m was recognised for carry forward losses in a subsidiary company. However, utilisation of these losses are restricted to subsidiaries which are not expected to generate future taxable profits. The error was detected in the current financial year and accordingly, the deferred tax asset was derecognised and the related tax expense was adjusted retrospectively.

Certain software development costs were reclassified from tangible to intangible fixed asset in the statement of financial position to conform to the classification of similar costs incurred in the current year.

The disclosure on staff number and costs were also restated to include balances that were inadvertently omitted in the prior year.

Exemption from audit by parental guarantee

Under Section 479A of the UK Companies Act 2006, the Company provided parent guarantee to a number of wholly owned subsidiaries to claim exemption from audit of the subsidiary with respect to fiscal year ending 31 December 2016. The subsidiary companies taking advantage of this exemption are listed below.

Subsidiary undertakings	Country of incorporation	Registered number
Doubleplay II Limited	UK	08604810
Extenon Media Holdings Limited	UK	09546482
Doubleplay III Limited	UK	08604817
Exterion Limited	UK	10400127
Extenon Media Metro Services (UK) Limited	UK	08604811
Exterion Leasing (UK) Limited	UK	06423332
Exterion Holdings (UK) Limited	UK	06350231
Extenon Holdings I (UK)	UK	03696712
Exterion Holdings II (UK) Limited	UK	02942115

Measurement convention

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position are stated at their fair value:

- derivative financial instruments
- non-derivative financial instruments
- available-for-sale financial assets
- non-current assets and disposal groups held for sale

Notes to the financial statements (continued)

1. Accounting policies (continued)

Change in functional and presentation currency

The Group and Company's functional and presentation currency were previously US dollar.

In 2016, the Group re-financed its external bank loans, distributed dividends to equity holders of its parent company, and underwent a corporate simplification process, all of which were denominated in Pound Sterling. These events have triggered a change in the Company's functional currency to Pound Sterling effective 30 September 2016.

The effect of this change in functional currency was accounted for prospectively. Assets and liabilities were translated into Pound Sterling at the spot rate on 30 September 2016. The re-translated value of non-monetary items were treated as their historical cost. Equity items were translated at the exchange rate as at transaction date. Any resulting exchange rate gains or losses were included in the other comprehensive income in Company's standalone and Group's consolidated financial statements.

The presentational currency was retrospectively changed to Pound Sterling and comparatives disclosed in these financial statements have accordingly been retranslated. Assets and liabilities were translated into Pound Sterling at the closing rate on 31 December 2015 while equity items were translated at the exchange rate as at transaction date. The income statement and cash flow statement were translated at the average rate for the year 2015.

As the presentation currency was retrospectively changed, the Group's and the Company's Consolidated Statements of Financial Position as at 31 December 2014, which is the earliest comparative period, were included into these Consolidated Financial Statements.

Basis of consolidation

Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised as profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign currencies

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve or non-controlling interest, as the case may be. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the foreign currency translation reserve, net of amounts previously attributed to non-controlling interests, is recycled to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant influence or joint control, the relevant proportion of the cumulative amount is recycled to profit or loss.

Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company (or Group); and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

Notes to the financial statements (continued)

1. Accounting policies (*continued*)

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, investments in jointly controlled entities, associates and subsidiaries, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in jointly controlled entities, associates and subsidiaries

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the parent company accounts

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Property, plant and equipment (continued)

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows.

Advertising Structures	10 years or life of contract for Traditional and 3-10 years for Digital
Computer Equipment	3-5 years
Leasehold improvements	shorter of lease contract term or life of the improvement
Buildings	30-33 years
Vehicles	4-10 years
Furniture and fixtures	10 years
Capitalised leases	shorter of franchise contract or life of the assets

Traditional advertising structures relate to non-animated, static advertising displays. *Digital advertising structures* relate to advertising displays where advertising content is displayed electronically.

Depreciation methods, useful lives and residual values are reviewed at each reporting date

Construction in progress ("CIP") include components and finished goods purchased for incorporation into advertising sites, which are recorded at the lower of cost and net realisable value of the separate items of stock or of groups of similar items. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the cost of realisation. Assets in the course of construction are recorded at cost to date and represents the amount of other expenditure on advertising sites which are not yet installed or ready for service.

Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses. The carrying values of other intangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use
- Its intention to complete and its ability and intention to use the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Notes to the financial statements (continued)

1. Accounting policies (continued)

Intangible assets and goodwill (continued)

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows.

Franchise rights	2-10 years
Order backlog	3 months
Licenses and software	5 to 20 years

Impairment excluding deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Impairment excluding deferred tax assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which a company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans and other post-employment benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) and any unrecognised past service costs are deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to, the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements.

All actuarial gains and losses were recognised in the period they occur directly into equity through the statement of comprehensive income.

Share based payment

Employees (including senior executives) of the Group are invited to participate in the equity of the Company through depository receipts held by a Dutch foundation Stichting Administratiekantoor Doubleplay as consideration for services rendered.

Equity settled transactions

The cost of equity-settled transaction is determined by the fair value at the date when the grant is made using an appropriate valuation method.

That cost is recognised, together with a corresponding increase in other reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired. The expense or credit in the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Equity settled transactions (continued)

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting are conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the awards are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee s measured at the date of modification.

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Revenue

Turnover represents the amounts (excluding the value added tax) derived from the provision of goods and services to customers during the year, net of commissions and discounts.

The Group's reported revenue consists of media and production revenues. *Media* revenues are recognised rateably over the period that the advertisement is displayed. *Production* revenues are recognised in total on the first day the advertisement is displayed. Deferred revenue represents revenue when customers have been invoiced prior to the display of the advertisement or the completion of the production, this is released to the income statement when the recognition criteria have been met.

The Group operates within five geographical markets, the UK, France, Netherlands, Ireland and Spain.

The Company falls outside the scope of IFRS 8, therefore the Group is not required nor has it elected to provide details of its operating segments

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability

Finance income and expenses

Finance expenses comprise interest payable, finance charges on finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset Finance income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method Dividend income is recognised in the income statement on the date the entity's right to receive payments is established Foreign currency gains and losses are reported on a net basis.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

New and amended standards and interpretations

The following IFRS has been applied for the first time in 2016 with no material impact on the annual consolidated financial statements of the Group.

- Amendments to IAS 16 and IAS 38 'Clarification of Acceptable Methods of Depreciation and Amortisation' (effective for annual periods beginning on or after 1 January 2016). The adoption of this amendment did not have any impact on the Group as depreciation or amortisation methods applied are not based on revenue;
- Amendments to IAS 27: 'Equity Method in Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The adoption of this amendment did not have any impact on the Group or Company as investments continue to be accounted for at costs in the separate financial statements of the Company,

New and revised IFRSs that have been issued but are not yet effective

The following adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated.

- IFRS 15 Revenue from Contracts with Customers - IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.
During 2016, the Group performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the Group is considering the clarifications issued by the IASB in April 2016 and will monitor any further developments. The Group is in the business of advertising. In particular the Group recognized revenues from the display of media and production revenue related to that media display.

Notes to the financial statements (continued)

1. Accounting policies (continued)

New and amended standards and interpretations (continued)

- (a) Media revenue: contracts with customers in which the display of advertisement is generally expected to be the only performance obligation. The Group expects that revenue recognition will occur rateably over the period that the advertising is displayed, similar to the current approach. In preparing for IFRS 15, the Group is considering the existence of variable considerations. Some contracts with customers provide volume rebates. Currently, the Group recognizes media revenue at the fair value of the consideration received or receivable, net of volume rebates. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under IFRS 15, and will be required to be estimated at contract inception. IFRS 15 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Group continues to assess individual contracts to determine the estimated potential variable considerations and related constraint.
- (b) Production revenue: contracts with customers in which the production of advertising material is generally expected to be the only performance obligation. The Group expects that revenue recognition will occur on the first day that the advertisement is displayed, similar to the current approach.

Presentation and disclosure requirements: IFRS 15 provides presentation and disclosure requirements, which are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in Group's financial statements. Many of the disclosure requirements in IFRS 15 are completely new. The Group is reviewing policies and procedures necessary to collect and disclose the required information.

- IFRS 16 'Leases' effective for periods beginning on or after 1 January 2019. The standard provides a single lessee accounting model, requiring lessees to recognise right of use assets and lease liabilities in the balance sheet. The impact of future adoption is currently under review,
- IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2018) as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The adoption of this standard is not expected to have a material impact to the Group,
- Amendments to IAS 7: Statement of Cash Flow: Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017). The amendments in Disclosure Initiative (Amendments to IAS 7) come with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities (such as changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values). The adoption of this standard is expected to be relevant to the Group but would not cause significant changes to its accounting policies,
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018). The adoption of this amendment is not expected to have any impact on the Group as there are no cash-settled share-based payments in the Group;
- Amendments to IAS 12 'Recognition of Deferred Tax Assets for Unrealised Losses' (effective for annual periods beginning on or after 1 January 2017). The adoption of this amendment is not expected to have any impact on the Group as there are no debt instruments measured at fair value

The Group will normally adopt new standards at the effective date.

Notes to the financial statements (continued)

2. Accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment in future periods, to the carrying amounts of assets or liabilities affected.

a. Judgements

Impairment of non-financial assets

The Group performs annual impairment test for goodwill. For non-financial assets other than goodwill, the Group assesses at each reporting date, whether there is an indication that an asset may be impaired. Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amount is determined for each of the operating markets which generate independent cash flows. For the purpose of impairment testing, management has calculated value in use by discounting future cash flows to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to each individual market.

The Group bases its impairment calculation on detailed budget and long range plan, which are prepared separately for each of the Group's CGUs. This does not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the assets' performance of the CGU being tested. The budget covers the immediately succeeding year and the long range plan covers the following four years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year. The resulting value is compared to the carrying value of the CGUs to determine any impairment.

Dilapidation provisions

The Group recognises a provision for taking down or removing advertising structures as agreed in franchise agreements as well as the estimated costs for returning its leased buildings and warehouses to its original state at the end of the lease term. Dilapidation costs are provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at the risk free rate with a similar currency and remaining term as the provision. The unwinding of the discount is expensed as incurred and recognised in the consolidated income statement as a finance cost. The estimated future costs of taking down or removing advertising structures are reviewed annually and adjusted as appropriate.

b. Estimates

Litigation provisions

The Group recognises a provision for estimated cash outflow arising from outstanding litigations or claims brought against companies within it. A provision is only recognised when it is probable that an outflow of economic events will be required to settle the obligation based on the expert advice of its internal and external legal counsel. If the effect is material, the provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and when appropriate, the risks to the liability.

Employee benefits

The Group has pension arrangements in France in respect of a retirement indemnity plan and jubilee awards. These defined benefit plans are not backed by assets for this respective purpose and therefore a provision is recorded for the full obligation based on an actuarial valuation prepared by an independent actuary. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, inflation rate, future salary and future pension increases. Due to the complexities involved in the valuation, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The key assumptions used to determine the present value of the obligation are disclosed and further explained in Note 21.

Notes to the financial statements (continued)

2. Accounting estimates and judgements (continued)

Tax estimates

The Group's tax charge is based on the results for the period and tax rates in effect. The determination of appropriate provisions for current and deferred income taxation requires the Group to take into account anticipated decisions of tax authorities and estimate the Group's ability to utilise tax benefits through future earnings and tax planning. These estimates and assumptions may differ from future events.

3. Business combinations

Acquisitions in the current year

On 17 February 2016, the Group acquired all of the issued shares of Centercom Winkelcentra B.V. ("Centercom"), a private company with limited liability based in Amstelveen, Netherlands. Centercom has been in operation since 2001, offering advertising space in commercial centres and is active in outdoor advertising in over 60 Dutch cities. The acquisition of Centercom is in line with the Group's plan to expand its business' presence in the Dutch market.

The total consideration of €10.1m (£7.8m) is made up of an initial cash consideration of €7.6m (£5.9m) and a contingent consideration based on future revenue with a fair value of €2.4m (£1.9m).

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Centercom as at the date of acquisition are summarized below.

	Fair value recognised on acquisition £ 000
Assets	
Property, plant and equipment (Note 10)	1,303
Franchise rights (Note 11)	9,263
Accounts receivable	89
Other current assets	269
Cash and cash equivalents	25
Liabilities	
Trade accounts payable	(363)
Accruals	(229)
Other liabilities	(31)
Deferred tax liability (Note 13)	(2,229)
Net identifiable assets and liabilities	8,097
Negative goodwill – taken to the profit and loss (Note 4)	(239)
Total purchase consideration	7,858

Negative goodwill of £239k resulted from a lower purchase price compared to the estimated fair value of the net identifiable assets at acquisition date. This represents the Group's favourable negotiating position at the time of the deal and expected cost and revenue synergies.

Analysis of cash flows on acquisition:

Cash paid for the acquisition of the subsidiary included in cash flows from investing activities is €7.6m (£5.9m). Transaction costs of the acquisition were minimal.

Notes to the financial statements (continued)

3. Business combinations (continued)

Contingent consideration

The purchase agreement with the previous owner of Centercom, includes a contingent consideration based on revenues generated over the earn-out period and the number of contracts renewed. The fair value of the contingent consideration was estimated to be €2.4m (£1.9m) determined by an independent valuation using discounted cash flow method. The undiscounted amount of the contingent consideration at the time of acquisition is €3.7m payable in September 2018.

From the date of acquisition, Centercom contributed £4m of revenue and £76k of profit before tax from continuing operations of the Group. If the acquisition took place at the beginning of the year, Centercom would have contributed £4m of revenue and £43k loss before tax from continuing operations of the Group.

4. Revenue and other operating expense, net

a) Revenue by segment

A breakdown of revenue by geographical market was not included as it is prejudicial to the interest of the Group.

b) Other operating expense, net

	Year ended 31.12.16 £000	Year ended 31.12.15 £000
Net loss on disposal of property, plant and equipment	(1,278)	(709)
Negative goodwill (Note 3)	239	-
Gain on disposal of investment in associates	-	174
Other income	550	88
	<u>(489)</u>	<u>(447)</u>

5. Expenses and auditor's remuneration

Included in operating profit are the following:

	Year ended 31.12.16 £000	Year ended 31.12.15 £000
Restructuring and severance costs expensed as incurred – included in administrative expenses	3,124	1,014
Depreciation	11,516	8,448
Amortisation	5,348	3,578
Professional fees	12,961	7,118
Expenses incurred from related parties (see Note 28)	7,657	1,661
Operating lease expense-land and buildings	2,651	2,436
Operating lease expense-vehicles and equipment	3,338	2,959

Auditor's remuneration.

	Year ended 31.12.16 £000	Year ended 31.12.15 £000
Audit of these financial statements	32	27
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	496	469
Audit-related assurance services	7	41
Tax services	42	77
Other services	83	-

Notes to the financial statements (continued)

6. Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows.

	Number of employees Year ended 31.12.16	Number of employees Year ended 31.12.15 (Restated)
By activity:		
Sales and marketing	486	486
Operations	118	130
Administration	<u>286</u>	<u>290</u>
	<u>890</u>	<u>906</u>

The aggregate payroll costs of these persons were as follows:

	Year ended 31.12.16 £000	Year ended 31.12.15 £000 (Restated)
Wages and salaries	39,394	42,789
Social security costs	9,701	9,468
Contributions to defined contribution plans	804	1,150
Expenses related to defined benefit plans	(175)	191
Equity settled share based payment	<u>1,115</u>	<u>984</u>
	<u>50,839</u>	<u>54,582</u>

7. Directors' remuneration

	Year ended 31.12.16 £000	Year ended 31.12.15 £000
Directors' emoluments	1,152	589
Company contributions to money purchase pension plans	<u>63</u>	<u>45</u>
	<u>1,215</u>	<u>634</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid Director was £444k (2015-£307k), and Company pension contributions of £32k (2015-£34k) were made to a money purchase scheme on his behalf. Pension contributions were paid on behalf of all Directors.

Notes to the financial statements (continued)

8. Finance expenses, net

	Year ended 31.12.16 £000	Year ended 31.12.15 £000
<i>Finance income</i>		
Interest income on bank accounts	62	79
Interest on loan receivable from affiliated undertaking	13	12
	<u>75</u>	<u>91</u>
<i>Finance expense</i>		
Interest on senior facility agreement	(6,728)	(3,716)
Interest on loan from affiliated undertaking	(1,528)	(2,065)
Interest expense on financial liabilities measured at amortised cost	(6,315)	(2,304)
Unwind of discount on provisions	(219)	(405)
Other interest	(284)	(446)
	<u>(15,074)</u>	<u>(8,936)</u>
Finance income/(expenses), net	<u>(14,999)</u>	<u>(8,845)</u>

Other interest includes interests on the defined pension scheme and the unwinding of the discount on the finance lease liabilities and long-term receivables.

9. Taxation

Recognised in the income statement

	Year ended 31.12.16 £000	Year ended 31.12.15 £000
Current tax expense		
Current year	<u>2,348</u>	<u>746</u>
Current tax expense	2,348	746
Deferred tax expense/(credit)		
Origination and reversal of temporary differences	5,162	2,782
Prior year adjustment	1,000	(395)
Change in tax rate	1,079	1,259
Recognition of previously unrecognised deferred tax asset	(18,179)	(2,136)
	<u>(10,938)</u>	<u>1,510</u>
Tax expense/(credit) in income statement	<u>(8,590)</u>	<u>2,256</u>

Income tax recognised in other comprehensive income

	Year ended 31.12.16 £000	Year ended 31.12.15 £000
Actuarial loss on defined benefit pension plans	<u>-</u>	<u>-</u>

Notes to the financial statements (continued)

9. Taxation (continued)

Reconciliation of effective tax rate

	Year ended 31.12.16 £000	Year ended 31.12.15 £000
Profit before tax	16,201	14,655
Tax using the UK corporation tax rate of 20% (2015: 20.25%)	3,240	2,968
Effect of tax rates in foreign jurisdictions	(870)	(387)
Prior year adjustments	1,000	(395)
Previously unrecognised deferred tax now recognised	(16,962)	(204)
Previously unrecognised tax losses now recognised	(1,217)	(1,933)
Previously unrecognised tax losses now utilised	(1,386)	(468)
Deferred tax asset not recognised	-	612
Local and state taxes	862	745
Non deductible expenditure	1,509	60
Taxable income on reversal of impairment	4,155	-
Change in tax rate	1,079	1,258
	<u>(8,590)</u>	<u>2,256</u>

The taxable income on reversal of impairment relates to the gain recognised in one of the subsidiaries upon reversal of an impairment of an intragroup receivable. The impairment previously recognised was considered as a tax deductible item for local corporation tax purposes in the year it was recorded and was included in the brought forward losses.

10. Property, plant and equipment – Group

	Land, Buildings and Leasehold Improvements £000	Furniture & Fixtures and Computers £000 (Restated)	Advertising Structures £000	Construction in Progress £000	Capitalised leases £000	Vehicles £000	Total £000
Cost							
Balance at 1 January 2016	2,364	5,372	52,777	5,684	796	146	67,139
Additions	112	493	2,569	12,981	2,324	15	18,494
Transfers	1,284	708	5,054	(9,477)	548	-	(1,883)
Disposals	-	(77)	(6,958)	(728)	-	(53)	(7,816)
Acquisition of subsidiary (Note 3)	-	-	1,000	303	-	-	1,303
Effect of movements in foreign exchange	267	352	7,629	298	-	22	8,568
Balance at 31 December 2016	<u>4,027</u>	<u>6,848</u>	<u>62,071</u>	<u>9,061</u>	<u>3,668</u>	<u>130</u>	<u>85,805</u>
Depreciation and impairment							
Balance at 1 January 2016	377	3,987	12,290	-	787	106	17,547
Depreciation charge for the year	295	1,121	10,007	-	67	26	11,516
Disposals	-	(77)	(6,024)	-	-	(59)	(6,160)
Effect of movements in foreign exchange	40	205	1,398	-	-	17	1,660
Balance at 31 December 2016	<u>712</u>	<u>5,236</u>	<u>17,671</u>	<u>-</u>	<u>854</u>	<u>-90</u>	<u>24,563</u>
Net book value at 31 December 2016	<u>3,315</u>	<u>1,612</u>	<u>44,400</u>	<u>9,061</u>	<u>2,814</u>	<u>40</u>	<u>61,242</u>
Net book value at 1 January 2016	<u>1,987</u>	<u>1,385</u>	<u>40,487</u>	<u>5,684</u>	<u>9</u>	<u>40</u>	<u>49,592</u>

Transfers relate to software development costs reported in construction in progress and capitalized as intangible assets upon completion

Notes to the financial statements (continued)

11. Intangible assets – Group

	Goodwill £000	Franchise rights £000	Order backlog £000	Other £000 (Restated)	Total £000
Cost					
Balance at 1 January 2016	17,914	33,344	14,894	3,453	69,605
Additions	-	-	-	322	322
Transfers	-	-	-	1,883	1,883
Disposals	-	-	(10,008)	-	(10,008)
Acquisition of subsidiary (Note 3)	-	9,263	-	-	9,263
Effect of movements in foreign exchange	1,267	2,371	(212)	596	4,022
Balance at 31 December 2016	19,181	44,978	4,674	6,254	75,087
Amortisation and impairment					
Balance at 1 January 2016	-	7,441	14,894	564	22,899
Amortisation for the year	-	4,677	-	671	5,348
Disposals	-	-	(10,008)	-	(10,008)
Effect of movements in foreign exchange	-	343	(212)	126	257
Balance at 31 December 2016	-	12,461	4,674	1,361	18,496
Net book value					
At 31 December 2016	19,181	32,517	-	4,893	56,591
At 1 January 2016	17,914	25,903	-	2,889	46,706

Transfers relate to software development costs reported in construction in progress and capitalized as intangible assets upon completion.

Others include non-compete agreement, software development costs and amounts invested in CIE assets which were considered as license costs.

Impairment testing

Goodwill arising from the business combination has been allocated to cash generating units as follows:

	Goodwill 2016 £000	Goodwill 2015 £000
United Kingdom	10,352	10,352
France	7,326	6,274
Netherlands	1,503	1,288
	<u>19,181</u>	<u>17,914</u>

The Group performed its annual impairment test in November 2016. The recoverable amounts of the CGUs were calculated with reference to its value in use. In calculating this value, management used information from the most recent budget and long range plan which were prepared separately for each of the CGUs. The cash flows used in the impairment test exclude restructuring activities that the Group is not yet committed to significant future investments that will enhance the assets' performance of the CGU being tested. The budget cash flows include the immediately succeeding year and the long range plan covers the following four years.

Notes to the financial statements (continued)

11. Intangible assets – Group (*continued*)

The key assumptions used in value in use calculations are as follows:

Discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and the individual risks of the underlying assets that have been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from the weighted average cost of capital (WACC) of each individual CGU. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a post-tax discount rate. Pre-tax discount rates in 2016 range from 11.2% to 13.7% (2015: 11.7% to 13.7%).

Sensitivity testing showed that no reasonably possible adjustment to the discount rate would lead to impairment. It would need a rise in post-tax discount rates in the UK by 61.7% to result in impairment whilst discount rates must increase by more than 59.6% to result to impairment in the Netherlands and 11.4% in France.

Revenue growth rate estimates – Growth rates used are consistent with the growth rates assumed in the long range plan which is within a range of 1-3%. Management recognises that the economic conditions of the country where CGU's operate can have a significant impact on growth rate assumptions.

Sensitivity testing showed that a reasonably possible adjustment to the assumption for revenue growth being a reduction to nil for each period would not have led to impairment in any CGU at 31 December 2016.

Notes to the financial statements (continued)

12. Investments

Group

At 31 December, the Group is comprised of the Company and the following investments in subsidiaries, associates and joint ventures.

Subsidiary undertakings	Country of incorporation	Class of shares held	Ownership 2016
Doubleplay II Limited	UK	Ordinary	100%
Exterion Media Holdings Limited	UK	Ordinary	100%
Doubleplay III Limited	UK	Ordinary	100%
Exterion Limited	UK	Ordinary	100%
Exterion Firewalker II (BDA) Limited	Bermuda	Ordinary	100%
Exterion Group Holdings Limited	Cayman Islands	Ordinary	100%
Exterion Media Metro Services (UK) Limited	UK	Ordinary	100%
Exterion Leasing (UK) Limited	UK	Ordinary	100%
Exterion Holdings (UK) Limited	UK	Ordinary	100%
Firewalker 3 LLC	USA	Membership interest	100%
Exterion Holdings I (Netherlands) B.V.	Netherlands	Ordinary and Preference	100%
Exterion Holdings I (UK)	UK	Ordinary	100%
Exterion Holdings II (UK) Limited	UK	Ordinary	100%
Exterion Media (UK) Limited	UK	Ordinary	100%
Exterion Leasing (BDA) Limited	Bermuda	Ordinary	100%
Exterion Partner (BDA) GP	Bermuda	Ordinary	100%
Exterion Media (Netherlands) B.V.	Netherlands	Ordinary	100%
Exterion Holdings II (Netherlands) B.V.	Netherlands	Ordinary	100%
Exterion Holdings (BVI) Limited	British Virgin Islands	Ordinary	100%
Exterion Holdings (HK) Limited	Hong Kong	Ordinary	100%
Exterion Media (Ireland) Limited	Ireland	Ordinary	100%
Exterion Holdings (France) S.A.S.	France	Ordinary	100%
Exterion Media (France) S.A.	France	Ordinary	99.97%
Exterion Media Spain S.A.	Spain	Ordinary	100%
Joint venture			
Affimetrie	France	32.24%	32.24%

On 16 April 2015, Doubleplay II Limited incorporated Exterion Media Holdings Limited with a £1 share capital.

On 28 September 2016, Exterion Media Holdings Limited incorporated Exterion Limited with a £1 share capital.

In November 2016, Exterion Intersales (Netherlands) B V was legally merged into Exterion Media (Netherlands) BV along with Exterion Media Winkelcentra B V. (formerly Centercom Winkelcentra B.V.) which was acquired in February 2016

Notes to the financial statements (continued)

12. Investments (continued)

Equity-accounted investees – Associates

The Group has an interest in a number of individually immaterial associates and a joint venture. The following table analyses, in aggregate, the carrying amount of these associates and joint venture as of year-end:

	2016 £000	2015 £000
Balance as at 1 January	110	117
Effect of movement in foreign exchange	19	(7)
Balance as at 31 December	129	110

<i>Company</i>	2016 £000	2015 £000
Balance as at 1 January	57,279	54,385
Additions	30,000	-
Effect of movement in foreign exchange	8,064	2,894
Balance as at 31 December	95,343	57,279

On 29 September 2016, the Company sold the entire issued share capital of Exterior Media Metro Services (UK) Limited to Doubleplay II Limited ("DPII") in exchange for the issue by DPII of 1 ordinary share of £1 in the capital of DPII at a subscription price of £30m.

13. Deferred tax assets and liabilities – Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Fixed Assets £000	Provisions £000	Interest £000	Intangible Assets £000	Tax Losses £000	Total £000
Balance as at 1 January 2015	4,275	64	8,178	-	8,556	21,073
Income statement	1,842	(26)	(409)	-	(2,917)	(1,510)
Foreign currency translation	3	-	-	-	16	19
Balance as at 31 December 2015	6,120	38	7,769	-	5,655	19,582
Income statement	13,696	(8)	4,084	(3,659)	(3,174)	10,939
Acquisition (Note 3)	-	-	-	(2,229)	-	(2,229)
Foreign currency translation	29	-	-	(270)	302	61
Balance as at 31 December 2016	19,845	30	11,853	(6,158)	2,783	28,353

Reflected in the Statement of financial position as follows:

	2016 £000	2015 £000
Deferred tax assets	34,511	19,581
Deferred tax liabilities	(6,158)	-
Deferred tax assets, net	28,353	19,581

Notes to the financial statements (continued)

13. Deferred tax assets and liabilities – Group (continued)

No deferred tax liability is recognised on temporary differences relating to unremitted earnings of overseas subsidiaries as the group is able to control the timing and reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The Group has tax losses of £73.4m upon which no deferred tax asset has been recognised. Consequently, there are deferred tax liabilities in France of £5.7m (2015: £4.5m) that are more than offset by deferred assets in both years, these liabilities are not disclosed.

An element of the deferred tax asset relating to interest value above may be de-recognised in future years due to future legislation in the UK which has been announced but yet to be substantively enacted. IFRS requires that only substantively enacted legislation is considered when preparing financial accounts.

14. Trade and other receivables

	Group 2016 £000	Company 2016 £000	Group 2015 £000	Company 2015 £000
Trade receivables	96,930	-	97,114	-
Other receivables	8,169	67	7,309	-
	<u>105,099</u>	<u>-</u>	<u>104,423</u>	<u>-</u>
Current	103,278	67	102,862	-
Non-current	1,821	-	1,561	-
	<u>105,099</u>	<u>67</u>	<u>104,423</u>	<u>-</u>

15. Prepayments and other assets

	Group 2016 £000	Group 2015 £000
Prepayments	8,869	10,291
Barter assets	79	275
Deposits	4,304	2,034
VAT receivable	131	1,889
Corporation tax receivable	433	148
Other	2,626	2,810
	<u>16,442</u>	<u>17,447</u>
Current	8,993	11,994
Non-current	7,449	5,453
	<u>16,442</u>	<u>17,447</u>

Other assets mainly represent the inventory of materials and consumables in the subsidiaries.

Notes to the financial statements (continued)

16. Amounts due from affiliated undertakings

	Group 2016 £000	Company 2016 £000	Group 2015 £000	Company 2015 £000
Loans due from affiliated undertakings	-	1,165	-	25,000
Interest on loans due from affiliated undertakings	-	30	-	5,630
Other receivables	233	-	181	-
	<u>233</u>	<u>1,195</u>	<u>181</u>	<u>30,630</u>
Current	233	1,195	181	-
Non-current	-	-	-	30,630
	<u>233</u>	<u>1,195</u>	<u>181</u>	<u>30,630</u>

The Company entered into an intra-group loan agreement with Doubleplay II Limited for a principal amount of £25m to be used for general corporate purposes. On 30 September 2016, Doubleplay II Limited paid the Company £23.3m of the principal and £7.5m of accrued interest. An additional £0.5m was also paid to the Company in the fourth quarter

Interest is charged at 8% plus 2% margin per annum and is calculated on the basis of a 365 day year and the number of days elapsed.

17. Cash and cash equivalents

	Group 2016 £000	Company 2016 £000	Group 2015 £000	Company 2015 £000
Cash and cash equivalents	<u>20,227</u>	<u>5</u>	<u>57,072</u>	<u>199</u>

18. Other financial assets

Other financial assets relate to restricted cash representing the guarantee that the Group provided in relation to the lease and conditional sale agreement for the Imago business in Italy including indemnity for possible employee legal actions. The right to withdraw from the sale has expired in 2016 and the element relating to that guarantee is no longer considered as restricted as of 31 December 2016.

Notes to the financial statements (continued)

19. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group and Company's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group and Company's exposure to interest rate and foreign currency risk, see Note 25.

	Group 2016 £000	Company 2016 £000	Group 2015 £000	Company 2015 £000
Non-current liabilities				
Secured bank loans	155,817	-	45,929	-
Finance lease liabilities	3,542	-	2,021	-
Loan from affiliated group undertaking	350	350	25,328	25,328
	<u>159,709</u>	<u>350</u>	<u>73,278</u>	<u>25,328</u>
Current liabilities				
Current portion of finance lease liabilities	952	-	469	-
	<u>952</u>	<u>-</u>	<u>469</u>	<u>-</u>

	Currency	Nominal Interest rate	Year of maturity	Face value 2016	Carrying amount 2016 £000	Face value 2015	Carrying amount 2015 £000
Senior facility agreement (Term A Loan)	EURO	EURIBOR plus 6.25%	2016	-	-	69,686	45,929
Senior facility agreement (Term B Loan)	GBP	LIBOR plus 8.25%	2022	150,000	140,355	-	-
Revolving Facility Agreement	GBP	LIBOR or	2021	12,000	12,000	-	-
	EURO	EURIBOR plus 4.5%, 4.75 or 5%		4,000	3,463	-	-
Loans from affiliated undertakings	GBP	8%	2018	£350	350	24,999	25,328
Finance lease liabilities	GBP	7.6%	2017 to 2020	£5,947	4,494	4,521	2,490
					<u>160,662</u>		<u>73,747</u>

Senior Facilities Agreement

Term A Loan

The Group through Doubleplay III Limited entered into a Senior Facilities Agreement ("SFA") on 18 September 2013 for a loan amounting to €75m ("Term A Loan"). The purpose of the loan was to fund part of the acquisition price payable in connection with the business combination, payment of the acquisition costs and for working capital purposes of the Group. Interest was payable at the greater of EURIBOR or 1.25% plus a margin of 6.25%. The margin might decrease to 5.75% subject to no default occurring and the leverage ratio being less than or equal to 2:1 based on a completed covenant testing.

The facility was secured by guarantees from companies within the Group which includes the punctual performance of all the obligations as well as payment of any unpaid amounts due in connection with the SFA.

On a quarterly basis, the Group and its subsidiaries are required to comply with certain financial covenants of the SFA. No breaches in financial covenants occurred during the year.

On 30 September 2016, Doubleplay III Limited paid the amount of the outstanding principal plus accrued interest partly from existing cash in the Group and from the proceeds of the new Term B loan.

Notes to the financial statements (continued)

19. Interest-bearing loans and borrowings (continued)

Term B Loan

On 30 September 2016, the Group through Exterion Media Holdings Limited entered into SFA for a loan amounting to £150m ("Term B Loan") with a term of 6 years.

The purpose of Term B Loan is to partly fund the repayment of the Term A loan as well as the full payments of the £25m inter-company loan and dividend to Semper Veritas Holdings S à r.l.

Interest is payable at the greater of LIBOR or 1% plus a margin of 8.25%. The Group may select the interest period upon delivery of the selection notice, otherwise the interest period is three months.

Revolving Facility

Included in the SFA entered into by the Group on 30 September 2016 is a multicurrency Revolving Facility Loan Agreement ("Revolving Facility Loan") for the maximum amount of £40m or its equivalent. The purpose of the Revolving Facility Loan is to fund the working capital of the Group.

The loan is re-payable at the end of the interest period of each draw down and terminates on 30 September 2021. The interest is payable at LIBOR or EURIBOR plus a margin that depends on the results of the total net debt cover covenant test. The margin can vary from 4.55, 4.75% or 5%.

Exterion Media Holdings Limited has outstanding drawdowns of £15.4m under Revolving Facility as at 31 December 2016.

Both Term B Loan and Revolving Facility Loan are secured by guarantees from companies within the Group which includes the punctual performance of all the obligations as well as payment of any unpaid amounts due in connection with the SFA.

No re-borrowing are permitted for either Term B Loan or Revolving Facility Loan.

From the quarter ended 31 December 2016, the Group and its subsidiaries are required to comply with certain financial covenants of the SFA. No breaches in financial covenants occurred during the year

Loans from affiliated group undertakings

On 30 September 2013, the Company issued promissory notes amounting to £25m and £0.4m to Semper Veritas Holding S.à r.l. A prepayment notice dated 30 September 2016 authorized the partial payment for the principal amount of £25m and accrued interest for both promissory notes amounting to £5.9m.

Interest is payable at 8% per annum per annum and may increase by an additional 1.25% per annum in the event of a default. The promissory notes are due and payable on 30 September 2018. Included in other non-current liabilities is accrued interest on the promissory notes of £0.1m (2015-£4 4m) as of 31 December 2016.

Notes to the financial statements (continued)

19. Interest-bearing loans and borrowings (continued)

Finance lease liabilities are payable as follows:

Group	Minimum lease payments 2016 £000	Interest 2016 £000	Principal 2016 £000	Minimum lease payments 2015 £000	Interest 2015 £000	Principal 2015 £000
Less than one year	1,221	269	952	658	189	469
Between one and five years	3,980	438	3,542	2,401	380	2,021
More than five years	-	-	-	-	-	-
	<u>5,201</u>	<u>707</u>	<u>4,494</u>	<u>3,059</u>	<u>569</u>	<u>2,490</u>

The Company does not have any finance lease liability.

20. Trade and other payables

	Group 2016 £000	Company 2016 £000	Group 2015 £000	Company 2015 £000
Trade and franchise payables	62,628	-	61,763	-
Accrued expenses	50,325	29	53,370	31
Deferred income	11,925	-	13,027	-
Current portion of the finance lease liability (See Note 19)	952	-	469	-
Interest payable on senior facilities agreement	282	-	10	-
Other current liabilities	4,321	42	3,427	-
	<u>130,433</u>	<u>71</u>	<u>132,066</u>	<u>31</u>

21. Employee benefits

Pension plans

The Group's pension arrangements represent the French companies' obligation in respect of a retirement indemnity plan and jubilee awards. This includes employees transferred to subcontractor for which the maximum pension liability has been agreed and the liability is retained with the French subsidiary.

An amount of £6.4m (2015 - £5.9m) relates to a provision for retirement payments, of which £2.5m (2015 - £2.4m) relates to transferred employees with agreed pension amounts and £3.9m (2015 - £3.5m) recorded based on actuarial calculation in compliance with IAS 19. According to the French labour law, a company is obliged to pay retirement indemnities on the retirement of permanent employees. Employees, who voluntary leave or are dismissed, are not entitled to such a payment. The payment depends on the length of Group service at retirement and final salary.

An amount of £0.2m (2015-£0.1m) relates to a provision for jubilee awards calculated in line with IAS 19 and based upon actuarial assumptions.

These defined benefit plans are not backed by assets for this respective purpose. Therefore, a provision is recorded for the full obligation.

	Retirement indemnity plan 2016 £000	Long term service awards 2016 £000	Group 2016 £000	Retirement indemnity plan 2015 £000	Long term service awards 2015 £000	Group 2015 £000
Present value of unfunded defined benefit obligations	6,406	150	6,556	5,862	134	5,996
Total employee benefits	<u>6,406</u>	<u>150</u>	<u>6,556</u>	<u>5,862</u>	<u>134</u>	<u>5,996</u>

Notes to the financial statements (continued)

21. Employee benefits (continued)

Movements in present value of defined benefit obligation

	Retirement Indemnity plan 2016 £000	Long term service awards 2016 £000	Group 2016 £000	Retirement indemnity plan 2015 £000	Long term service awards 2015 £000	Group 2015 £000
At 1 January	5,862	134	5,996	6,697	173	6,870
Current service cost	95	(2)	93	217	5	222
Curtailment	(270)	-	(270)	-	-	-
Interest cost	83	1	84	68	1	69
Immediate recognition of gain	-	(3)	(3)	-	(31)	(31)
Actuarial gain	(271)	-	(271)	(594)	-	(594)
Benefits paid	(56)	(1)	(57)	(144)	(3)	(147)
Exchange adjustments	963	21	984	(382)	(11)	(393)
At 31 December	6,406	150	6,556	5,862	134	5,996

Expense recognised in the income statement

	Retirement Indemnity plan 2016 £000	Long term service awards 2016 £000	Group 2016 £000	Retirement indemnity plan 2015 £000	Long term service awards 2015 £000	Group 2015 £000
Current service cost	95	(2)	93	217	5	222
Curtailment	(270)	-	(270)	-	-	-
Immediate recognition of gain	-	(3)	(3)	-	(31)	(31)
Interest on defined benefit pension plan obligation	83	1	84	68	1	69
Total expense for the year	(92)	(4)	(96)	285	(25)	260

Notes to the financial statements (continued)

21. Employee benefits (continued)

The expense is recognised in the following line items in the income statement:

	Retirement indemnity plan 2016 £000	Long term service awards 2016 £000	Group 2016 £000	Retirement indemnity plan 2015 £000	Long term service awards 2015 £000	Group 2015 £000
Administrative expenses	(175)	(5)	(180)	217	(26)	191
Finance expense	83	1	84	68	1	69
	<u>(92)</u>	<u>(4)</u>	<u>(96)</u>	<u>285</u>	<u>25</u>	<u>260</u>

Actuarial gains and losses recognised directly in equity in the statement of comprehensive income during the year:

	Retirement indemnity plan 2016 £000	Long term service awards 2016 £000	Group 2016 £000	Retirement indemnity plan 2015 £000	Long term service awards 2015 £000	Group 2015 £000
Recognised in the year	271	-	271	594	-	594
Cumulative amount at 31 December	271	-	271	594	-	594

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	Retirement indemnity plan 2016	Long term service awards 2016	Retirement indemnity plan 2015	Long term service awards 2015
Discount rate	1.50%	1.50%	2.00%	2.00%
Future salary increase	1 - 2%	N/A	2 - 3%	N/A
Long term inflation	N/A	N/A	N/A	N/A

Defined contribution plans

The Group operates a number of defined contribution pension plans

The total expense relating to these plans in the current year was £1.0m (2015-£1.1m).

Notes to the financial statements (continued)

22. Share based payments

Under the Management Incentive Plan, the Group provided senior executive employees the opportunity to invest in depository receipts held by Stichting Administratiekantoor Doubleplay with rights that correspond to the rights of the B shares issued by the Company. Employees are expected to remain in service for a period of three years from the date of the first grant on 9 April 2014. Settlement will be made at the event of an exit. The fair value of the rights granted is estimated at the date of the two grants which were on 9 April 2014 and 9 July 2014 using a Black-Scholes option pricing model taking into account the terms and conditions upon which the rights were granted. The model takes into account the equity value at the valuation dates, expected term assumptions and the volatility. The expected volatility was determined with reference to comparable quoted companies and measured based on the historical share price volatility over the periods that matched the expected term. The fair value was calculated based on the weighted average of a range of expected term assumptions.

The expense recognised for employee services received during the year for equity settled share based payment transaction is £1,115k (2015 - £984k). At 31 December 2016, the total depository receipts issued were 470,000 (2015 - 470,000) out of which 428,223 (2015 - 428,223) are held by senior management employees while the remainder is held by another group undertaking. There were no amendments during the year nor were there any change in management's expectation of the timing of the settlement.

The inputs used in the measurement of the fair values at grant dates of the equity settled share based payment plans were as follows:

	Grant dates	
	9 April	9 July
Fair value	\$3.4m	\$7.3m
Dividend yield (%)	0%	0%
Expected volatility	25.6% to 38.8%	32.5% to 36.1%
Risk-free interest rate (%)	0.3% to 1.5%	0.7% to 1.5%
Expected term	1.73 to 4.73 years	2.48 to 4.48 years

23. Issued capital

	2016 No. of shares 000	2015 No. of shares 000
Authorised, issued and fully paid		
A ordinary shares at £0.10 per share (2015: A ordinary shares at £1 per share)	52,832	52,832
B ordinary shares at £0.10 per share (2015: B ordinary shares at £1 per share)	470	470
	<hr/>	<hr/>
	2016 £000	2015 £000
Authorised, issued and fully paid		
A ordinary shares at £0.10 per share 2015: A ordinary shares at £1 per share)	5,283	52,832
B ordinary shares at £0.10 per share (2015: B ordinary shares at £1 per share)	47	470
	<hr/>	<hr/>
	5,330	53,302

In October 2016, the Board of Directors approved a reduction of share capital of the Company. The nominal value of A and B ordinary shares was reduced from £1 per share to £0.10 per share. As a result, £48m was credited to the reserves of the Company.

Notes to the financial statements (continued)

24. Provisions

Group	Litigation £000	Dilapidation £000	Onerous contract £000	Other £000	Total £000
Balance at 1 January 2016	1,428	12,882	2,077	2,280	18,667
Provisions made during the year	759	674	57	3,298	4,788
Provisions utilised during the year	(413)	(1,166)	(530)	(1,446)	(3,555)
Provisions released during the year	(897)	(1,155)	(46)	(136)	(2,234)
Unwinding of discounted amount	-	166	-	-	166
Foreign exchange difference	209	1,861	316	264	2,652
Balance at 31 December 2016	1,086	13,262	1,874	4,260	20,482
Non-current	-	12,251	1,379	-	13,630
Current	1,086	1,011	495	4,260	6,852
	1,086	13,262	1,874	4,260	20,482

The Group provides for the probable estimated cash outflow arising from claims and/or litigations brought against its operating companies. The amount provided and the probability of cash outflow is determined based on advice from the Group's internal and external legal counsel.

Dilapidation provision represents the Group's estimated cost for removing advertising structures as agreed in its franchise agreements and the cost of returning its leased offices and warehouses to its original state at the end of the lease term. The estimated cost is discounted at a rate risk free rate with a similar currency and remaining term as the provision, whichever is shorter.

Onerous contract provision represents the present value of the estimated cash flows from its loss making franchise contracts and order backlog. This is discounted at a risk adjusted rate specific to the franchise type and the country in which these contracts were agreed.

Other provision includes estimated amounts to be paid for restructuring and an estimate for credit notes that are expected to be received based on past history.

25. Financial instruments

The international profile of the Group's operations exposes it to financial risks including the effects of changes in foreign exchange rates, interest rates, credit risks and liquidity risks. The Board sets policies to address these risks and there is a specific policy setting out guidelines to manage foreign exchange risk, interest rate risk, credit risk and the use of financial instruments. This note presents information about the Group's exposure to each of these financial risks.

The Group's central finance department is responsible for ensuring there are appropriate funding requirements to meet the ongoing requirements of the Group and for managing effectively liquid funds in the Group. Regular cash flow forecasts are prepared by subsidiaries and reviewed by management. In addition it is responsible for managing the interest risks of the Group within guidelines agreed by the Board. Foreign currency transaction risks are generally managed directly by the operating companies. The Group does not undertake any speculative trading activity in financial instruments.

The carrying value of all financial assets and liabilities is equal to their fair value. Reference is made in particular to the SFA in Note 19.

Notes to the financial statements (continued)

25. Financial instruments (continued)

a. Interest rate risk

It is the Group's objective to minimise the cost of borrowings and maximise the value from its cash resources, whilst retaining the flexibility of funding opportunities. If considered appropriate the Group would use interest rate swaps, interest rate caps and collars and forward rate agreements to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations.

b. Currency risk

The Group has significant investments in overseas operations, particularly in Europe, and recurring exposures to exchange rate fluctuations in respect of foreign currency transactions. As a result, movements in exchange rates can affect the Group's statement of financial position and income statement.

Foreign currency transaction exposures result from sales or purchases by subsidiaries in a currency other than their functional currency. Forward foreign exchange contracts may be used to hedge the net cash flows resulting from these transactions to the extent that these are certain or highly probable.

The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments.

31 December 2016

	Sterling	Euro	US & HK Dollar	Total
	£000	£000	£000	£000
Cash and cash equivalents	9,582	10,612	33	20,227
Other financial assets	-	440	-	440
Trade receivables	58,453	38,477	-	96,930
Secured bank loans	(155,817)	-	-	(155,817)
Trade and franchise payables	(20,945)	(41,601)	(82)	(62,628)
Net exposure	<u>(108,727)</u>	<u>7,928</u>	<u>(49)</u>	<u>(100,848)</u>

31 December 2015

	Sterling	Euro	US & HK Dollar	Total
	£000	£000	£000	£000
Cash and cash equivalents	37,312	18,881	878	57,071
Other financial assets	-	2,488	-	2,488
Trade receivables	65,485	31,629	-	97,114
Secured bank loans	-	(45,930)	-	(45,930)
Trade and franchise payables	(23,811)	(37,951)	-	(61,762)
Net exposure	<u>78,986</u>	<u>(30,883)</u>	<u>878</u>	<u>48,981</u>

Notes to the financial statements (continued)

25. Financial instruments (continued)

c. Financial credit risk

The principal credit risks relate to the failure of dealing with counterparties for foreign currency transactions and financial institutions with whom surplus funds are deposited in the short term. The Group monitors regularly the credit status of such counterparties and financial institutions.

The credit profiles of the Group's customers are obtained from credit rating agencies and are closely monitored. The scope of these reviews includes amounts overdue and credit limits. All operating companies manage strict guidelines as to new customer acceptance, discounts and abnormal payment conditions.

Trade receivables are considered impaired when the amount is in dispute; customers are in financial difficulty or for other reasons which imply there is doubt over the recoverability of the debt.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Credit quality of financial assets and impairment losses

The aging of trade receivables at the balance sheet date was:

	Gross 2016 £000	Impairment 2016 £000	Gross 2015 £000	Impairment 2015 £000
Not past due	75,337	12	65,401	22
Past due 0-30 days	10,321	17	16,056	10
Past due 31-120 days	6,283	53	9,974	111
More than 120 days	7,602	2,531	8,860	3,054
	<u>99,543</u>	<u>2,613</u>	<u>100,291</u>	<u>3,197</u>

The movement in the allowance for impairment in respect of trade receivables during the year was as follows.

	Group 2016 £000	Company 2016 £000	Group 2015 £000	Company 2015 £000
Balance at 1 January	3,178	-	3,361	-
Impairment loss recognised	761	-	1,598	-
Impairment loss reversed	(1,644)	-	(1,646)	-
Foreign exchange difference	318	-	(135)	-
Balance at 31 December	<u>2,613</u>	<u>-</u>	<u>3,178</u>	<u>-</u>

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible, at that point the amounts considered irrecoverable are written off against the trade receivables directly.

Notes to the financial statements (continued)

25. Financial instruments (continued)

d. Liquidity risk

The Group's objective is to maintain committed facilities to ensure that, together with the cash flows generated from operations, there are sufficient funds for current operations and their future requirements. At 31 December 2016, the Group held committed facilities of £160.7m (2015: £73.7m) with maturity dates between 2016 and 2020 (See Note 19). Whilst these facilities have certain financial and other covenants, the financial strength of the Group means that the covenants attaching to these facilities have not been breached and are not expected to prevent the full utilisation of the facilities if required in the future.

The Group monitors current and future requirements. It reviews annual strategy plans, budgets and forecasts, as well as daily cash balances and weekly forecasts to ensure that optimal use is made of liquid funds within the Group to avoid unnecessary borrowing.

Group

A 5% percent strengthening or weakening of the pound sterling at 31 December would have increased (decreased) profit or loss and the net monetary financial assets identified in Note 25 (b) above by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

	Profit or Loss	Net monetary financial liabilities	Profit or Loss	Net monetary financial assets
	2016	2016	2015	2015
	£000	£000	£000	£000
5% strengthening	(238)	538	41	(59)
5% weakening	238	(538)	(41)	59

e. Capital management

For the purpose of the Group's capital management, capital includes issued capital. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group aims to manage its capital structure in order to safeguard the going concern of the Group and to provide returns for the shareholders and benefits of other stakeholders. The Group may maintain or adjust its capital structure by adjusting the amount of dividends paid to shareholders, returning capital to shareholders, issuing new shares or selling assets.

Notes to the financial statements (continued)**26. Operating leases**

Non-cancellable operating lease rentals are payable as follows:

31 December 2016

	Land and Buildings 2016 £000	Vehicle and Equipment 2016 £000	Other 2016 £000	Group 2016 £000
Less than one year	2,328	1,500	55	5,057
Between one and five years	9,592	1,777	219	11,297
More than five years	7,917	-	-	6,601
	<u>19,837</u>	<u>3,277</u>	<u>274</u>	<u>22,955</u>

31 December 2015

	Land and Buildings 2015 £000	Vehicle and Equipment 2015 £000	Other 2015 £000	Group 2015 £000
Less than one year	2,543	1,235	62	3,840
Between one and five years	6,803	1,233	249	8,285
More than five years	7,633	-	-	7,633
	<u>16,979</u>	<u>2,468</u>	<u>311</u>	<u>19,758</u>

The Group leases office space, warehouse facilities, company cars and office equipment under operating leases.

Group

During the period £2.7m (2015 - £2.4m) was recognised as an expense in the income statement in respect of operating leases for Land and buildings and £3.3m (2015 - £2.9m) for vehicles and equipment.

Company

The Company has no operating lease (2015-nil).

27. Commitments**Group**

On 30 September 2016, the Group obtained a performance standby letter of credit in the amount of €10.3m (£8.8m) expiring on 31 May 2017.

During the year ended 31 December 2016, the Group agreed to incur capital expenditure of £1m (2015-£1.6m) as part of its existing and newly acquired franchise contracts. These commitments are expected to be settled mostly in the following financial year.

In the normal course of business and in line with accepted practice in the industry in which it operates, the Group has entered into contracts to provide advertising services to site owners. The terms of these contracts include commitments to pay future minimum guaranteed fees to the site owners concerned, which are not included above due to commercial sensitivity.

Company

The Company does not have any significant commitments as at 31 December 2016 (2015: nil).

Notes to the financial statements (continued)

28. Related parties

Group and company

At 31 December 2016, the Company has outstanding loans payable to its parent company, Semper Veritas Holding S.à.r.l. amounting to £0.3m (2015: £25.3m) and accrued interest of £0.1m (2015: £4.4m). One of the subsidiaries has a receivable from Semper of £0.2m (2015: £0.2m). (see Note 16 and Note 19).

Transactions with key management personnel

The compensation of key management personnel (including the Directors) is as follows:

	Group 2016 £000	Company 2016 £000	Group 2015 £000	Company 2015 £000
Key management emoluments including social security costs	1,342	-	1,358	-
Company contributions to money purchase pension plans	71	-	75	-
	<u>1,413</u>	<u>-</u>	<u>1,433</u>	<u>-</u>

Other related party transactions

	Expenses incurred from 2016 £000	Interest expense incurred from 2016 £000	Dividends paid to 2016 £000	Expenses incurred from 2015 £000	Interest expense incurred from 2015 £000
Platinum Equity Advisors, LLC	7,513	-	-	1,518	-
Parent of the Company	<u>144</u>	<u>3,156</u>	<u>99,151</u>	<u>143</u>	<u>2,065</u>
				Net Payables outstanding 2016 £000	Net payables outstanding 2015 £000
Parent of the Company				<u>117</u>	<u>29,720</u>

29. Ultimate controlling company and parent company of larger group

The Company's immediate parent undertaking is Semper Veritas Holding S.à r.l., a company registered in Luxembourg. The ultimate controlling party is Platinum Equity Capital Partners International III (Cayman), L.P.

The smallest group in which the results of the Company are consolidated is that headed by Doubleplay I Limited, incorporated in England and Wales. The largest group in which the results of the Company are consolidated is that headed by Semper Veritas Holding S.à r.l., a company registered in Luxembourg. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from Lacon House, 84 Theobald's Road, London WC1X 8NL.