

Company Registration No. 07632340 (England and Wales)

K COMMS GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 APRIL 2016

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K COMMS GROUP LIMITED

COMPANY INFORMATION

Directors	S McGrath B A Bilboul J Barnes-Austin
Company number	07632340
Registered office	Farringdon Place 20 Farringdon Road London EC1M 3HE
Auditors	KPMG LLP Chartered Accountants 15 Canada Square London E14 5GL

K COMMS GROUP LIMITED

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K COMMS GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2016

The directors present their annual report and financial statements for the year ended 30 April 2016.

Principal activities

The principal activity of the company continued to be that of a holding company.

Directors

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

S McGrath

B A Bilboul

D M Bounaguidi

(Resigned 1 July 2015)

I M Scoffield

(Resigned 21 September 2016)

J Barnes-Austin

(Appointed 21 September 2016)

Results and dividends

The results for the year are set out on page 5.

No ordinary dividends were paid. The directors are precluded from recommending payment of a final dividend.

Auditor

The auditor, KPMG LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

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

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. The directors have also taken the available exemption from the requirement to prepare a strategic report.

On behalf of the board



B A Bilboul

Director

24 Nov 16

K COMMS GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 APRIL 2016

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF K COMMS GROUP LIMITED

We have audited the financial statements of K Comms Group Limited for the year ended 30 April 2016 set out on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Andrew Turner (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

Date: **24 November 2016**

K COMMS GROUP LIMITED

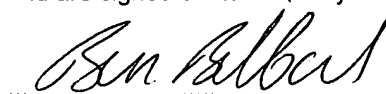
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2016

	Notes	2016 £	2015 £
Administrative expenses		(4,865)	(4,157)
Interest receivable and similar income	4	199,656	193,364
Interest payable and similar charges	5	(1,449,486)	(1,306,116)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(1,254,695)	(1,116,909)
Taxation	6	-	-
		<hr/>	<hr/>
Loss for the financial year	14	(1,254,695)	(1,116,909)
		<hr/>	<hr/>
Total comprehensive income for the year		(1,254,695)	(1,116,909)
		<hr/> <hr/>	<hr/> <hr/>

K COMMS GROUP LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 30 APRIL 2016**

	Notes	2016 £	£	2015 £	£
Fixed assets					
Investments	7	6,680,631		6,680,631	
Current assets					
Debtors	9	9,973,250		9,756,867	
Creditors: amounts falling due within one year	10	(37,418)		(15,826)	
Net current assets		9,935,832		9,741,041	
Total assets less current liabilities		16,616,463		16,421,672	
Creditors: amounts falling due after more than one year	11	(21,621,523)		(20,172,037)	
Net liabilities		(5,005,060)		(3,750,365)	
Capital and reserves					
Called up share capital	13	1		1	
Profit and loss reserves	14	(5,005,061)		(3,750,366)	
Total equity		(5,005,060)		(3,750,365)	

The financial statements were approved by the board of directors and authorised for issue on 24 Nov 16 and are signed on its behalf by:



B A Bilboul
Director

K COMMS GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 May 2014		1	(2,633,457)	(2,633,456)
Period ended 30 April 2015:				
Loss and total comprehensive income for the year		-	(1,116,909)	(1,116,909)
Balance at 30 April 2015		1	(3,750,366)	(3,750,365)
Period ended 30 April 2016:				
Loss and total comprehensive income for the year		-	(1,254,695)	(1,254,695)
Balance at 30 April 2016		1	(5,005,061)	(5,005,060)

K COMMS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2016

1 Accounting policies

Company information

K Comms Group Limited is a company limited by shares incorporated and domiciled in England and Wales. The registered office is Farringdon Place, 20 Farringdon Road, London, EC1M 3HE.

The company's principal activities are disclosed in the Directors' Report.

Accounting convention

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

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

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

First time adoption of FRS 102

These financial statements are the first financial statements of K Comms Group Limited prepared in accordance with FRS 102. The financial statements of K Comms Group Limited for the year ended 30 April 2015 were prepared in accordance with previous UK GAAP.

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

There were no adjustments arising from the transition to FRS 102 to either the comparative figures or to retained earnings at the transition date.

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

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

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

K Comms Group Limited is a wholly owned subsidiary of Karma Communications Holdings Limited and the results of K Comms Group Limited are included in the consolidated financial statements of Karma Communications Holdings Limited which are available from Farringdon Place, 20 Farringdon Road, London, UK, EC1M 3HE.

K COMMS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2016

1 Accounting policies (Continued)

Going concern

The Company's accounts show a loss after tax for the period from 1 May 2015 to 30 April 2016 of £1,254,695 (2015: £1,116,909), net current assets of £9,935,832 (2015: £9,741,041) and a net liabilities position of £5,005,060 (2015: £3,750,365).

The directors have considered the factors that impact the Company's future development, performance, cash flows and financial position along with Company's current liquidity in forming their opinion on the going concern basis.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Company has support from the ultimate parent company, Karma Communications Holdings Limited, which has confirmed that there is no intention to ask for repayment of amounts due to itself and other group companies in the foreseeable future, and not less than 12 months from the date of signing the audit report.

Fixed asset investments

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

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

Financial instruments

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

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

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

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

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

K COMMS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2016

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

Derecognition of financial liabilities

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

Equity instruments

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

Taxation

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

K COMMS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2016

1 Accounting policies (Continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

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

2 Judgements and key sources of estimation uncertainty

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

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

3 Operating loss

	2016	2015
Operating loss for the year is stated after charging/(crediting):	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	1,702	1,167

Auditor's remuneration with respect to non-audit services has been disclosed in the consolidated financial statements of Karma Communications Holdings Limited, the ultimate parent company.

During the period, the directors did not perform substantial services for the company and consequently no directors received any emoluments for their services as directors of K Comms Group Limited.

There were no employees directly employed by K Comms Group Limited in the period.

4 Interest receivable and similar income

	2016	2015
	£	£
Interest income		
Interest receivable from group companies	199,656	193,364

K COMMS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2016

5 Interest payable and similar charges

	2016	2015
	£	£
Interest payable to group undertakings	200,397	194,081
Interest on loan notes	1,249,089	1,112,035
	<u>1,449,486</u>	<u>1,306,116</u>

6 Taxation

	2016	2015
	£	£
The charge for the year can be reconciled to the loss per the income statement as follows:		
	2016	2015
	£	£
Loss before taxation	<u>(1,254,695)</u>	<u>(1,116,909)</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.92%)	(250,939)	(233,657)
Group relief	210,322	233,657
Adjustment to closing deferred tax rate	4,062	-
Deferred tax not recognised	36,555	-
Tax expense for the year	<u>-</u>	<u>-</u>

7 Fixed asset investments

	Notes	2016	2015
		£	£
Investments in subsidiaries	8	<u>6,680,631</u>	<u>6,680,631</u>

K COMMS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2016

7 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares £
Cost or valuation	
At 1 May 2015 & 30 April 2016	6,680,631
Carrying amount	
At 30 April 2016	6,680,631
At 30 April 2015	6,680,631

The directors have assessed for indicators of impairment and determined that there were none in the current financial year.

8 Subsidiaries

These financial statements are separate company financial statements for K Comms Group Limited.

Details of the company's subsidiaries at 30 April 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Karmarama Comms Limited United Kingdom	Advertising and PR	Ordinary shares	100.00	
Kream Comms Limited United Kingdom	Production	Ordinary shares	100.00	

9 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Amounts due from fellow group undertakings	9,973,250	9,756,867

The Company has lent £5,929,106 to Karmarama Comms Limited, which is redeemable in 2021. Interest on this intercompany loan is charged at LIBOR + 1% and included in the £9,973,250 (2015: £9,756,867) is accrued interest receivable of £664,906 (2015: £532,678).

The Company has lent £3,023,453 to Kream Comms Limited, which is redeemable in 2021. Interest on this intercompany loan is charged at LIBOR + 1% and included in the £9,973,250 (2015: £9,756,867) is accrued interest receivable of £339,058 (2015: £271,630).

K COMMS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2016

10 Creditors: amounts falling due within one year

	2016 £	2015 £
Accruals and deferred income	37,418	15,826

11 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Loans from group undertakings	12	9,993,436	9,793,039
Loan notes		11,628,087	10,378,998
		21,621,523	20,172,037

Loan notes of £6,647,440 owed to Karma Communications Group Limited are repayable in 2021. Interest on the loan notes is charged at 12%, and included in the £11,628,087 (2015: £10,378,998) is accrued interest of £4,980,647 (2015: £3,731,558).

The company has an intercompany loan owed to Karma Communications Group Limited for £8,985,749, which is redeemable in 2021. Interest on the loan is charged at LIBOR + 1% and included in the £9,993,436 (2015: £9,793,039) is accrued interest of £1,007,687 (2015: £807,290).

Karma Communications Group Limited do not have any intention to reclaim the loan value or interest in the foreseeable future not less than 12 months from the date of signing the audit report.

12 Borrowings

	2016 £	2015 £
Loans from group undertakings	9,993,436	9,793,039
Loan notes	11,628,087	10,378,998
	21,621,523	20,172,037
Payable after one year	21,621,523	20,172,037

The loan notes are unsecured. See note 11.

13 Share capital

	2016 £	2015 £
Ordinary share capital Issued and fully paid 1 ordinary of £1 each	1	1

K COMMS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2016

14 Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

15 Related party transactions

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

16 Controlling party

The company is a subsidiary undertaking of Karma Communications Holdings Limited, a company incorporated in England and Wales. The consolidated financial statements of this group are available to the public and may be obtained from Farringdon Place, 20 Farringdon Road, London, UK, EC1M 3HE.

As at 30 April 2016, the majority shareholder of Karma Communications Holdings Limited is Phoenix Equity Nominees Limited. Phoenix Equity Nominees Limited is a nominee company that holds shares on behalf of the Limited Partners that constitute Phoenix Equity Partners 2010 LP, and co-investors that constitute Phoenix Equity Partners Limited 2010 GP LP. These are private collective investment schemes advised by Phoenix Equity Partners 2010 Guernsey Limited, the ultimate controlling party for Karma Communications Holdings Group and its subsidiaries.

The accounts of Phoenix Equity Partners 2010 Guernsey Limited (which do not reflect the consolidation of the group) are available from the Company Secretary at 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey Channel Islands, GY1 2HL.