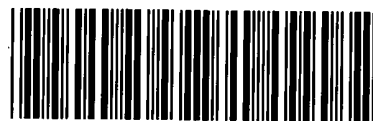


Immediate Media TV Limited

Financial statements for
the period to 31 December 2016

Registered number 09794211

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Strategic report

The Directors present the Strategic Report of Immediate Media TV Limited for the nine month period to 31 December 2016.

The principal activity of the Company is the operation of TV and e-commerce businesses.

Business review

On the 24 September 2015, Immediate Media London Limited acquired the shares of Immediate Media TV Limited (formerly Crossco 1410 Limited). On the 30th November Immediate Media TV Limited acquired the trade and assets of the Jewellery Maker business. The Company therefore began to trade on 30th November 2015.

The Company forms part of a group which was acquired by *Burda Gesellschaft mit beschränkter Haftung* (Hubert Burda Media) on 11 January 2017, and the Directors decided to change the period end for the group and all companies within it from March to December so as to align its year end with that of its new parent. The Directors are therefore presenting accounts for the 9 month period to 31 December 2016. In future years financial statements will be prepared for 12 months to December in each year.

The main KPI's of the business relate to turnover, and EBITDA. In the period to 31 December 2016 covered in these financial statement the Company's results were as follows:

| | |
|-----------------|--------------|
| Turnover | £13,853,308 |
| EBITDA | (£2,449,177) |

The Company has made a loss owing to significant investments it has made in the period. It has completed the migration of the Jewellery Maker business onto its own platforms and the recruitment of new staff to operate this business independently of the vendor. It has also invested in the development of a second channel, the Sewing Quarter, which was launched shortly after the period end in January 2017. At the same time the Company has grown turnover of the acquired Jewellery Maker business.

The Company expects its business to continue to grow in future years.

Principal Risks and Uncertainties

The activities of Immediate Media TV Limited are largely within the United Kingdom, and the business is therefore exposed to the overall performance of the UK economy. The Company imports much of the product it sells and these items will be impacted by currency fluctuations that may arise as a consequence of Brexit. Management has implemented strategies to mitigate such fluctuation to the extent possible.

The Directors do not believe there is any significant credit risk with any trading partners that are material to the Company.


Kevin Langford
Director

Vineyard House
44 Brook Green
Hammersmith
London
W6 7BT

10 May 2017

Directors' report

The Directors present the Directors' Report and the audited financial statements of Immediate Media TV Limited for the nine months to 31 December 2016.

Dividends

No dividends have been declared or paid during the period, (year ended 31 March 2016: £nil).

Policy and practice on payment of creditors

It is Company policy to adhere to the payment terms agreed with suppliers. Payments are contingent on the supplier providing the goods and services to the required standard.

Directors

The Directors who held office during the period were as follows:

Kevin Langford
Stephen Lavin
Francois Regis Coumau (appointed 16 March 2017)
Colin Wagstaffe (appointed 16 March 2017)

Directors' and Officers' insurance cover was in place throughout the financial period as appropriate.

Employees

People with disabilities are fully and fairly considered for vacancies arising within the Company and are given equal opportunities in relation to training, career development and promotion. If an employee becomes disabled while in the employment of the Group and as a result is unable to perform his/her existing job, every effort is made to offer suitable alternative employment and re-training.

Political and charitable contributions

The Company made no political donations or incurred any political expenditure during the period, (year ended 31 March 2016: £nil).

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going concern

Notwithstanding net current liabilities at 31 December 2016, the Directors have prepared the financial statements on the going concern basis. The Directors have received confirmation from the Directors of Immediate Media Company London Limited, the parent company, that they will not demand immediate repayment of creditors owed to them but will continue to support the company financially, at least for the next twelve months from the date of approving the accounts and the foreseeable future, to enable it to meet its liabilities as and when they fall due.

Directors' report (continued)

Going concern (continued)

The Company is funded by loans held by another group company, Immediate Media Company Limited, whose bank facility expires in March 2022. This loans is secured by a fixed and floating charge over the Group's assets.

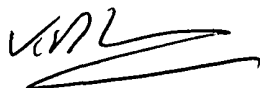
The financial covenants of this facility includes cash flow cover and leverage. The first compliance certificate required to be prepared is for the quarter ended September 2017. The Group has prepared trading forecasts for the 12 month period ending 31 May 2018. These indicate that there is sufficient headroom against all covenants for a period of not less than 12 months from the date of approval of these financial statements.

Based on this assessment, it is the Board's view that the Group will have adequate resources to continue as a going concern for a period of not less than 12 months from the date of these financial statements.

Auditors

During the period KPMG LLP was appointed as auditor of the Company. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board



Kevin Langford
Director

Vineyard House
44 Brook Green
Hammersmith
London
W6 7BT

10 May 2017

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The Directors are responsible for preparing the Strategic Report, 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 company 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 their profit or loss for that period. In preparing the 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;
- 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 its 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 group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMMEDIATE MEDIA TV LIMITED

We have audited the financial statements of Immediate Media TV Limited for the period ended 31 December 2016 set out on pages 6 to 24. 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 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss for the period 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 Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

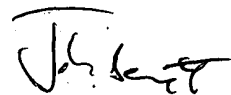
Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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.



John Bennett (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London E14 5GL

14 May 2017

Statement of Comprehensive Income

For the period to 31 December 2016

| | | 9 month period to Dec-16 £ 000's | Period of Incorporation to Mar-16 £ 000's |
|--|------|---|--|
| | Note | | |
| Turnover | 1 | 13,853 | 5,871 |
| Cost of sales | | (7,131) | (2,381) |
| Gross profit | | 6,722 | 3,490 |
| Distribution costs | | (1,621) | (559) |
| Administrative expenses | | (10,943) | (3,846) |
| Operating loss | | (5,842) | (915) |
| Interest payable and similar charges | 4 | (542) | (238) |
| Loss on ordinary activities before taxation | | (6,384) | (1,153) |
| Tax on loss on ordinary activities | 5 | 1,309 | 152 |
| Loss for the financial period | | (5,075) | (1,001) |

The loss for the current period is based on continuing operations.

There were no items going through other comprehensive income.

The notes on pages 9 to 24 form part of these financial statements.

Statement of Financial Position

As at 31 December 2016

| | Note | Dec-16 £ 000's | Mar-16 £ 000's |
|---|------|-------------------|-------------------|
| Fixed assets | | | |
| Goodwill | 6 | 4,380 | 6,002 |
| Intangible fixed assets | 6 | 5,680 | 7,311 |
| Tangible fixed assets | 7 | 478 | 308 |
| | | <u>10,538</u> | <u>13,621</u> |
| Current assets | | | |
| Stocks | 8 | 3,517 | 2,332 |
| Debtors | 9 | 474 | 315 |
| Cash | | 423 | 932 |
| | | <u>4,414</u> | <u>3,579</u> |
| Creditors: amounts falling due within one year | 10 | (20,557) | (17,630) |
| Net current liabilities | | <u>(16,143)</u> | <u>(14,051)</u> |
| Total assets less current liabilities | | <u>(5,605)</u> | <u>(430)</u> |
| Provision for liabilities | 11 | (471) | (571) |
| Net liabilities | | <u>(6,076)</u> | <u>(1,001)</u> |
| Capital and reserves | | | |
| Called up share capital | 13 | 0 | 0 |
| Profit and loss account | | (6,076) | (1,001) |
| Total shareholders' deficit | | <u>(6,076)</u> | <u>(1,001)</u> |

The notes on pages 9 to 24 form part of these financial statements.

The financial statements were approved by the Board of Directors on
by:

10 May 2017 and were signed on its behalf



Kevin Langford

Director

Statement of Changes in Equity
For the period to 31 December 2016

| | Called up share capital | Profit and loss account |
|-------------------------------------|------------------------------------|------------------------------------|
| | £ 000's | £ 000's |
| At incorporation | 0 | - |
| Loss from period of incorporation | - | (1,001) |
| As at 31 March 2016 | 0 | (1,001) |
| Loss for period to 31 December 2016 | - | (5,075) |
| As at 31 December 2016 | 0 | (6,076) |

The notes on pages 9 to 24 form part of these financial statements.

Notes to the financial statements

1 Principal accounting policies

1a Basis of preparation

Immediate Media TV Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The Company was incorporated on 24 September 2015.

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – *'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'* ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis. The presentation currency of these financial statements is sterling (£). All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's parent undertaking, Vancouver Topco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Vancouver Topco Limited are available to the public and may be obtained from Registrar of Companies, Companies House, Cardiff, CF14 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Vancouver Topco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosure:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

1b Going Concern

On 15 March 2017 the debt facilities held at the balance sheet date by another Group company, Immediate Media Company Limited, were refinanced and rolled over into a new facility. The total bank facility available to the Group is £111.0 million and the facility is due to expire in March 2020. This loan is secured by a fixed and floating charge over the Group's assets.

The financial covenants of this facility includes cash flow cover and leverage. The first compliance certificate required to be prepared is for the quarter ended September 2017. The Group has prepared trading forecasts for the 12 month period ending 31 May 2018. These indicate that there is sufficient headroom against all covenants for a period of not less than 12 months from the date of approval of these financial statements.

After reviewing the Group's forecasts and projections, it is the Directors' view that the Group has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Notes to the financial statements (continued)

1c Accounting estimates and judgements

Key sources of estimation uncertainty

The Company acquired the trade and assets of the Jewellery Maker business on 30th November 2015. At acquisition, management has estimated the fair value of the acquired assets and liabilities. Following the adoption of FRS102, management has also estimated, in line with the standard's requirements, a deferred tax provision in relation to acquired assets where relevant.

On the acquisition of assets and their recognition in the balance sheet, management has estimated the useful life of the asset and amortises the assets over the useful life. Carrying values are reviewed at each balance sheet date.

On the acquisition of the Jewellery Maker business, a fair value adjustment was made in relation to slow moving stock. At 31 March 2016 the balance sheet includes a net value £820,000 of stock which was acquired at the time of the acquisition. The fair value adjustment in relation to this remaining stock was a reduction of £1,366,000. The fair value adjustment has been calculated based on an analysis of the aging of the stock and the rate of sale of that stock in the period prior to the acquisition, and taking into account the costs that would be required to sell the stock and the price that would likely be achieved on any sale.

Management capitalises certain development costs in line with the policy outlined in Note 1g. Management has exercised judgement in determining what proportion of individual staff members' time is allocated to specific projects, and at what date the business will start to amortise these assets.

1d Turnover

Turnover represents total revenue, including postage, earned from goods sold, net of discounts and value added taxes. Turnover is recognised for the sale of goods when the risks of ownership has passed to the purchaser, which is considered to be when the order has been dispatched. Provision is also made for anticipated returns.

1e Employee benefits and pension costs

Following the transfer of employees to Immediate Media TV Limited, employees of the Company were eligible from 1 January 2016 to join the defined contribution pension scheme operated by Immediate Media Company London Limited. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting period.

1f Foreign currency translation

The Company's presentational currency is sterling. Transactions in foreign currencies are translated to the Company's functional currency 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.

Notes to the financial statements (*continued*)

1g Intangible assets and goodwill

Research and development

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Other intangibles

Intangible fixed assets purchased separately from a business are capitalised at their cost. Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably.

Amortisation

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

| | |
|--------------------------------|--------------|
| Software and development costs | 3 years |
| Goodwill | 6 years |
| Other intangibles | 3 to 6 years |

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

1h Tangible fixed assets

Tangible assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated so as to write down the cost less estimated residual value of all tangible fixed assets on a straight-line basis over their expected useful lives. Depreciation commences from the date an asset is brought into service.

The useful lives for depreciation purposes for the principal categories of assets are:

| | |
|------------------------|----------------------------|
| Plant and machinery | 3 years |
| Fixtures and Fittings | 3 years |
| Leasehold Improvements | Over the term of the lease |

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Notes to the financial statements (*continued*)

1i Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in statement of comprehensive income.

1j Leased assets

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in the income statement over the term of the lease as an integral part of the total lease expense.

The Company has no finance leases.

1k Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

1l Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Notes to the financial statements (*continued*)

1m Provisions for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the income statement in the period it arises.

The Company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

1n Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the Company.

At the acquisition date, the Company recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

Notes to the financial statements (*continued*)

1o Taxation

Tax on the profit or loss for the period 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 or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, 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 timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the financial statements (continued)

2 Loss on ordinary activities before taxation

2a Loss on ordinary activities before taxation is stated after charging:

| | 9 month period to Dec-16 £ 000's | Period of incorporation to Mar-16 £ 000's |
|--------------------------------------|---|--|
| Goodwill amortisation | 612 | 353 |
| Other intangible assets amortisation | 1,639 | 727 |
| Depreciation | 132 | 30 |
| Foreign exchange loss | 421 | 98 |
| Restructuring costs | 587 | 85 |
| Operating lease costs | 44 | 19 |

2b Auditor's remuneration

The audit fee relating to the Company was as follows:

| | 9 month period to Dec-16 £ 000's | Period of incorporation to Mar-16 £ 000's |
|-----------------------------------|--|--|
| Fees for the audit of the Company | 22 | 15 |

Amounts paid to the Company's auditor and their associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis. This disclosure is shown in the consolidated accounts of Vancouver Topco Limited.

Notes to the financial statements (continued)

3 Employees and remuneration

3a Persons employed

The average number of persons employed (full-time equivalent excluding directors), in the period was:

| | 9 month period to Dec-16 | Period of incorporation to Mar-16 |
|----------------|---|--|
| Administration | 30 | 8 |
| Production | 38 | 32 |
| Warehouse | 54 | 43 |
| | 122 | 83 |

Within the averages above, 6 part-time employees have been included (period to 31 March 2016: 11).

3b Staff costs

| | 9 month period to Dec-16 £ 000's | Period of incorporation to Mar-16 £ 000's |
|-----------------------|---|--|
| Salaries and wages | 2,203 | 1,436 |
| Social security costs | 223 | 114 |
| Other pension costs | 23 | 6 |
| | 2,449 | 1,556 |

3c Directors' remuneration

No Director received any remuneration for qualifying services to the company as Directors' emoluments are met by the parent company Immediate Media London Limited (year ended 31 March 2016: £nil). There were no contributions paid to defined contribution pension schemes on behalf of directors during the period (year ended 31 March 2016: £nil).

Notes to the financial statements (continued)

4 Interest

| | 9 month period to Dec-16 £ 000's | Period of incorporation to Mar-16 £ 000's |
|----------------------------------|---|--|
| Interest owing to Parent company | 542 | 238 |

5 Taxation

5a Analysis of charges for the year

The charge for the period, based on a rate of corporation tax of 20% (year ended 31 March 2015: 20%) comprised:

| | 9 month period to Dec-16 £000's | Period of incorporation to Mar-16 £000's |
|--|--|---|
| Analysis of charge in period | | |
| Current tax: | | |
| UK group relief receivable | (1,155) | (134) |
| Adjustment in respect of prior years | (45) | - |
| Total Current Tax | (1,200) | (134) |
| Deferred tax: | | |
| Origination and reversal of timing differences | (82) | (18) |
| Change in tax rates | (27) | - |
| Total Deferred tax | (109) | (18) |
| Tax on (loss) on ordinary activities | (1,309) | (152) |

Notes to the financial statements (continued)

5 Taxation (continued)

5b Factors affecting the tax charge

The current tax charge for the period differs from the standard rate of corporation tax in the UK of 20%. The differences are explained as follows:

| | 9 month period to Dec-16 £000's | Period of incorporation to Mar-16 £000's |
|--|--|---|
| (Loss) on ordinary activities before tax | (6,384) | (1,153) |
| Current tax at 20 % (year ended 31 March 2016: 20 %) | (1,277) | (231) |
| <i>Effects of:</i> | | |
| Disallowed expenditure / (income not taxable) | 7 | - |
| Other permanent differences | 224 | 74 |
| Other timing differences | (84) | 5 |
| Other tax adjustments | (108) | - |
| Adjustment in respect of prior year - current tax | (45) | - |
| Adjustment in respect of prior year - deferred tax | 1 | - |
| Change in tax rates | (27) | - |
| Total tax credit for the period | <u>(1,309)</u> | <u>(152)</u> |

5c Analysis of deferred tax balance

In accordance with *FRS 102.29: Deferred Taxation*, the Company provides for all deferred tax liabilities in full less available deferred tax assets.

| | 9 month period to Dec-16 | Period of incorporation to Mar-16 |
|--|---|--|
| Net deferred tax liability at start of year | (556) | - |
| Deferred liability recognised on acquisition | - | (574) |
| Charge to income statement for the period | 109 | 18 |
| Net liability at end of period | <u>(447)</u> | <u>(556)</u> |

The deferred tax liability at the period end relates to timing differences on tangible and intangible fixed assets and employee benefits.

The Company has no deferred tax assets that are not fully recognised.

The amount of the net reversal of deferred tax expected to occur next year is £74,142 (year ended 31 March 2016: £100,713) relating to the reversal of existing timing differences on tangible and intangible fixed assets and employee benefits.

Notes to the financial statements (continued)

5 Taxation (continued)

5d Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. A further reduction to 17% (effective 1 April 2020) was substantively enacted on 15 September 2016. The deferred tax liability at 31 December 2016 has been calculated based on these rates.

6 Intangible assets and goodwill

| | Goodwill | Software and Development | Other intangibles | Total |
|-------------------------------|--------------|-----------------------------|----------------------|---------------|
| | £ 000's | £ 000's | £ 000's | £ 000's |
| Cost | | | | |
| At 1 April 2016 | 6,355 | 4,718 | 3,320 | 14,393 |
| Adjustment to opening balance | (1,010) | - | - | (1,010) |
| Additions | - | 8 | - | 8 |
| At 31 December 2016 | 5,345 | 4,726 | 3,320 | 13,391 |
| Amortisation | | | | |
| At 1 April 2016 | 353 | 523 | 204 | 1,080 |
| Charge for the period | 612 | 1,180 | 459 | 2,251 |
| At 31 December 2016 | 965 | 1,703 | 663 | 3,331 |
| Net book value | | | | |
| At 31 December 2016 | 4,380 | 3,023 | 2,657 | 10,060 |
| At 31 March 2016 | 6,002 | 4,195 | 3,116 | 13,313 |

The amortisation charge is recognised within administrative expenses in the statement of comprehensive income.

The adjustment made to the opening balance of Goodwill was required as the Company failed to meet the conditions necessary for the deferred consideration element of the purchase price to be paid.

Notes to the financial statements (continued)

7 Tangible fixed assets

| | Computer Hardware £ 000's | Leasehold improvements £ 000's | Fixtures & fittings £ 000's | Total £ 000's |
|----------------------------|---------------------------------|--------------------------------------|-----------------------------------|------------------|
| Cost | | | | |
| At 1 April 2016 | 147 | 162 | 29 | 338 |
| Additions | 116 | 124 | 62 | 302 |
| At 31 December 2016 | 263 | 286 | 91 | 640 |
| Depreciation | | | | |
| At 1 April 2016 | 15 | 13 | 2 | 30 |
| Charge for the period | 54 | 60 | 18 | 132 |
| At 31 December 2016 | 69 | 73 | 20 | 162 |
| Net Book Value | | | | |
| At 31 December 2016 | 194 | 213 | 71 | 478 |
| At 31 March 2016 | 132 | 149 | 27 | 308 |

The depreciation charge is recognised within administrative expenses in the statement of comprehensive income.

8 Stock

| | Dec-16 £ 000's | Mar-16 £ 000's |
|-------------------------------------|---------------------------------|---------------------------------|
| Finished goods and goods for resale | <u>3,517</u> | <u>2,332</u> |

On the acquisition of Jewellery Maker, the acquired business carried stock in its books at a value of £4,055,000. A significant proportion of this stock was over 6 months old and was very slow moving. On calculating the fair value of stock the Directors reduced the value by £2,727,000 to £1,328,000. Since the acquisition, the Company has focused on utilizing the slow moving stock to the extent possible, albeit through making sales at greatly reduced prices. At 31 December £68,000 (31 March 2016, £820,000) of the stock acquired in November 2015 remained, and stock valued on acquisition at £752,000 (31 March 2016, £509,000) had been sold and recognized as cost of sales in the period.

In the nine months to December 2016, provisions of £617,000 were made in relation to stock that was deemed obsolete or difficult to sell. There was an offsetting reduction in the carried forward stock provision (as at 31 March 2016) during the period equal to £790,000 due to the sale or disposal of previously provided stock. There were no other movements in stock provision during the period.

Notes to the financial statements (continued)

9 Debtors

| | Dec-16 | Mar-16 |
|---|----------------|----------------|
| | £ 000's | £ 000's |
| Amounts falling due within one year: | | |
| Other debtors | 289 | 78 |
| Prepayments and accrued income | 185 | 237 |
| | 474 | 315 |

10 Creditors

| | Dec-16 | Mar-16 |
|---|----------------|----------------|
| | £ 000's | £ 000's |
| Amounts falling due within one year: | | |
| Trade creditors | 294 | 484 |
| Accruals | 1,257 | 2,091 |
| Other creditors including other taxes and social security | 189 | 63 |
| Amounts owed to parent company | 18,654 | 14,573 |
| VAT creditor | 163 | 419 |
| | 20,557 | 17,630 |

Included in amounts owed to parent company is £15,238,187 owed to Immediate Media Company London Limited which was advanced to fund the purchase of the trade and assets of the Jewellery Maker business. This loan is repayable on demand and accrues interest at 5% per annum.

All remaining amounts owed to Immediate Media Company London Limited are repayable on demand and bear no interest.

Notes to the financial statements *(continued)*

11 Provision for liabilities

| | Deferred taxation (Note 5) £ 000's | Annual leave provision £ 000's | Total £ 000's |
|--|---|---|--------------------------|
| At 1 April 2016 | 556 | 15 | 571 |
| Additions | - | 24 | 24 |
| Utilised | - | (15) | (15) |
| Reversals | (82) | - | (82) |
| Origination and reversal of timing differences | (27) | - | (27) |
| At 31 December 2016 | 447 | 24 | 471 |

The annual leave provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

Notes to the financial statements (continued)

12 Business combinations

On 30 November 2015 the Company acquired the trade and assets of the Jewellery Maker business.

Effect of acquisition

The total revenue and net profit of Immediate Media TV Limited comes solely from the acquisition of the Jewellery Maker business. The acquisition had the following effect on the Company's assets:

| | Provisional Fair Value £ 000's |
|---|---|
| Acquiree's net assets at the acquisition date: | |
| Tangible fixed assets | 219 |
| <i>Intangible assets</i> | |
| Software | 4,700 |
| Customer database | 2,968 |
| Other Intangibles | 352 |
| | 8,020 |
| Deferred tax liability on customer database | (574) |
| Stocks | 1,329 |
| Net identifiable assets | 8,994 |
| Total cost of business combination | |
| Initial cash consideration relating to business combination | 14,000 |
| Costs directly attributable to the business combination | 339 |
| Total consideration | 14,339 |
| Goodwill on acquisition | 5,345 |

The expected useful life of goodwill stemming from this acquisition is 6 years.

Notes to the financial statements (continued)

13 Called up share capital

On incorporation on 30 November 2015, the Company issued one £1 share to Immediate Media Company London Limited.

| | Dec-16 £ | Mar-16 £ |
|---|-------------|-------------|
| <i>Authorised</i> | | |
| 1 Ordinary share of £1 each | 1 | 1 |
| <i>Issued, allotted, called up and fully paid</i> | | |
| 1 Ordinary shares of £1 each | 1 | 1 |

14 Commitments

Total commitments under non-cancellable operating leases are as follows:

| | Dec-16 £ 000's | Mar-16 £ 000's |
|--|-------------------|-------------------|
| Payments due: | | |
| Within one year | 39 | 58 |
| In the second to fifth years inclusive | - | 24 |
| | <u>39</u> | <u>82</u> |

15 Related party transactions

The Company is a wholly owned subsidiary of Immediate Media Company London Limited and has taken exemption under FRS 102 1.12(e) from disclosing transactions and balances with wholly owned entities which form part of the group headed by Vancouver Topco Limited.

16 Parent undertaking and controlling party

At 31 December 2016, the ultimate controlling party of the Company was Exponent Private Equity LLP on behalf of the funds under its management. The largest and smallest group in which the results of the Company are consolidated is Vancouver Topco Limited, a company registered in England and Wales. Copies of the group financial statements of Vancouver Topco Limited are available to the public and can be obtained from the Registrar of Companies, Companies House, Cardiff, CF14 3UZ.

The immediate parent undertaking as at 31 December 2016 is Immediate Media Company London Limited. Copies of the financial statements are available to the public and can be obtained from the Registrar of Companies, Companies House, Cardiff, CF14 3UZ.