

Group Strategic Report, Report of the Directors and
Consolidated Financial Statements for the Year Ended 31 December 2017
for
Spring Media Investments Limited



REGISTERED NUMBER: 09931422 (England and Wales)

Spring Media Investments Limited

**Contents of the Consolidated Financial Statements
for the Year Ended 31 December 2017**

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	5
Report of the Independent Auditors	7
Consolidated Income Statement	9
Consolidated Statement of Comprehensive Income	10
Consolidated Balance Sheet	11
Company Balance Sheet	12
Consolidated Statement of Changes in Equity	13
Company Statement of Changes in Equity	14
Consolidated Cash Flow Statement	15
Notes to the Consolidated Cash Flow Statement	16
Notes to the Consolidated Financial Statements	17

Spring Media Investments Limited

Company Information
for the Year Ended 31 December 2017

DIRECTORS:

S A Aspinall
A Cajrati Crivelli Mesmer Nobili
F Costa
M Flammini
A Khattar
Ms C Kurzman
M N Loy
S D Mehta
H Uberoi
J M Moffat
A Oberoi

REGISTERED OFFICE:

Spring House
10 Spring Place
London
NW5 3BH

REGISTERED NUMBER:

09931422 (England and Wales)

AUDITORS:

Nordens
The Retreat
406 Roding Lane South
Woodford Green
Essex
IG8 8EY

Spring Media Investments Limited

Group Strategic Report **for the Year Ended 31 December 2017**

The directors present their strategic report of the company and the Group for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activities of the company during the year were the provision of Strategy, Creative Content and Production Services, Content Studio Services, Event and Experience, Concepting, Production and Management and Strategic Partnerships.

BUSINESS ACTIVITIES AND PHILOSOPHY

The Group is an integrated Communications company with four primary business areas, namely Creative and Communications services, the Production and Post- Production businesses, the Studio and Events businesses and Strategic Partnerships.

The Group provides a wide range of Marketing, Digital, Creative and Production Services to its clients to achieve their strategic goals and objectives and maximise the return from their budgets across multi-channel platforms. In 2017, major additions to our client roster included Breitling, Canada Goose and Trussardi. We continue to develop our relationships with Marks and Spencer and Estee Lauder.

The Group offers Event Production and Management from its New York premises. Some of the key events produced at Spring are the Tribeca Film Festival, Independent Art Fair and Fashion Week shows. Major New clients in 2017 included Group 9, Vice, IMG Live, Medidata, Mercedes and Goldman Sachs.

The Group has developed several important Strategic Partnerships during 2017 with Conde Nast, Porsche, IMG and UMG. We have also signed extensions with key partners such as Independent Art Fair and Tribeca Film Festival to expand our relationship beyond the venue space. As a result of the UMG partnership the Group was proud to host Road to the Grammy's in January 2018. We have a two-year commitment to host New York Fashion Week with IMG and we expanded our relationship across multiple disciplines within Conde Nast.

The Milan office, which opened in late 2016, is now a fully functioning Creative and Production Agency servicing the Italian market.

The Group has created an integrated management structure and workflow to provide multi-channel strategic and creative solutions. This integrated management and operational structure of One Spring has allowed the company to develop accretive strategic revenue partnerships and create strategic relationships to add revenue generating capabilities that also add value to our clients.

As a globally recognised brand, Spring continues to develop its brand and own content. Our continuing partnership with the exclusive co-working member's club, Spring Place, in New York, has enabled more individuals and clients to fully participate in the One Spring experience. As of September 2018, Spring Place will have a second hub based in downtown Los Angeles and Spring Creative also plan to establish an LA office to partner its New York hub.

The Group is renowned for its outstanding creative and innovative solutions and provides services to a wide range and profile of clients from leading global brands through to smaller niche companies.

Spring's services and collective OneSpring offering provide us with a competitive advantage in the ever-evolving Content, Marketing, Influencer and Communications landscape.

Spring Media Investments Limited

Group Strategic Report **for the Year Ended 31 December 2017**

BUSINESS PERFORMANCE

During the year, the Group has continued to invest in personnel, technology and facilities to support the organic growth in each of its markets and maintain and enhance its position as a leading creative services company for the global fashion, beauty and luxury good sectors.

The Group's continuing investment in their New York creative hub has ensured the Tribeca location offers a truly unique event production and execution facility alongside the creative services and studios operations.

The results for the year are set out on page 9. The Group's Adjusted EBITDA for the year split between its London, New York and Milan locations of operations is shown in the table below. Adjusted EBITDA, Direct staff and Business contribution are non-statutory measures which the Directors believe are appropriate measures in the assessment of performance of the Group.

	LONDON	NEW YORK	MILAN	GROUP
	£	£	£	£
TURNOVER	26,022,602	29,225,033	2,355,228	57,582,864
Cost of Sales	(11,122,368)	(12,871,743)	(1,410,187)	(25,404,299)
GROSS PROFIT	14,880,234	16,353,290	945,041	32,178,565
Direct Staff	(8,151,809)	(4,297,736)	(757,372)	(13,206,917)
BUSINESS CONTRIBUTION	6,728,425	12,055,554	187,669	18,971,647
Administrative expenses	(4,687,425)	(9,000,754)	(181,882)	(13,870,154)
Adjusted EBITDA	2,040,906	3,054,800	5,787	5,101,493

Group Adjusted EBITDA of £5,101,493 in the table above can be reconciled to Group operating loss of (£567,031) in the consolidated income statement, after charging:

Adjusted EBITDA	5,101,493
Less Depreciation	(2,035,926)
Less Exchange Gains	(1,252,265)
Less Share Option	(89,523)
Less Exceptional Items	(234,601)
Less Board Expenses	(1,780,435)
Less Bad Debt	(275,774)
Operating Loss	(567,031)

BUSINESS ENVIRONMENT AND RISK

The Group's principal financial assets are debtors and bank balances. The Group's credit risk is primarily attributable to its trade debtors. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit risk agencies. Management regularly reviews trade debtor balances and the trade debtors are distributed in such a manner that the credit risk is mitigated.

The success of the Group has been based upon the commitment to excellence, creativity and innovation in the solutions provided to clients. The loss of clients could have an impact although a broad client base and several successful client wins ensure that the Group is not overly reliant on one or more large clients.

The Group invests in the relationship with each of its clients to maintain current contracts supported by the retention of talent to service their needs. The Group can respond to changes in external conditions through control of its operational expenditure, capital expenditure and variable costs.

The business operates predominantly in three currencies being the £, \$ and € and has an active hedging strategy to manage and mitigate transactional and translational risks within the group.

Spring Media Investments Limited

Group Strategic Report **for the Year Ended 31 December 2017**

BUSINESS ENVIRONMENT AND RISK (continued)

The Group is a leading agency in the fashion, beauty and luxury brand sectors and its success is derived from its vision, services and philosophy. Coupled with its reputation for innovation and creativity, the Group enjoys the ability to attract and retain high quality staff.

The Board reviews the value of its investments to consider the risk of impairment. The Board also reviews and considers the impact of any regulatory changes as well as endorsing the Group policy in respect to the Bribery Act.

STRATEGY AND FUTURE DEVELOPMENTS

We are transforming and accelerating Spring. Building on the core service offerings that we currently have, Spring is becoming a platform where culture, creativity and ideas come together to transform brands and drive aspiration for consumers globally.

Unique in the industry, we can now offer a suite of services to deliver incredible impact and scale efficiency, while maintaining the exceptional standards required by our clients across all our verticals. This approach will enhance the current Spring revenue model and create new revenue streams in 2018 and beyond. The concept of One Spring and the ecosystem is taking hold and delivering quantitative results.

Organic growth and new business wins are critical for the success of Spring. We are seeing this develop through the global partnerships with best in class partners such as Conde Nast, Porsche, OMD, Tribeca Film Festival, Danone Group and several others.

Spring Studios London continues to be a leading player in the fields of Creative Advertising, Production and provision of Studio space.

Spring Studios New York LLC is now operating at greater capacity and 2017 has delivered further sales growth. The Tribeca premises are recognised as being one of the leading Events spaces in Manhattan.

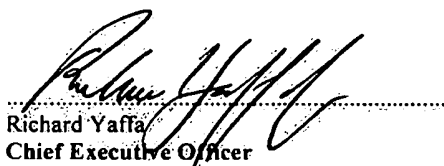
Spring Italy is now established in the local market and continues to service global clients and increase its market share in the local market.

The current and new investors continue to support the Group and its vision.

The financial focus for the Group continues to be increased revenue in all sectors and markets, management of the revenue to staff cost ratio, improvement in operating margin and control of the fixed overhead cost structure.

APPROVAL

This strategic report was approved on behalf of the Board on 22 June 2018


Richard Yaffa
Chief Executive Officer

Spring Media Investments Limited

Report of the Directors **for the Year Ended 31 December 2017**

The directors present their report with the financial statements of the company and the Group for the year ended 31 December 2017.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2017.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

S A Aspinall
A Cajrati Crivelli Mesmer Nobili
F Costa
M Flammini
A Khattar
Ms C Kurzman
M N Loy
S D Mehta
H Uberoi

Other changes in directors holding office are as follows:

J M Moffat and A Oberoi were appointed as directors after 31 December 2017 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the group strategic report, the report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group 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 accounting estimates that are reasonable and prudent;
- state whether applicable 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 and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Spring Media Investments Limited

Report of the Directors
for the Year Ended 31 December 2017

AUDITORS

Nordens were appointed as auditors of the company by the Directors.

The auditors, Nordens, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


F Costa - Director

22 June 2018

Report of the Independent Auditors to the Members of Spring Media Investments Limited

Opinion

We have audited the financial statements of Spring Media Investments Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2017 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company affairs as at 31 December 2017 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Spring Media Investments Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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.

Responsibilities of directors

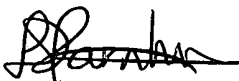
As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.



Lorraine Farnham FCCA (Senior Statutory Auditor)
for and on behalf of Nordens
The Retreat
406 Roding Lane South
Woodford Green
Essex
IG8 8EY

22 June 2018

Spring Media Investments Limited**Consolidated Income Statement**
for the Year Ended 31 December 2017

	Notes	2017 £	2016 £
TURNOVER	3	57,582,864	42,727,601
Cost of sales		<u>25,404,299</u>	<u>15,491,485</u>
GROSS PROFIT		32,178,565	27,236,116
Administrative expenses		<u>32,745,596</u>	<u>30,782,053</u>
OPERATING LOSS	5	(567,031)	(3,545,936)
Interest payable and similar expenses	6	<u>1,396,794</u>	<u>1,609,611</u>
LOSS BEFORE TAXATION		(1,963,825)	(5,155,546)
Tax on loss	7	<u>19,163</u>	<u>(265,810)</u>
LOSS FOR THE FINANCIAL YEAR		<u>(1,982,988)</u>	<u>(4,889,736)</u>

The notes form part of these financial statements

Spring Media Investments Limited

Consolidated Statement of Comprehensive Income
31 December 2017

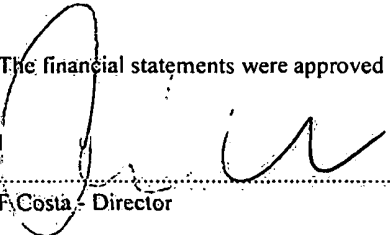
	2017 £	2016 £
Loss for the financial year	(1,982,988)	(4,889,736)
Foreign exchange difference on translation of overseas subsidiaries	<u>1,203,052</u>	<u>(2,901,804)</u>
Total comprehensive loss for the year	<u>(779,936)</u>	<u>(7,791,540)</u>

The notes form part of these financial statements

Spring Media Investments Limited**Consolidated Balance Sheet**
31 December 2017.

	Notes	2017 £	2016 £
FIXED ASSETS			
Intangible assets	9	4,815,425	5,337,915
Tangible assets	10	6,488,744	7,349,267
Investments	11		
Interest in associate		<u>100,065</u>	<u>-</u>
		11,404,234	12,687,182
CURRENT ASSETS			
Stocks	12	9,725	9,115
Debtors	13	17,129,203	13,190,200
Cash at bank and in hand		<u>778,678</u>	<u>1,062,676</u>
		17,917,606	14,261,991
CREDITORS			
Amounts falling due within one year	14	<u>15,060,933</u>	<u>32,077,710</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>2,856,673</u>	<u>(17,815,719)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		14,260,907	(5,128,537)
CREDITORS			
Amounts falling due after more than one year	15	(6,071,200)	(4,257,208)
PROVISIONS FOR LIABILITIES	19	<u>(568,189)</u>	<u>(148,166)</u>
NET ASSETS/(LIABILITIES)		<u>7,621,518</u>	<u>(9,533,911)</u>
CAPITAL AND RESERVES			
Called up share capital	20	280	182
Share premium	21	17,935,267	-
Merger reserve	21	12,533,374	12,533,374
Forex Reserve	21	(2,526,459)	(3,729,511)
Retained earnings	21	<u>(20,314,539)</u>	<u>(18,331,551)</u>
SHAREHOLDERS' FUNDS		7,627,923	(9,527,506)
NON-CONTROLLING INTERESTS		<u>(6,405)</u>	<u>(6,405)</u>
TOTAL EQUITY		<u>7,621,518</u>	<u>(9,533,911)</u>

The financial statements were approved by the Board of Directors on 22 June 2018 and were signed on its behalf by:


F. Costa - Director

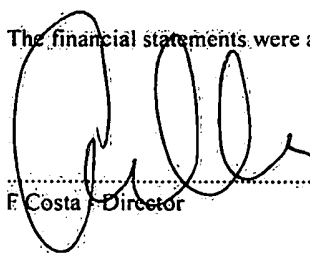
The notes form part of these financial statements

Spring Media Investments Limited

Company Balance Sheet
31 December 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Intangible assets	9	-	-
Tangible assets	10	-	-
Investments	11	<u>4,131,761</u>	<u>4,131,761</u>
		4,131,761	4,131,761
CURRENT ASSETS			
Debtors	13	12,773,331	-
CREDITORS			
Amounts falling due within one year	14	<u>-</u>	<u>4,983,419</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>12,773,331</u>	<u>(4,983,419)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		16,905,092	(851,658)
PROVISIONS FOR LIABILITIES	19	<u>72,894</u>	<u>-</u>
NET ASSETS/(LIABILITIES)		<u>16,832,198</u>	<u>(851,658)</u>
CAPITAL AND RESERVES			
Called up share capital	20	280	182
Share premium	21	17,560,662	-
Retained earnings	21	<u>(728,744)</u>	<u>(851,840)</u>
SHAREHOLDERS' FUNDS		<u>16,832,198</u>	<u>(851,658)</u>
Company's profit/(loss) for the financial year		<u>123,096</u>	<u>(851,840)</u>

The financial statements were approved by the Board of Directors on 22 June 2018 and were signed on its behalf by:



F. Costa - Director

The notes form part of these financial statements

Spring Media Investments Limited

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2017

	Share capital £	Retained Earnings £	Share Premium £	Merger Reserve £	Forex Reserve £	Total £	Non-controlling Interests £	Total Equity £
Balance at 1 January 2016	182	(13,441,815)	-	12,533,374	(827,707)	(1,735,965)	(6,405)	(1,742,370)
Change in equity								
Total comprehensive loss	-	(4,889,736)	-	-	(2,901,804)	(7,791,541)	-	(7,791,541)
Balance at 31 December 2016	182	(18,331,551)	-	12,533,374	(3,729,511)	(9,527,506)	(6,405)	(9,533,911)
Change in equity								
Issue of share capital	98	-	17,935,267	-	1,203,052	17,935,365	-	17,935,365
Total comprehensive loss	-	(1,982,988)	-	-	-	(779,936)	-	(779,936)
Balance at 31 December 2017	280	(20,314,539)	17,935,267	12,533,374	(2,526,459)	7,627,923	(6,405)	7,621,518

The notes form part of these financial statements

Spring Media Investments Limited

Company Statement of Changes in Equity
for the Year Ended 31 December 2017

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2016	182		182
Changes in equity			
Total comprehensive income		(851,840)	(851,840)
Balance at 31 December 2016	182	(851,840)	(851,658)
Changes in equity			
Issue of share capital	98		98
Total comprehensive income		123,096	123,096
Balance at 31 December 2017	280	(728,744)	(728,464)

Spring Media Investments Limited**Consolidated Cash Flow Statement**
for the Year Ended 31 December 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	(17,030,605)	1,043,297
Finance costs paid		<u>1,558,230</u>	<u>(1,343,802)</u>
Net cash from operating activities		<u>(15,472,375)</u>	<u>(300,505)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(867,276)	(1,167,298)
Sale of tangible fixed assets		325,625	-
Payment of contingent consideration		-	<u>(388,961)</u>
Net cash from investing activities		<u>(541,651)</u>	<u>(1,556,259)</u>
Cash flows from financing activities			
New loans in year		5,957,497	300,657
Repayments and equity		11,331,236	-
Share issue		98	<u>(220,253)</u>
Net cash from financing activities		<u>17,288,831</u>	<u>80,404</u>
Increase/(decrease) in cash and cash equivalents		<u>1,274,805</u>	<u>(1,776,359)</u>
Cash and cash equivalents at beginning of year	2	(991,064)	785,295
Cash and cash equivalents at end of year	2	<u>283,741</u>	<u>(991,064)</u>

The notes form part of these financial statements

Spring Media Investments Limited

Notes to the Consolidated Cash Flow Statement for the Year Ended 31 December 2017

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2017 £	2016 £
Loss before taxation	(1,963,825)	(5,155,547)
Depreciation charges	2,035,927	1,984,550
Profit on disposal of fixed assets	(16,380)	-
Tax credit	-	(265,810)
Unrealised foreign exchange differences	(1,366,017)	(1,150,679)
Foreign exchange on loans payable	(826,508)	489,892
Interest accrued on loans payable	889,523	1,316,225
Share based payment charges	89,523	93,328
Finance costs	1,396,794	1,609,611
	239,037	(1,078,430)
(Increase)/decrease in stocks	(608)	7,272
(Increase)/decrease in trade and other debtors	(4,035,640)	956,936
(Decrease)/increase in trade and other creditors	(13,233,394)	1,157,519
Cash generated from operations	(17,030,605)	1,043,297

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2017

	2017 £	2016 £
Cash and cash equivalents	778,678	1,062,675
Bank overdrafts	(494,937)	(2,053,740)
	283,741	(991,065)

Year ended 31 December 2016

	31.12.16 £	1.1.16 £
Cash and cash equivalents	1,062,675	1,255,221
Bank overdrafts	(2,053,740)	(469,926)
	(991,065)	785,295

Spring Media Investments Limited

Notes to the Consolidated Financial Statements **for the Year Ended 31 December 2017**

1. STATUTORY INFORMATION

Spring Media Investments Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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

The financial statements are presented in Sterling (£). Monetary amounts are rounded to the nearest £.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the parent company would be identical.
- No cash flow statement has been presented for the parent company.
- Disclosures in respect of the parent company's financial instruments and share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all Group undertakings. These are adjusted, where appropriate, to conform to Group accounting policies. Acquisitions are accounted for under the acquisition method and the results of subsidiary undertakings are included from the date of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the Group financial statements by virtue of section 408 of the Companies Act 2006.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

Judgements in applying accounting policies and estimation uncertainty

- Determined whether there are indications of impairment of the Group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Determine whether leases entered into by the Group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determining the amount of revenue to recognise in respect of project-based contracts which are ongoing at the year end. Factors taken into account in assessing the amount of revenue to recognise include project activity phases and costs incurred.
- Determination of the fair value of share options issued under the Group's share option plan. The value of options issued is determined using the Black Scholes model and is affected by various assumptions such as share price at the time of issue and expected volatility of the share price. Additionally, management have applied judgement in respect of determination of the vesting period of the options issued under the plan by referencing the contractual terms and estimated employment status of awardees of the plan.
- Determine the fair value of assets and liabilities acquired in a business combination. The value is determined by consideration of the specific assets and liabilities that have been acquired and whether it is appropriate to recognise value for either an asset or a liability in accordance with generally accepted practice.
- Determine the appropriate amount of contingent consideration to recognise on the initial recognition of a business combination and then subsequently at each reporting date, reassessing the fair value of the liability at that point. The value is determined by considering the expected future cash outflow based on the recognition criteria and expected performance of the acquired business in the future.

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of consideration paid and the fair value of the assets and liabilities acquired. Positive purchased goodwill arising on consolidation is capitalised, classified as an asset on the balance sheet and amortised over its estimated useful life.

Amortisation

Goodwill over 10 years

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	- Over 20 years
Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 20% on reducing balance
Motor vehicles	- 20% on reducing balance
Computer equipment	- Over 3 years

Spring Media Investments Limited

Notes to the Consolidated Financial Statements - continued **for the Year Ended 31 December 2017**

2. ACCOUNTING POLICIES - continued

Investments in associates

Investments in associate undertakings are recognised at cost.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Spring Media Investments Limited

Notes to the Consolidated Financial Statements - continued **for the Year Ended 31 December 2017**

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The Group operates a defined contribution pension scheme. Contributions payable to the Group's pension scheme are charged to profit or loss in the period to which they relate.

Trade debtors

Trade debtors are recognised and carried forward at invoiced amounts less any provisions for credit notes or doubtful debts. Bad debts are written off when identified. Amounts received from debt factors against these debts are recognised as liabilities.

Share based payment

When share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The expense is recognised within administrative expenses and reversed through the profit and loss account in the statement of changes in equity in the period it occurs.

License income

Income recognised on the sale of unconditional sale of trademark rights is recognised on signing of the license income agreement provided there are no requirements for the Group to provide services during the subsequent license period. License income is recognised within other operating income.

3. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the Group.

An analysis of turnover by geographical market is given below:

	2017	2016
	£	£
United Kingdom	9,554,716	11,335,078
Europe	9,138,255	10,490,769
Rest of World	38,889,893	20,901,754
	<u>57,582,864</u>	<u>42,727,601</u>

4. EMPLOYEES AND DIRECTORS

The average number of employees, including directors, during the year was 201 (2016: 202).

The company has no employees and all remuneration of Group employees is borne by subsidiary companies.

A defined contribution pension scheme is operated by the Group on behalf of the employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension charge represents contributions payable by the Group to the fund amounted to £169,713 (2016: 272,249).

The highest paid director received remuneration of £620,033 (2016: £553,050), including pension contributions of £21,800 (2016: £21,800). The total number of directors for which pension contributions were made during the period is 1 (2016: 1).

Spring Media Investments Limited

Notes to the Consolidated Financial Statements - continued **for the Year Ended 31 December 2017**

5. OPERATING LOSS

The operating loss is stated after charging/(crediting);

	2017	2016
	£	£
Hire of plant and machinery	184,779	379,640
Depreciation - owned assets	1,198,018	1,581,494
Depreciation - assets on hire purchase contracts	179,960	131,604
Profit on disposal of fixed assets	(16,380)	-
Goodwill amortisation	657,949	81,724
Auditors' remuneration	65,000	87,250
Foreign exchange differences	<u>1,252,265</u>	<u>(1,088,828)</u>

Included within operating loss are exceptional costs of £234,601 (2016: £889,900).

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Bank interest	49,394	29,549
Other loan interest	889,523	1,316,225
Finance charges	151,642	165,909
Interest payable	11,876	17,973
Late payments charges and interest	239,877	58,454
Hire purchase	<u>54,482</u>	<u>21,501</u>
	<u>1,396,794</u>	<u>1,609,611</u>

During the year, interest of £nil (2016: £250,803) was payable to Mr M Loy, a director of the company, on his directors loan account.

7. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the loss for the year was as follows:

	2017	2016
	£	£
Current tax:		
UK corporation tax	19,163	(50,530)
Deferred tax	-	(215,280)
Tax on loss	<u>19,163</u>	<u>(265,810)</u>

Spring Media Investments Limited

Notes to the Consolidated Financial Statements - continued **for the Year Ended 31 December 2017**

7. TAXATION - continued

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2017	2016
	£	£
Loss before tax	<u>(1,963,825)</u>	<u>(5,155,547)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(378,036)	(1,031,109)
Effects of:		
Expenses not deductible for tax purposes	36,468	350,918
Utilisation of tax losses	341,568	331,637
Adjustments to tax charge in respect of previous periods	19,163	(9,900)
Fixed asset differences		3,482
Adjustments to tax rates		<u>89,162</u>
Total tax charge/(credit)	<u>19,163</u>	<u>(265,810)</u>

The Group has unrelieved tax losses of £3.1m. The Group has a potential deferred tax asset of £0.4m relating to these losses which has not been recognised due to a lack of visibility over the timing of future profits.

8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. INTANGIBLE FIXED ASSETS

Group	Goodwill
	£
COST	
At 1 January 2017	6,651,215
Additions	334,127
Exchange differences	<u>(215,312)</u>
At 31 December 2017	<u>6,770,030</u>
AMORTISATION	
At 1 January 2017	1,313,300
Amortisation for year	657,949
Exchange differences	<u>(16,644)</u>
At 31 December 2017	<u>1,954,605</u>
NET BOOK VALUE	
At 31 December 2017	<u>4,815,425</u>
At 31 December 2016	<u>5,337,915</u>

The company has no intangible fixed assets.

Spring Media Investments Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2017

10. TANGIBLE FIXED ASSETS

Group	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
COST						
At 1 January 2017	3,889,690	5,072,496	4,039,569	68,161	2,670,533	15,740,449
Additions	477,915	-	153,870	-	235,491	867,276
Disposals	(128,456)	-	(87,269)	-	(553,313)	(769,038)
Exchange differences	(259,009)	(76,830)	(84,235)	(5,504)	149,868	(275,710)
At 31 December 2017	3,980,140	4,995,666	4,021,935	62,657	2,502,579	15,562,977
DEPRECIATION						
At 1 January 2017	949,546	2,957,813	2,376,543	57,354	2,049,926	8,391,182
Charge for year	268,044	164,956	488,309	9,465	447,204	1,377,978
Eliminated on disposal	(21,716)	-	(992)	-	(437,085)	(459,793)
Exchange differences	(6,690)	160,925	(261,014)	(5,093)	(123,262)	(235,134)
At 31 December 2017	1,189,184	3,283,694	2,602,846	61,726	1,936,783	9,074,233
NET BOOK VALUE						
At 31 December 2017	2,790,956	1,711,972	1,419,089	931	565,796	6,488,744
At 31 December 2016	2,940,144	2,114,683	1,663,026	10,807	620,607	7,349,267

The company has no tangible fixed assets.

Spring Media Investments Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 December 2017

10. TANGIBLE FIXED ASSETS - continued

Group

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Computer equipment £	Totals £
COST			
At 1 January 2017	1,847,841	211,306	2,059,147
Additions	-	93,382	93,382
Disposals	-	(211,306)	(211,306)
At 31 December 2017	<u>1,847,841</u>	<u>93,382</u>	<u>1,941,223</u>
DEPRECIATION			
At 1 January 2017	970,044	145,425	1,115,469
Charge for year	109,725	70,235	179,960
Eliminated on disposal	-	(187,686)	(187,686)
At 31 December 2017	<u>1,079,769</u>	<u>27,974</u>	<u>1,107,743</u>
NET BOOK VALUE			
At 31 December 2017	<u>768,072</u>	<u>65,408</u>	<u>833,480</u>
At 31 December 2016	<u>877,797</u>	<u>65,881</u>	<u>943,678</u>

11. FIXED ASSET INVESTMENTS

Group

	Interest in associate £
COST	
Additions	<u>100,065</u>
At 31 December 2017	<u>100,065</u>
NET BOOK VALUE	
At 31 December 2017	<u>100,065</u>

Company

	Shares in Group undertakings £
COST	
At 1 January 2017 and 31 December 2017	<u>4,131,761</u>
NET BOOK VALUE	
At 31 December 2017	<u>4,131,761</u>
At 31 December 2016	<u>4,131,761</u>

Spring Media Investments Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 December 2017

11. FIXED ASSET INVESTMENTS - continued

Name of Company	Country of Incorporation	Principal activity	% Holding	Registered Office
Spring Studios Limited	England	Production services	100	Spring House, 10 Spring Place, Kentish Town, London, NW5 3BH
Six Design Limited	England	Creative advertising	100	Spring House, 10 Spring Place, Kentish Town, London, NW5 3BH
Henhouse Media Limited	England	Dormant	100	Spring House, 10 Spring Place, Kentish Town, London, NW5 3BH
Star & Co Limited	England	Dormant	100	Spring House, 10 Spring Place, Kentish Town, London, NW5 3BH
Wink Management Limited	England	Dormant	100	Spring House, 10 Spring Place, Kentish Town, London, NW5 3BH
Star Production Limited	England	Dormant	75	Spring House, 10 Spring Place, Kentish Town, London, NW5 3BH
Spring Creative Inc	USA	Creative advertising	100	6 St Johns Lane, New York, NY 10013
Spring America Inc	USA	Production services	100	6 St Johns Lane, New York, NY 10013
Spring Studios New York LLC	USA	Creative advertising	100	6 St Johns Lane, New York, NY 10013
Spring Studios SRL	Italy	Creative advertising	90	Via Visconti di Modrone, 11 - 20122 Milan

12. STOCKS

	Group	
	2017	2016
	£	£
Stocks	<u>9,725</u>	<u>9,117</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	6,051,975	7,151,537	-	-
Directors loan account	-	463,300	-	-
Amounts owed by Group undertakings	-	-	12,773,331	-
Other debtors	2,528,031	3,112,355	-	-
Tax	159,193	255,830	-	-
Prepayments and accrued income	<u>8,390,004</u>	<u>2,207,178</u>	-	-
	<u>17,129,203</u>	<u>13,190,200</u>	<u>12,773,331</u>	<u>-</u>

At the balance sheet date, £495,511 (2016: £2,053,740) of factored debts were outstanding in the Group and £Nil (2016: £Nil) in the company.

Spring Media Investments Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 December 2017

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts (see note 16)	494,937	2,053,740	-	-
Hire purchase contracts (see note 17)	150,005	112,697	-	-
Trade creditors	4,050,174	6,265,384	-	-
Amounts owed to Group undertakings	-	-	-	633,632
Amounts owed to associates	32,867	-	-	-
Tax	11,452	34,373	-	-
Social security and other taxes	996,391	590,237	-	-
Other creditors	1,090,049	230,738	-	-
Other loans	-	9,819,620	-	4,053,079
Contingent consideration	-	609,677	-	-
Directors' current accounts	-	2,271,834	-	-
Accruals and deferred income	8,235,058	10,089,410	-	296,708
	<u>15,060,933</u>	<u>32,077,710</u>	<u>-</u>	<u>4,983,419</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2017	2016
	£	£
Other loans (see note 16)	5,957,497	3,971,751
Hire purchase contracts	113,703	285,457
	<u>6,071,200</u>	<u>4,257,208</u>

16. LOANS

An analysis of the maturity of loans is given below:

	Group	
	2017	2016
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>494,937</u>	<u>2,053,740</u>
Amounts falling due between one and two years:		
Other loans - 1-2 years	<u>5,957,497</u>	<u>5,558</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	-	2,663,009
Contingent consideration	-	1,303,184
	<u>-</u>	<u>3,966,193</u>

Spring Media Investments Limited**Notes to the Consolidated Financial Statements - continued**
for the Year Ended 31 December 2017**17. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2017	2016
	£	£
Gross obligations repayable:		
Within one year	178,269	153,964
Between one and five years	<u>121,544</u>	<u>221,231</u>
	<u>299,813</u>	<u>375,195</u>
Finance charges repayable:		
Within one year	28,264	41,267
Between one and five years	<u>7,841</u>	<u>25,309</u>
	<u>36,105</u>	<u>66,576</u>
Net obligations repayable:		
Within one year	150,005	112,697
Between one and five years	<u>113,703</u>	<u>195,922</u>
	<u>263,708</u>	<u>308,619</u>

Group

	Non-cancellable operating leases	
	2017	2016
	£	£
Within one year	3,680,088	6,712,324
Between one and five years	13,200,789	25,341,119
In more than five years	<u>21,086,608</u>	<u>47,044,210</u>
	<u>37,967,485</u>	<u>79,097,653</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2017	2016
	£	£
Bank overdrafts	<u>494,937</u>	<u>2,053,740</u>

Spring Media Investments Limited

Notes to the Consolidated Financial Statements - continued **for the Year Ended 31 December 2017**

19. PROVISIONS FOR LIABILITIES

	Group	
	2017	2016
	£	£
Deferred tax – accelerated capital allowances	<u>122,980</u>	<u>148,166</u>
Other provisions	<u>445,209</u>	<u>-</u>
Aggregate amounts	<u>568,189</u>	<u>148,166</u>
Group		
	Deferred tax	Withholding Tax
	£	£
Balance at 1 January 2017	148,166	-
Provided during year	<u>(25,186)</u>	<u>445,209</u>
Balance at 31 December 2017	<u>122,980</u>	<u>445,209</u>

The company has no recognised deferred tax balances.

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2017	2016
Number:	Class:	Nominal value:	£	£
28,012,562	Ordinary	0.00001	280	182
(2016 - 18,212,562)				

9,800,000 ordinary shares of £0.00001 were issued during the year for cash of £98.

21. RESERVES

Reserve Description	
Merger reserve	Reserve created on acquisition of subsidiary in exchange for shares in subsidiary undertaking
Share premium reserve	Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium
Retained earnings	The cumulative profit and loss reserve
Foreign exchange reserve	Comprises translation differences arising from the translation of financial statements of the Group's foreign entities into Sterling (£).

22. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

As at 31 December 2017, there is no immediate or ultimate controlling party.

Spring Media Investments Limited

Notes to the Consolidated Financial Statements - continued **for the Year Ended 31 December 2017**

23. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the Group.

Transactions between Group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Key management personnel include all directors of the parent company and certain members of senior management across the Group who together have authority and responsibility for planning, directing and controlling activities of the Group. The total compensation paid for services provided to the Group was £3,145,827 (2016: £3,063,383).

All other related parties are detailed in the notes to the accounts.

24. SHARE-BASED PAYMENT TRANSACTIONS

In 2014, the company introduced a share option plan, under which directors, senior management and other qualifying staff have been granted options to subscribe for ordinary shares in Spring Studios Limited. All options are settled by the issue of shares. The number and weighted average exercise price of share options in existence at the balance sheet date are as follows:

	2017 Weighted average exercise price (£)	2017 Number	2016 Weighted average exercise price (£)	2016 Number
Outstanding at 1 January	1	491,000	1	491,000
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	(30,000)	-	-
Outstanding at 31 December	1	461,000	1	491,000

Share options outstanding at 31 December 2017 had a weighted average exercise price of £1.00 and a weighted average remaining contractual life of 1.5 years (2016: 2.5 years). There are no performance conditions attached to any of the share options granted up to the balance sheet date, other than continued employment to the vesting date.

	On issuance Black-Scholes
Option pricing model used	
Weighted average share price at grant date	£1.99
Exercise price	£1.00
Weighted average contractual life (in years)	5
Expected volatility	30%
Risk-free interest rate	2.05%

The Black-Scholes option pricing model was used to value the share-based payment awards as it was considered that this approach would result in a materially accurate estimate of the fair value of options granted. The volatility assumption was determined with reference to comparable companies.

The share-based remuneration expense comprises:

	2017 £	2016 £
Equity-settled schemes	89,523	93,328