

Financial Statements

Iridium Midco Limited

For the period ended 31 December 2016

Registered number: 10241385

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Iridium Midco Limited

Company Information

Directors	S Cox (appointed 20 September 2016) C Masiello (appointed 20 September 2016) P McDanell (appointed 22 September 2016)
Company secretary	R Verity
Registered number	10241385
Registered office	Allan House 10 John Princes Street London W1G 0JW
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Senior Statutory Auditor Grant Thornton House Melton Street Euston Square London NW1 2EP
Bankers	HSBC Bank Plc 70 Pall Mall London SW1Y 5EZ

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Group strategic report

For the period ended 31 December 2016

The directors present their report and the financial statements for the period ended 31 December 2016.

The Company was incorporated on 20 June 2016.

Principal objectives and strategies

The Group's principal activities during the period were providing technology that transforms advertising workflow for the worldwide media industry.

The Group's focus is on continued growth in its core businesses.

Business review

The Group's focus is on continued growth in its core businesses and through its policy of developing new cloud based services as well as strategic acquisitions. The Group now works in more than 100 markets with 36 local offices.

On 19 September 2016, Lausanne Topco Limited was acquired by Iridium Bidco Limited and the holding company became Iridium Topco Limited. The business activities and management remain unchanged.

During the period, the IMD Group turnover (as reported in Iridium Topco Limited's accounts) was £7.9m. This represented trading for the period from 19 September to 31 December 2016.

During the period the IMD Group reported an operating loss of £7.4m.

Principal risks and uncertainties

The principal risk to Group companies arises from its ability to retain clients. The Group has maintained its track record of retaining existing clients and winning new clients. This has been enhanced during the year as it completed the roll out of its new cloud based platform across all territories.

The Group's Directors are pleased to report that the Group's operations are conducted such that Group companies comply with all legal requirements and especially those relating to the environment and health and safety in respect of which legislation and regulation continue to evolve.

The principal risk to the Group is exposure to changes in interest rates affecting the interest repayable on its bank debt. This risk is reduced through having an interest rate hedging arrangement in place.

The Group has some exposure to foreign currencies due to some selling and purchasing in currencies other than sterling. The risk is reduced through the use of forward currency contracts, if deemed necessary.

The Group's credit risk is minimised by the number of long established customers and an emphasis on good credit management.

The Group's policy is to ensure continuity of liquidity through effective management of its current assets and liabilities.

Iridium Midco Limited

Group strategic report

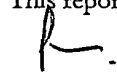
For the period ended 31 December 2016

Financial key performance indicators

Group companies utilise a variety of financial and non financial KPIs to measure their effective performance which include inter alia; return on sales, return on capital employed and gross margin contribution. Individual Group companies similarly apply their own criteria to non financial KPIs.

The Group's Directors monitor all relevant KPIs to ensure that they remain relevant to the individual businesses.

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



P McDanell
Director

Date: 18 May 2017

Directors' report

For the period ended 31 December 2016

The directors present their report and the financial statements for the period ended 31 December 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 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.

Results and dividends

The loss for the period, after taxation, amounted to £9,618k.

The directors do not recommend the payment of a dividend.

Directors

The directors who served during the period were:

P Crossley (appointed 20 June 2016, resigned 7 September 2016)

S Cox (appointed 20 September 2016)

C Masiello (appointed 20 September 2016)

P McDanell (appointed 22 September 2016)

G Healy (appointed 7 September 2016, resigned 20 September 2016)

Squire Patton Boggs Directors Limited (appointed 20 June 2016, resigned 7 September 2016)

Iridium Midco Limited

Directors' report (continued)

For the period ended 31 December 2016

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditor

The directors have appointed Grant Thornton UK LLP as auditor to fill the casual vacancy as auditor under section 485 of the Companies Act 2006.

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



P McDanell
Director

Date: 18 May 2017



Independent auditor's report to the members of Iridium Midco Limited

We have audited the financial statements of Iridium Midco Limited for the period ended 31 December 2016, which comprise the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 on page 3, 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 Financial Reporting Council'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 Group's and the parent Company's affairs as at 31 December 2016 and of the Group's loss for the period 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.



Independent auditor's report to the members of Iridium Midco Limited (continued)

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 Directors' report for the financial period for which the financial statements are prepared is consistent with those financial statements; and
- the Group strategic report and the Directors' report been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of our knowledge and understanding of the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report and the Directors' report.

Matters on which we are required to report by exception

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

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

LA TL UK LLP

Sergio Cardoso (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Senior Statutory Auditor
London
Date: 18/5/2017

Consolidated statement of comprehensive income

For the period ended 31 December 2016

	Note	2016 £000
Turnover		7,939
Cost of sales		(608)
Gross profit		7,331
Administrative expenses		(14,824)
Other operating income		87
Operating loss	6	(7,406)
Income from shares in group undertakings		21
Interest receivable and similar income		13
Interest payable and expenses	9	(2,073)
Loss before taxation		(9,445)
Tax on loss	10	(173)
Loss for the financial period		(9,618)

There were no recognised gains and losses for 2016 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2016.

The notes on pages 12 to 31 form part of these financial statements.

Consolidated statement of financial position

As at 31 December 2016

	Note	2016 £000
Fixed assets		
Intangible assets	12	92,014
Tangible assets	14	362
Investments	15	1,568
		<u>93,944</u>
Current assets		
Debtors: amounts falling due within one year	16	8,161
Cash at bank and in hand		1,396
		<u>9,557</u>
Creditors: amounts falling due within one year	18	(5,881)
		<u>3,676</u>
Net current assets		<u>97,620</u>
Total assets less current liabilities		<u>(95,802)</u>
Creditors: amounts falling due after more than one year	19	(9,907)
Deferred taxation	21	(9,907)
		<u>(8,089)</u>
Net (liabilities)/assets		<u><u>(8,089)</u></u>
Capital and reserves		
Share capital	22	1
Share premium	23	1,528
Retained earnings	23	(9,618)
		<u>(8,089)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



P McDanell

Director

Date: 18 May 2017

The notes on pages 12 to 31 form part of these financial statements.


Iridium Midco Limited
Registered number:10241385

Company statement of financial position

As at 31 December 2016

	Note	2016 £000
Fixed assets		
Investments	15	1
		<u>1</u>
Current assets		
Debtors: amounts falling due within one year	16	40,644
		<u>40,644</u>
Creditors: amounts falling due within one year	18	(99)
		<u></u>
Net current assets		<u>40,545</u>
Total assets less current liabilities		<u>40,546</u>
Creditors: amounts falling due after more than one year	19	(38,776)
		<u></u>
Net assets		<u><u>1,770</u></u>
Capital and reserves		
Share capital	22	1
Share premium	23	1,528
Retained earnings	23	241
		<u>1,770</u>
		<u><u></u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


P McDanell
 Director
 Date: 18 May 2017

Consolidated statement of changes in equity

For the period ended 31 December 2016

	Share capital £000	Share premium £000	Retained profit £000	Total equity £000
At incorporation	-	-	-	-
Comprehensive income for the period				
Loss for the period	-	-	(9,618)	(9,618)
Contributions by and distributions to owners				
Shares issued during the period	1	1,528	-	1,529
At 31 December 2016	1	1,528	(9,618)	(8,089)

The notes on pages 12 to 31 form part of these financial statements.

Company statement of changes in equity

For the period ended 31 December 2016

	Share capital £000	Share premium £000	Retained profit £000	Total equity £000
At incorporation	-	-	-	-
Comprehensive income for the period				
Profit for the period	-	-	241	241
Contributions by and distributions to owners				
Shares issued during the period	1	1,528	-	1,529
At 31 December 2016	1	1,528	241	1,770

The notes on pages 12 to 31 form part of these financial statements.

Consolidated statement of cash flows

For the period ended 31 December 2016

	2016 £000
Cash flows from operating activities	
(Loss)/profit for the financial period	(9,618)
Adjustments for:	
Amortisation of intangible assets	4,484
Depreciation of tangible assets	110
Interest paid	2,073
Interest received	(13)
Increase in debtors	(166)
Increase in creditors	(384)
Corporation tax paid	(362)
Net cash generated from operating activities	<u>(3,876)</u>
Cash flows from investing activities	
Purchase of intangible fixed assets	(552)
Purchase of tangible fixed assets	(35)
Purchase of fixed asset investments	(44,770)
Cash acquired on business combinations	4,451
Interest received	13
Net cash from investing activities	<u>(40,893)</u>
Cash flows from financing activities	
Issue of ordinary shares	500
New secured loans	60,000
Repayment of loans	(13,466)
Interest paid	(869)
Net cash used in financing activities	<u>46,165</u>
Net increase in cash and cash equivalents	<u>1,396</u>
Cash and cash equivalents at the end of period	<u><u>1,396</u></u>
Cash and cash equivalents at the end of period comprise:	
Cash at bank and in hand	<u>1,396</u>
	<u><u>1,396</u></u>

The notes on pages 12 to 31 form part of these financial statements.

Notes to the financial statements

For the period ended 31 December 2016

1. General information

Iridium Midco Limited is a private company limited by shares, registered and incorporated in England. The company's registered office is Allan House, 10 John Princes Street, London, W1G 0JW.

The Company was incorporated on 20 June 2016.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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 judgment in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The group financial statements consolidate the financial statements of Iridium Midco Limited and all its subsidiary undertakings drawn up to 31 December each year.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group.

The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

In the parent company financial statements investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Notes to the financial statements

For the period ended 31 December 2016

2. Accounting policies (continued)

2.3 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated statement of financial position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue from recurring contracts is recognised in line with the terms of the contract.

Revenue from non-recurring projects is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

Notes to the financial statements

For the period ended 31 December 2016

2. Accounting policies (continued)

2.5 Intangible assets and amortisation

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets acquired as part of an acquisition are not recognised where they arise from legal or other contractual rights, and where there is no history of exchange transactions.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment.

Intangible assets are amortised on a straight line basis over their estimated useful. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The useful economic lives of intangible assets is between 2 and 10 years.

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

2.6 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives.

The estimated useful lives range as follows:

Fixtures and fittings	- 3 years straight line
Computer equipment	- 2 to 3 years straight line

2.7 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Operating leases

Rentals payable under operating leases are charged to the income statement on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Notes to the financial statements

For the period ended 31 December 2016

2. Accounting policies (continued)

2.9 Deferred taxation

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that 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, except that:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the reporting date, dividends have been accrued as receivable;
- where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability/(asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and
- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2.10 Foreign currencies

Company

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the year end. All differences are taken to the income statement.

Group

Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The assets and liabilities of overseas subsidiary undertakings are translated into the presentational currency at the rate of exchange ruling at the year end. Income and expenses for each statement of comprehensive income are translated at exchange rates at the dates of transaction. All resulting exchange differences are recognised in other comprehensive income.

Notes to the financial statements

For the period ended 31 December 2016

2. Accounting policies (continued)

2.11 Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is capitalised as an intangible asset when the group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

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

2.12 Pensions

The company contributes to personal pension plans of employees. Charges are made to the income statement in the year they become payable.

2.13 Interest-bearing loans and borrowings

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance revenue in the income statement.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the financial statements

For the period ended 31 December 2016

2. Accounting policies (continued)

2.17 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.18 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.19 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.20 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the period in which they are incurred.

Notes to the financial statements

For the period ended 31 December 2016

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The following are significant management judgements in applying the accounting policies of the group that have the most significant effect on the financial statements.

Revenue recognition

For non-recurring projects, management uses a judgement to assess the value of the stage of completion at each reporting date. This assessment requires the expected total contract revenues and costs to be estimated based on the current progress of the project.

Development

Management monitors progress of internal research and development projects. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

Amortisation is charged on development intangibles over their deemed useful life. This period has been determined via a review of each asset, considering both historic and future factors. The directors believe the amortisation periods applied appropriately reflect the estimated useful life of the assets.

Business combinations

The Group establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Positive goodwill acquired on each business combination is capitalised, classified as an asset on the statement of financial position and amortised on a straight line basis over its useful life. Goodwill acquired in a business combination is, from the acquisition date, allocated to each cash generating unit that is expected to benefit from the synergies of the combination. If a subsidiary, associate or business is subsequently sold or discontinued, any goodwill arising on acquisition that has not been amortised through the income statement is taken into account in determining the profit or loss on sale or discontinuance.

4. Turnover

A geographical analysis of turnover is as follows:

	2016 £000
United Kingdom	3,517
Rest of Europe	2,924
Rest of the world	1,498
	<hr/>
	7,939
	<hr/>

Notes to the financial statements

For the period ended 31 December 2016

5. Other operating income

	2016 £000
Other operating income	87
	<u>87</u>

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2016 £000
Depreciation of tangible fixed assets	110
Amortisation of intangible assets, including goodwill	4,484
Auditor's remuneration - for audit services	46
Auditor's remuneration - for non-audit services	22
Exchange differences	150
Other operating lease rentals	612
	<u>5,324</u>

7. Staff costs

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

	2016 £000
Wages and salaries	4,495
Social security costs	304
Pension	88
	<u>4,887</u>

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

2016 No.
<u>152</u>

Notes to the financial statements

For the period ended 31 December 2016

8. Interest receivable

	2016 £000
Other interest receivable	13
	<u>13</u>
	<u>13</u>

9. Interest payable and similar charges

	2016 £000
Bank interest payable	984
Amortisation of arrangement fees	102
Loan interest	987
	<u>2,073</u>
	<u>2,073</u>

10. Taxation

	2016 £000
Corporation tax	
Current tax on profits for the year	(31)
Adjustments in respect of previous periods	2
	<u>(29)</u>
Foreign tax	
Foreign tax on income for the year	130
	<u>130</u>
Total current tax	<u>101</u>
Deferred tax	
Origination and reversal of timing differences	72
Total deferred tax	<u>72</u>
Taxation on profit on ordinary activities	<u>173</u>
	<u>173</u>

Notes to the financial statements

For the period ended 31 December 2016

10. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 20%. The differences are explained below:

	2016 £000
(Loss)/profit on ordinary activities before tax	(9,445)
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20%	(1,889)
Effects of:	
Capital allowances for the period in excess of depreciation	(323)
Other timing differences	3
Expenses not deductible for tax purposes	955
Interest payable allowable when paid	(4)
Losses carried forward	241
Intangibles capitalised allowable for tax purposes	12
Unrelieved foreign tax and adjustments to foreign tax suffered in previous periods	1
Difference in tax rates	144
Adjustment in respect of prior periods	2
Consolidation adjustments	(6)
Goodwill on consolidation	1,037
Total tax charge for the period	173

11. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the period was £241k.

Notes to the financial statements

For the period ended 31 December 2016

12. Intangible assets

Group and Company

	Develop- ment £000	Brands £000	Goodwill £000	Total £000
Cost				
Additions	552	-	-	552
Acquired on business combinations	2,006	52,081	41,859	95,946
At 31 December 2016	2,558	52,081	41,859	96,498
Amortisation				
Charge for the year	578	1,466	2,440	4,484
At 31 December 2016	578	1,466	2,440	4,484
Net book value				
At 31 December 2016	1,980	50,615	39,419	92,014

Notes to the financial statements

For the period ended 31 December 2016

13. Acquisition

Acquisition of Lausanne Group

With effect from 19 September 2016, the group acquired 100% of the share capital in Lausanne Topco Limited, a company incorporated in the United Kingdom.

Net assets acquired	Book value £000	Fair value adjustment £000	Fair value £000
Intangible assets	2,006	52,081	54,087
Goodwill	18,911	-	18,911
Tangible fixed assets	437	-	437
Investments	1,547	-	1,547
Debtors	7,995	-	7,995
Cash	4,451	-	4,451
Creditors	(4,026)	(10,416)	(14,442)
Shareholders loans	(37,911)	-	(37,911)
Bank loans	(13,186)	-	(13,186)
Net assets	<u>(19,776)</u>	<u>41,665</u>	<u>21,889</u>
Consideration			
Cash			44,837
Shares			-
Total consideration			<u>44,837</u>
Goodwill on acquisition (note 12)			<u>22,948</u>

Notes to the financial statements

For the period ended 31 December 2016

14. Tangible fixed assets

Group

	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation			
Additions	33	2	35
Acquired on business combinations	98	339	437
At 31 December 2016	<u>131</u>	<u>341</u>	<u>472</u>
Depreciation			
Charge for the period	34	76	110
At 31 December 2016	<u>34</u>	<u>76</u>	<u>110</u>
Net book value			
At 31 December 2016	<u>97</u>	<u>265</u>	<u>362</u>

15. Fixed asset investments

Group

	Investments in associates £000
Cost or valuation	
Acquired on business combinations	1,568
At 31 December 2016	<u>1,568</u>
Net book value	
At 31 December 2016	<u>1,568</u>

Notes to the financial statements

For the period ended 31 December 2016

15. Fixed asset investments (continued)

Subsidiary and associated undertakings

The following were subsidiary or associated undertakings of the Company:

Name	Class of shares	Holding	Incorporation
Iridium Bidco Limited	Ordinary	100 %	England
Lausanne Topco Limited*	Ordinary	100 %	England
Lausanne Midco Limited*	Ordinary	100 %	England
Lausanne Acquisitions Limited*	Ordinary	100 %	England
Independent Media Distribution Limited*	Ordinary	100 %	England
IMD Media Limited*	Ordinary	100 %	England
Optimad Media Systems Limited*	Ordinary	100 %	England
IMD Media Limited*	Ordinary	100 %	Ireland
IMD Media Limited*	Ordinary	100 %	New Zealand
IMD Media Pte. Ltd.*	Ordinary	100 %	Singapore
El Media Network Pvt. Ltd.*	Ordinary	100 %	India
Yi Chuan Information Technology (Shanghai) Co. Ltd*	Ordinary	100 %	China
IMD Media Pvt. Ltd.*	Ordinary	100 %	Australia
IMD Global Media Spain S.L.*	Ordinary	100 %	Spain
Mediatel Audiotrack Limited*	Ordinary	50 %	England
Transmision Y Almacenamiento A Mas V S.A* - ASSOCIATE	Ordinary	34 %	Chile

*indicates indirect holding. 50% of El Media Network Pvt. Ltd is owned by IMD Media Pte. Ltd.

Principal subsidiary undertakings

1) IMD Media Limited (Ireland)

The main business activity of IMD Media Limited is the electronic distribution of television and radio advertisements on behalf of advertisers in the Republic of Ireland to broadcasters in the United Kingdom and Republic of Ireland.

2) Optimad Media Systems Limited (UK)

The main business activity of Optimad Media systems Limited is the provision of technology applications and services to the advertising media buying and sales market and television broadcasters.

3) IMD Media Pte Ltd (Singapore)

The main business activity of IMD Media Pte Ltd is the provision of technology applications in order to facilitate electronic distribution of television advertisements on behalf of advertisers to broadcasters throughout the world.

All other subsidiaries are in the business of electronic delivery of television advertisements to broadcasters on behalf of advertisers.

Notes to the financial statements

For the period ended 31 December 2016

15. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £000
Cost or valuation	
Additions	1
At 31 December 2016	1
Net book value	
At 31 December 2016	1

16. Debtors

	Group 2016 £000	Company 2016 £000
Trade debtors	7,011	-
Amounts owed by group undertakings	-	40,644
Other debtors	161	-
Prepayments and accrued income	989	-
	<u>8,161</u>	<u>40,644</u>

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are payable on demand. Interest is received at rates between 4.5% to 10%, depending on the group entity the amounts are due from.

17. Cash and cash equivalents

	Group 2016 £000	Company 2016 £000
Cash at bank and in hand	1,396	-
	<u>1,396</u>	<u>-</u>

Notes to the financial statements

For the period ended 31 December 2016

18. Creditors: Amounts falling due within one year

	Group 2016 £000	Company 2016 £000
Bank loans	800	-
Trade creditors	807	-
Corporation tax	193	99
Other taxation and social security	560	-
Other creditors	717	-
Accruals and deferred income	2,804	-
	<u>5,881</u>	<u>99</u>

19. Creditors: Amounts falling due after more than one year

	Group 2016 £000	Company 2016 £000
Bank loans	57,026	-
Loan notes	37,828	37,828
Share capital treated as debt	948	948
	<u>95,802</u>	<u>38,776</u>

20. Loans

Analysis of the maturity of loans is given below:

	Group 2016 £000	Company 2016 £000
Within 1 year	800	-
Between 1 - 2 years	3,895	-
Between 2 - 5 years	5,600	-
More than 5 years	85,359	37,828
	<u>95,654</u>	<u>37,828</u>

Notes to the financial statements

For the period ended 31 December 2016

Loans (continued)

The loans consist of:

	Group 2016 £000	Company 2016 £000
HSBC Bank Plc (A)	20,041	-
Barings (B)	40,208	-
Inflexion loan notes (C)	35,533	35,533
Management loan notes (D)	295	295
Vitruvian loan notes (E)	2,000	2,000
Arrangement fees	(2,423)	-
	<u>95,654</u>	<u>37,828</u>

A – HSBC Bank Plc

On 19 September 2016, the company entered into a loan agreement with HSBC Bank Plc.

£10,000,000 was drawn down against the A term loan facility. The A term loan is repayable by instalments over a six year period ending 19 September 2022 bearing interest at 4.25% plus LIBOR per annum.

£10,000,000 was drawn down against the B1 term loan facility. The B1 term loan is repayable at maturity being 19 September 2023. Interest is charged at 5.5% plus LIBOR per annum.

B – Barings Global Advisors Limited

On 19 September 2016, the company entered into a loan agreement with Barings.

£21,000,000 was drawn down against the B1 term loan facility. The B1 term loan is repayable at maturity being 19 September 2023. Interest is charged at 5.5% plus LIBOR per annum.

£19,000,000 was drawn down against the B2 term loan facility. The B2 term loan is repayable at maturity being 19 September 2023. Interest is charged at 5.5% plus LIBOR per annum.

C – Inflexion Loan Notes

On 19 September 2016, 10% Series A loan notes were issued to Inflexion for consideration of £34,553,568. The A loan notes are repayable on 31 December 2023 or on sale or listing. Accrued interest is repayable on the same date, calculated at a rate of 10% per annum.

D – Management Loan Notes

On 19 September 2016, 10% Series B loan notes were issued to Management for consideration of £287,158. The B loan notes are repayable on 19 March 2018, subject to conditions, or on sale or listing. Accrued interest is repayable on the same date, calculated at a rate of 10% per annum.

E – Vitruvian Loan Notes

On 19 September 2016, 10% Series V loan notes were issued to Vitruvian for consideration of £2,000,000. The Series V loan notes are repayable on 19 September 2018. Interest is payable at 10% per annum only if repayment is not made by the repayment date. No interest has been accrued in the period.

Notes to the financial statements

For the period ended 31 December 2016

21. Deferred taxation

Group

	2016 £000
Charged to profit and loss account	(72)
Amounts brought in on acquisition	288
Deferred tax arising on acquisition	(10,123)
At end of year	(9,907)

The deferred taxation balance is made up as follows:

	Group 2016 £000
Accelerated capital allowances	62
Tax losses carried forward	124
Other timing differences	(10,093)
	(9,907)

Notes to the financial statements

For the period ended 31 December 2016

22. Share capital

Shares classified as equity

Allotted, called up and fully paid

9,991 Ordinary shares of £0.1 each

2016
£000

1

2016
£000

Shares classified as debt

Allotted, called up and fully paid

948,047 Preference shares of £1 each

948

Shares classified as equity

At incorporation 1 Ordinary share of £1 each was issued.

On 19 September 2016 the 1 Ordinary share was re-designated as 10 Ordinary shares of £0.10 each.

On the same date the following shares were also issued:

Share class	Nominal value per share £	Number allotted	Aggregate nominal value £	Price paid per share £	Total paid £	Share premium £
Ordinary	0.1	9,990	999	0.10	999	-
Ordinary	0.1	<u>1</u>	<u>-</u>	1,527,504	<u>1,527,504</u>	<u>1,527,504</u>
Total		<u>9,991</u>	<u>999</u>		<u>1,528,503</u>	<u>1,527,504</u>

Shares classified as debt

On 19 September the following shares were issued:

Share class	Nominal value per share £	Number allotted	Aggregate nominal value £	Price paid per share £	Total paid £
Preference	<u>0.00001</u>	<u>948,047</u>	<u>9</u>	<u>1.00</u>	<u>948,047</u>

Notes to the financial statements

For the period ended 31 December 2016

23. Reserves

Retained earnings

Includes all current and prior period retained profit and losses.

Share premium

Includes only premiums received on issue of share capital. Any transaction costs associated with issuing of shares are deducted from share premium.

24. Commitments under operating leases

At 31 December 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £000	Company 2016 £000
Within 1 year	431	-
Between 2 and 5 years	1,242	-
After more than 5 years	682	-
	2,355	-

25. Related party transactions

The company has taken advantage of the exemption under Financial Reporting Standard No 102 Section 33 "Related Party Disclosures" and has not disclosed any intra group related party transactions.

26. Controlling party

Iridium Topco Limited is the immediate parent undertaking of Iridium Midco Limited.

Iridium Topco Limited, a company incorporated in England and Wales, is the ultimate parent company of the group. The issued share capital of Iridium Topco Limited is held in majority by Inflexion Buyout Fund IV. Inflexion Buyout Fund IV is managed by Inflexion Buyout Fund IV General Partner Guernsey Limited and is deemed to be the ultimate controlling party.

The smallest and largest group of undertakings for which the entity is consolidated in to is that headed by the ultimate parent company, Iridium Topco Limited. Consolidated accounts are available from the company's registered office is Allan House, 10 John Princes Street, London, W1G 0JW.