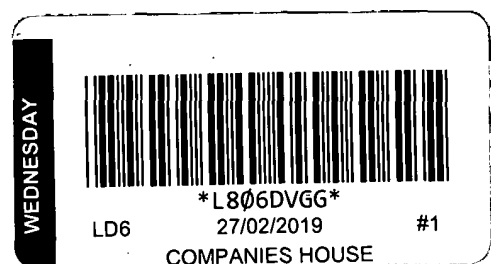


## **Volanti Media Limited**

Report and Financial Statements

Period from 09 June 2017 to 30 June 2018

Company Number 10812511



# **Volanti Media Limited**

## **Report and Financial Statements Period from 09 June 2017 to 30 June 2018**

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### **Directors**

Peter Harkness (Appointment 09/06/17 Resignation 27/09/18)  
James Campbell (Appointment 09/06/17)  
Michael Keating (Appointment 09/06/17)  
Simon Leslie (Appointment 09/06/17)  
Alexander Bliss (Appointment 27/09/18)  
Matthew Evan Lochner (Appointment 27/09/18)  
Jay Leveton (Appointment 27/09/18)  
Ryan Greene (Appointment 27/09/18)  
Jason Frederick Reid (Appointment 27/09/18)  
Beth Lester (Appointment 27/09/18)

### **Registered office**

Blackburn House, Blackburn Road, London, England, NW6 1RZ

### **Company number**

10812511

### **Auditors**

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

# **Volanti Media Limited**

## **Report and Financial Statements Period from 09 June 2017 to 30 June 2018**

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### **Report of the directors**

The directors present their report together with the audited financial statements for the period from 09 June 2017 to 30 June 2018.

#### **Directors**

Peter Harkness (Appointed 09/06/17 Resigned 27/09/18)

James Campbell (Appointed 09/06/17)

Michael Keating (Appointed 09/06/17)

Simon Leslie (Appointed 09/06/17)

Alexander Bliss (Appointed 27/09/18)

Matthew Evan Lochner (Appointed 27/09/18)

Jay Leveton (Appointed 27/09/18)

Ryan Greene (Appointed 27/09/18)

Jason Frederick Reid (Appointed 27/09/18)

Beth Lester (Appointed 27/09/18)

#### **Results and dividends**

The profit and loss account is set out on page 5 and shows the result for the period. No dividends were paid or received during the period.

#### **Going concern**

The financial statements have been prepared on a going concern basis which reflects the view of the Directors that the company will be able to continue in operational existence for the foreseeable future. The directors have prepared a business plan and cash flow forecast for the period to December 2019. The forecast contains various assumptions regarding future sales, gross margin and profitability levels, as well as the cost of the Group's debt structure.

Volanti Media Limited's result for the period from 09 June 2017 to 30 June 18 is a loss of £1.0m due to the consultancy costs associated with the acquisition going through the income statement along with having net current liabilities of £9.6m. The loan of £6m has been settled in full post period end as part of the acquisition (see Note 12). The directors have received signed documentation from its parent undertaking, Volanti Media (Holdings) Limited, confirming its intention to continue providing financial support to the Company.

Considering the above and having conducted a detailed review of future projections, funding and potential risks the directors are satisfied that the Company will continue as a going concern.

#### **Principal activities**

The principal activity of the company is an intermediate holding company.

#### **Business review and future developments**

During September 2018, The Stagwell Group via a newly formed UK company, Travel Content Limited, acquired the majority shareholding of Volanti Media (Holdings) Limited, Volanti Media Limited's ultimate parent company

The company's Income Statement for the period from 09 June 2017 to 30 June 2018 is set out on page 6 and shows the loss before taxation of £1.0m.

# **Volanti Media Limited**

## **Report and Financial Statements Period from 09 June 2017 to 30 June 2018**

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### **Report of the directors (continued)**

#### **Small company exemption**

In preparing this Directors' report, the directors have taken advantage of the small companies' exemption under Section 415 (A) of the Companies Act 2006 for reduced disclosures. The directors have also taken exemption under Section 414 (B) not to prepare a Strategic Report.

#### **Directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK & Republic of Ireland (FRS 102)). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Auditors**

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

#### **By order of the Board**



James Campbell  
Director

Date: 28 December 2018

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## **Independent auditor's report to the members of Volanti Media Limited**

### **Opinion**

We have audited the financial statements Volanti Media Limited (the 'company') for the period from 09 June 2017 to 30 June 2018 which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 12, 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 FRS 102 "The Financial Reporting Standard applicable in the UK" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2017 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting Standard applicable in the UK"; 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 Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company 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 company'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.

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## **Independent auditor's report to the members of Volanti Media Limited (continued)**

### **Other information**

The other information comprises the information included in the annual report set out on pages 1-2, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions 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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

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

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## **Independent auditor's report to the members of Volanti Media Limited (continued)**

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is 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 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 company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's 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 an auditor's report 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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

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.

*Ernst & Young LLP*

Christine Chua (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
Date

**Volanti Media Limited**  
**Report and Financial Statements**  
**Period from 09 June 2017 to 30 June 2018**

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**Income Statement**

	Note	Period to June 2018
		£'000
<b>Turnover</b>		-
Cost of sales		(16)
<b>Gross Profit/ (loss)</b>		<u>(16)</u>
Administrative expenses before exceptional items		-
Exceptional items	2	(723)
Administrative expenses		<u>(723)</u>
Other Operating Income		-
<b>Operating (Loss)</b>	2	<u>(739)</u>
Interest Payable and similar charges	3	(251)
<b>(Loss) on ordinary activities before taxation</b>		<u>(990)</u>
Taxation on (loss) on ordinary activities	5	<u>-</u>
<b>(Loss) on ordinary activities after taxation</b>		<u>(990)</u>
Other Comprehensive Income		-
<b>(Loss) on ordinary activities after taxation</b>		<u>(990)</u>

All amounts relate to continuing activities.  
The company has no other gains or losses other than the result for the current period.

The notes on pages 9 to 14 form part of these financial statements.

# Volanti Media Limited

## Report and Financial Statements Period from 09 June 2017 to 30 June 2018

### Statement of Changes in Equity At 30 June 2018

	Called-up share capital £'000	Share premium account £'000	Profit and Loss account £'000	Total £'000
Issue of share capital	-			
Share premium		1		1
Loss for the period			(990)	(990)
<b>At 30 June 2018</b>	<b>-</b>	<b>1</b>	<b>(990)</b>	<b>(989)</b>

The notes on pages 9 to 14 form part of these financial statements.

# Volanti Media Limited

Report and Financial Statements  
Period from 09 June 2017 to 30 June 2018

## Statement of Financial Position At 30 June 2018

	Note	Period to June 2018
		£'000
<b>Fixed assets</b>		
Investments	6	<u>25,000</u>
		25,000
<b>Creditors: amounts falling due within one year</b>	7	(9,573)
<b>Total assets less current liabilities</b>		15,427
<b>Creditors: amounts falling due after more than one year</b>	8	<u>(16,416)</u>
<b>Net liabilities</b>		<u>(989)</u>
<b>Capital and reserves</b>		
Called up share capital	9	-
Share premium	10	1
Profit and loss account		<u>(990)</u>
<b>Shareholders' funds/ (deficit)</b>		<u>(989)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 28 December 2018.



James Campbell  
Director

The notes on pages 9 to 14 form part of these financial statements.

# Volanti Media Limited

## Report and Financial Statements Period from 09 June 2017 to 30 June 2018

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### Notes forming part of the financial statements

#### 1 Accounting policies

##### ***Statement of compliance***

Volanti Media Limited is a private limited company incorporated in England. The Registered office is Blackburn House, Blackburn Road, London, NW6 1RZ. These financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the period from 09 June 2017 to 30 June 2018. The company transitioned from previously extant UK GAAP to FRS 102 as at 1 July 2014.

##### ***Basis of preparation***

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The financial statements are prepared in British Pounds which is the functional currency of the group and rounded to the nearest £'000.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent Volanti Media Limited. These financial statements therefore present information about the company as an individual undertaking and not about its group. The consolidated accounts of the group can be obtained from Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

The Company has taken advantage of the following disclosure exemptions under FRS 102:

The requirements of Section 33 *Related Party Disclosures* paragraph 33.7 and;  
The requirements of Section 7 *Statement of Cash Flows* and Section 3 *Financial Statement Presentation* paragraph 3.17(d).

The following principal accounting policies have been applied:

##### ***Taxation***

The charge for taxation is based on the profit for the period taking into account deferred taxation.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognized in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

# Volanti Media Limited

## Report and Financial Statements Period from 09 June 2017 to 30 June 2018

### Notes forming part of the financial statements (*continued*)

#### 1 Accounting policies (*continued*)

##### ***Dividends***

Equity dividends are recognized when they become legally payable. Interim equity dividends are recognized when paid. Final equity dividends are recognized when approved by the shareholders at the scheduled board meetings.

##### ***Investments***

Fixed asset investments are shown at cost less provision for impairment.

##### ***Reserves***

##### **Share premium account**

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Other reserves refer to profit and losses by the entity and share capital for funds invested.

##### ***Exceptional Costs***

Where costs are incurred due to an event or transaction that is considered abnormal, of material nature, not related to ordinary company activities and unlikely to recur in the foreseeable future they are considered as exceptional costs.

##### **Going concern**

The financial statements have been prepared on a going concern basis which reflects the view of the Directors that the company will be able to continue in operational existence for the foreseeable future. The directors have prepared a business plan and cash flow forecast for the period to December 2019. The forecast contains various assumptions regarding future sales, gross margin and profitability levels, as well as the cost of the Group's debt structure.

Volanti Media Limited's result for the period from 09 June 2017 to 30 June 18 is a loss of £1.0m due to the consultancy costs associated with the acquisition going through the income statement along with having net current liabilities of £9.6m. The loan of £6m has been settled in full post period end as part of the acquisition (see Note 12). The directors have received signed documentation from its parent undertaking, Volanti Media (Holdings) Limited, confirming its intention to continue providing financial support to the Company.

Considering the above and having conducted a detailed review of future projections, funding and potential risks the directors are satisfied that the Company will continue as a going concern.

#### 2 Operating (loss)

Fees in respect of audit and taxation services were borne by eSubstance Limited.

Exceptional costs of £723k were incurred in the period for the consultancy costs in relation to the sale of VMHL.

**Volanti Media Limited**  
**Report and Financial Statements**  
**Period from 09 June 2017 to 30 June 2018**

**Notes forming part of the financial statements (*continued*)**

<b>3</b>	<b>Interest payable and similar charges</b>	<b>Period ended 2018 £'000</b>
	Loans	<u><b>251</b></u>
	Interest relates to interest payable on a revolving cash facility bearing an interest rate of 2.75% above LIBOR.	
<b>4</b>	<b>Directors' remuneration</b>	
	The directors are remunerated by parent company, Volanti Management Limited, and the cost of director related services received by the company are charged under the Management Services Agreement.	
<b>5</b>	<b>Taxation on result on ordinary Activities</b>	<b>Period to 2018 £'000</b>
	The tax charge is made up as follows:	
	Current tax	-
	Deferred tax	-
	Tax on result on ordinary activities	<u>-</u>
	<b>Factors affecting the total tax charge</b>	
		<b>Period to 2018 £'000</b>
	Profit/(loss) on ordinary activities before tax	<u><b>(989)</b></u>
	Profit/(loss) on ordinary activities at the standard rate of Corporation tax in UK of 19%	<b>(188)</b>
	Effects of:	
	Expenses not deductible for tax purposes	<b>85</b>
	Effects of group relief	<b>103</b>
	Tax charge for the period	<u><u>-</u></u>

# Volanti Media Limited

Report and Financial Statements  
Period from 09 June 2017 to 30 June 2018

## Notes forming part of the financial statements *(continued)*

### 6 Fixed asset investments

	Shares in subsidiary undertakings £'000
<i>Cost</i>	
On acquisition and at 30 June 2018	25,000

Subsidiary undertakings	Country of registration or incorporation	Shares held	
		Class	%
Volanti Holdings Limited	England	Ordinary	100
Ink Publishing (Holdings) Limited	England	Ordinary	100
eSubstance Limited*	England	Ordinary	100
Ink Publishing (PTE) Limited *	Singapore	Ordinary	100
Ink Publishing Corporation *	USA	Ordinary	100
Ink Publishing (HK) Limited *	Hong Kong	Ordinary	100
Ink Publishing Advertising (Shanghai) Co Limited *	China	Ordinary	100
Ink do Brasil *	Brazil	Ordinary	100

eSubstance Limited, Ink Publishing (PTE) Limited, Ink Publishing Corporation and Ink do Brazil are engaged in providing content-driven communication solutions.

Ink Publishing (HK) Limited and Ink Publishing Advertising (Shanghai) Co Limited are non-trading.

\* held indirectly

# Volanti Media Limited

Report and Financial Statements  
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## Notes forming part of the financial statements (*continued*)

### 7 Creditors

	Period to June 2018 £'000
Trade creditors	1
Accrued loan interest	10
Amounts owed to Group undertakings	14
Amounts owed to subsidiary undertakings	3,547
Loan	6,000
	<u>9,572</u>

The Loan balance of £6m represents a revolving cash facility bearing an interest rate of 2.75% above LIBOR and quarterly repayment periods. Subsequent to 30 June 2018 this loan was settled as part of the transaction (note 12).

### 8 Creditors: amounts falling due after more than one year

	Period to June 2018 £'000
Amounts owed to Group Undertakings	<u>16,416</u>

The long term intercompany payable represents amounts owed to the company's immediate parent undertaking for amounts provided as part of the refinancing transaction. Terms of repayment are to be mutually agreed between the parties when sufficient reserves are available.

### 9 Share Capital

	2018 Number	Authorised 2018 £
Allotted, called up and fully paid		
Ordinary shares £0.001 each	100	100
	<u>100</u>	<u>100</u>

The company was incorporated on 09 June 2017 with an authorised share capital of 100 share value of £1.

# Volanti Media Limited

Report and Financial Statements  
Period from 09 June 2017 to 30 June 2018

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## Notes forming part of the financial statements (*continued*)

### 10 Share Premium

	Authorised 2018 £000's
Premium arising on issue of equity shares	1
Balance at 30 June 2018	1

On 9th June 2017 100 Ordinary shares were issued at £1.58 per share.

### 11 Ultimate parent undertaking

Endless Fund III held through private equity firm Endless LLP was the ultimate controlling party of Volanti Media Limited throughout the period from 09 June 2017 to the acquisition by Stagwell UK Holdings Limited in September 2018. Following the acquisition, the ultimate controlling party is now Stagwell Media LP.

### 12 Events after the balance sheet date

During September 2018, The Stagwell Group via a newly formed UK company, Travel Content Limited, acquired the majority shareholding of Volanti Media (Holdings) Limited, Volanti Media Limited's ultimate parent company.

There were no other significant events after the balance sheet date.