

Registered number: 02005521

IG COMMUNICATIONS LIMITED

UNAUDITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

MONDAY



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IG COMMUNICATIONS LIMITED

COMPANY INFORMATION

Directors	P Taaffe M Morrow
Registered number	02005521
Registered office	8th Floor Holborn Gate 26 Southampton Buildings London WC2A 1AN
Bankers	Lloyds Bank plc 25 Gresham Street London EC2V 7HN

IG COMMUNICATIONS LIMITED

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IG COMMUNICATIONS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Introduction

The Directors present their report and the financial statements for the year ended 31 December 2016.

Business review

The Company is an intermediate holding company. The Company did not trade during the year and the Directors do not anticipate that the Company will trade in the foreseeable future.

The Company is a subsidiary of Huntsworth plc, for which the key performance indicators have been identified as revenue, profit before tax and cash conversion.

Investment impairment totalling £0.7 million was recognised in the year. The carrying values of all investments as at 31 December 2016 were tested for impairment and as a result certain investments were written down to their net realisable values.

Principal risks and uncertainties

The ultimate parent of the Company reviews the principal risks and uncertainties facing the Group and individual companies. The Company's key risks and uncertainties are identified as: economic downturn; currency risk; investment decisions fail to deliver expected growth; new services do not meet changing market needs; loss of key clients; loss of key talent; information systems access and security; loan facility and covenant headroom risk and legal and regulatory compliance.

This report was approved by the board on 27 June 2017 and signed on its behalf.



M Morrow
Director

IG COMMUNICATIONS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

The Directors present their report and the financial statements for the year ended 31 December 2016.

Results and dividends

The loss for the year, after taxation, amounted to £1,967 thousand (*2015 - profit £1,244 thousand*).

The Directors of the Company recommended the payment of an interim dividend £30 million (2015: £nil).

Directors

The Directors who served during the year were:

P Taaffe
M Morrow

Future developments

The Directors expect that the company will continue with its existing operations for the foreseeable future.

This report was approved by the board on 27 June 2017 and signed on its behalf.



M Morrow
Director

IG COMMUNICATIONS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £000	2015 £000
Administrative expenses		(4,903)	(2,473)
Operating loss	3	(4,903)	(2,473)
Interest receivable and similar income	5	5,779	5,401
Interest payable and similar expenses	6	(185)	(180)
Profit before tax		691	2,748
Tax on profit	7	(2,658)	(1,504)
(Loss)/profit for the year		(1,967)	1,244

There were no recognised gains and losses for 2016 or 2015 other than those included in the profit and loss account.

The notes on pages 7 to 17 form part of these financial statements.

There was no other comprehensive income for 2016 (2015:£NIL).

IG COMMUNICATIONS LIMITED
REGISTERED NUMBER: 02005521

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £000	2015 £000
Investments	9	209,686	210,411
		<u>209,686</u>	<u>210,411</u>
Current assets			
Debtors: amounts falling due within one year	10	128,370	128,391
		<u>128,370</u>	<u>128,391</u>
Creditors: amounts falling due within one year	11	(39,853)	(8,632)
		<u>(39,853)</u>	<u>(8,632)</u>
Net current assets		88,517	119,759
		<u>88,517</u>	<u>119,759</u>
Total assets less current liabilities		298,203	330,170
		<u>298,203</u>	<u>330,170</u>
Creditors: amounts falling due after more than one year	12	(245,440)	(245,440)
		<u>(245,440)</u>	<u>(245,440)</u>
		52,763	84,730
		<u>52,763</u>	<u>84,730</u>
Net assets		52,763	84,730
		<u>52,763</u>	<u>84,730</u>

IG COMMUNICATIONS LIMITED
REGISTERED NUMBER: 02005521

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2016

	Note	2016 £000	2015 £000
Capital and reserves			
Called up share capital	14	10,092	10,092
Share premium account	15	-	95,129
Merger reserve	15	-	57,461
Profit and loss account		42,671	(77,952)
		<u>52,763</u>	<u>84,730</u>

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The Company was entitled to exemption from the requirement to have an audit under section 479A of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 June 2017.



M Morrow

Director

The notes on pages 7 to 17 form part of these financial statements.

IG COMMUNICATIONS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Share premium account	Merger reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2016	10,092	95,129	57,461	(77,952)	84,730
Loss for the year	-	-	-	(1,967)	(1,967)
Total comprehensive income for the year	-	-	-	(1,967)	(1,967)
Dividends: Equity capital	-	-	-	(30,000)	(30,000)
Shares issued during the year	57,461	-	-	-	57,461
Share premium cancelled during the year	-	(95,129)	-	-	(95,129)
Shares cancelled during the year	(57,461)	-	-	-	(57,461)
Transfer to/from profit and loss account	-	-	-	152,590	152,590
Capitalisation of merger reserve	-	-	(57,461)	-	(57,461)
At 31 December 2016	10,092	-	-	42,671	52,763

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Share premium account	Merger reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2015	10,092	95,129	58,005	(79,740)	83,486
Profit for the year	-	-	-	1,244	1,244
Total comprehensive income for the year	-	-	-	1,244	1,244
Transfer to/from profit and loss account	-	-	(544)	544	-
At 31 December 2015	10,092	95,129	57,461	(77,952)	84,730

The notes on pages 7 to 17 form part of these financial statements.

IG COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

1.3 Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the strategic report. The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with Huntsworth plc and fellow subsidiaries.

On the basis of their assessment of the Company's financial position the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

IG COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

1.4 Investments

Investments held as fixed assets are shown at cost less provision for impairment. The carrying values of fixed asset investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

1.5 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.

1.6 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Profit and Loss Account. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

IG COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

1.7 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.8 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account except when deferred in other comprehensive income as qualifying cash flow hedges.

1.9 Finance costs

Finance costs are charged to the Profit and Loss Account 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.

1.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.11 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

IG COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

1.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised 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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

In the application of the Company's accounting policies, the Directors are required to make judgments and assumptions about the future, based on historical experience and other factors which are considered to be relevant. The resulting accounting estimate will, by definition, seldom equal the related actual results:

Carrying value of investments

The Company tests annually whether investments has suffered any impairment. The recoverable amounts of investments have been determined based on value in use calculations. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from each investment and a suitable discount rate in order to calculate present value. Central costs are not allocated to individual investments.

3. Operating loss

The operating loss is stated after charging:

	2016	2015
	£000	£000
Impairment of investment in subsidiaries	725	1,170
Exchange differences	4,178	1,303

IG COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

4. Employees

The Company has no employees other than the Directors, who did not receive any remuneration (2015 - £NIL).

5. Interest receivable

	2016 £000	2015 £000
Interest receivable from group companies	5,779	5,401
	<u>5,779</u>	<u>5,401</u>

6. Interest payable and similar charges

	2016 £000	2015 £000
Interest payable from group companies	185	180
	<u>185</u>	<u>180</u>

7. Taxation

	2016 £000	2015 £000
Corporation tax		
Current tax on profit / (loss) for the year	2,658	1,504
Total current tax	<u>2,658</u>	<u>1,504</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>2,658</u>	<u>1,504</u>

IG COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - *higher than*) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	691	2,748
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	138	556
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	-	237
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,520	711
Total tax charge for the year	2,658	1,504

Factors that may affect future tax charges

The UK Government has passed legislation to reduce the main rate of UK corporation tax to 19% from 1 April 2017 and 17% from 1 April 2020. The expected impact of the reduction in the UK rate is reflected in the closing deferred tax position.

8. Dividends

	2016 £000	2015 £000
Dividends paid on equity capital	30,000	-
	30,000	-

IG COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. Fixed asset investments

	Investments in subsidiary companies £000	Other fixed asset investments £000	Total £000
Cost or valuation			
At 1 January 2016	281,134	15	281,149
At 31 December 2016	281,134	15	281,149
Impairment			
At 1 January 2016	70,738	-	70,738
Charge for the period	725	-	725
At 31 December 2016	71,463	-	71,463
Net book value			
At 31 December 2016	209,671	15	209,686
At 31 December 2015	210,396	15	210,411

Investment impairment totalling £0.7 million was recognised in the year. The carrying values of all investments as at 31 December 2016 were tested for impairment and as a result certain investments were written down to their net realisable values.

Direct subsidiary and associated undertakings

The following were subsidiary and associated undertakings of the Company:

Name	Class of shares	Holding	Registered office
Citigate & Trimedia Norden AB	Ordinary	100 %	Arenavagen 29, 8 tr. 121 77 Johanneshov. Stockholm, Sweden
Huntsworth Spain, S.L.	Ordinary	100 %	Paseo de la Castellana, 8, 5-izq., 28046 Madrid, Spain
Citigate First Financial B.V.	Ordinary	30 %	James Wattstraat 100-10, 1097 DM Amsterdam, Netherlands
Citigate Dewe Rogerson, i.Mage Pte Limited	Ordinary	100 %	55 Market Street, #02-01, Singapore 048941 3rd Floor, 3 London Wall Buildings, London Wall, London, EC2M 5SY, England
Dewe Rogerson Group Limited	Ordinary	100 %	Hanauer Landstraße 147, 60314 Frankfurt am Main, Germany
Huntsworth Holdings GmbH	Ordinary	100 %	8th Floor, Holborn Gate, 26 Southampton Buildings, London, England, WC2A 1AN
Citigate Communications Group Limited	Ordinary	100 %	

IG COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. Fixed asset investments (continued)

Citigate Broad Street UK Limited	Ordinary	100 %	3rd Floor, 3 London Wall Buildings, London Wall, London, EC2M 5SY, England James Wattstraat 100-10, 1097 DM
Grayling Nederland B.V.	Ordinary	100 %	Amsterdam, Netherlands
Huntsworth Dormant (IH) Limited	Ordinary	100 %	8th Floor, Holborn Gate, 26 Southampton Buildings, London, England, WC2A 1AN 8th Floor, Holborn Gate, 26 Southampton Buildings, London, England, WC2A 1AN
Beaumark Limited	Ordinary	100 %	Avenue de Cortenbergh, 66 1000 Brussels, Belgium
Citigate Dewe Rogerson Belgium SA	Ordinary	100 %	3rd Floor, 3 London Wall Buildings, London Wall, London, EC2M 5SY, England
Citigate Sponsorship Limited	Ordinary	100 %	8th Floor, Holborn Gate, 26 Southampton Buildings, London, England, WC2A 1AN
Huntsworth (I2) Limited	Ordinary	100 %	3rd Floor, 3 London Wall Buildings, London Wall, London, EC2M 5SY, England
Huntsworth Dormant (IUK)	Ordinary	100 %	8th Floor, Holborn Gate, 26 Southampton Buildings, London, England, WC2A 1AN
Huntsworth Dormant 1 Limited	Ordinary	100 %	8th Floor, Holborn Gate, 26 Southampton Buildings, London, England, WC2A 1AN
Huntsworth Dormant 2 Limited	Ordinary	100 %	8th Floor, Holborn Gate, 26 Southampton Buildings, London, England, WC2A 1AN
Park Avenue Productions Limited	Ordinary	100 %	8th Floor, Holborn Gate, 26 Southampton Buildings, London, England, WC2A 1AN
Grayling SA	Ordinary	57 %	Avenue des Arts, 46, 1000 Brussels, Belgium

Indirect Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Registered office
Citigate Dewe Rogerson (Beijing) Consulting Services Co., Ltd	Ordinary	100 %	1506A, Floor 15, Avic Building, No. B10 East Third Ring Road, Beijing 100022, China
Grayling Deutschland GmbH	Ordinary	100 %	Hanauer Landstraße 147, 60314 Frankfurt am Main, Germany
Grayling München GmbH	Ordinary	100 %	Hanauer Landstraße 147, 60314 Frankfurt am Main, Germany
Citigate Asia Limited	Ordinary	100 %	15/F Chinachem Hollywood Centre, 1 Hollywood Road, Central, Hong Kong
Huntsworth Dormant (IL) Limited	Ordinary	100 %	15/F Chinachem Hollywood Centre, 1 Hollywood Road, Central, Hong Kong
Tonic Life Communications Asia Pacific Limited	Ordinary	100 %	15/F Chinachem Hollywood Centre, 1 Hollywood Road, Central, Hong Kong
Grayling Comunicacion, S.L.	Ordinary	100 %	Paseo de la Castellana, 8, 5-izq., 28046 Madrid, Spain
Sanchis y Asociados Imagen y Comunicacion, S.A.	Ordinary	100 %	Paseo de la Castellana, 8, 5-izq., 28046 Madrid, Spain
Citigate & Trimedia Norden AB	Ordinary	100 %	Arenavagen 29, 8 tr. 121 77 Johanneshov. Stockholm, Sweden
Grayling & Citigate Norden AB	Ordinary	100 %	Arenavagen 29, 8 tr. 121 77 Johanneshov. Stockholm, Sweden

IG COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. Fixed asset investments (continued)

Citigate Europe Limited	Ordinary	100 %	8th Floor, Holborn Gate, 26 Southampton Buildings, London, England, WC2A 1AN
Citigate Northern Ireland Public Affairs Limited	Ordinary	100 %	Arthur Cox Belfast, Victoria House, 15-17 Gloucester Street, Belfast, BT1 4LS
Citigate Public Affairs Limited	Ordinary	100 %	8th Floor, Holborn Gate, 26 Southampton Buildings, London, England, WC2A 1AN
Citigate Westminster Limited	Ordinary	100 %	8th Floor, Holborn Gate, 26 Southampton Buildings, London, England, WC2A 1AN
Dewe Rogerson Limited	Ordinary	100 %	8th Floor, Holborn Gate, 26 Southampton Buildings, London, England, WC2A 1AN
Dewe Rogerson UK Limited	Ordinary	100 %	3rd Floor, 3 London Wall Buildings, London Wall, London, EC2M 5SY, England
Huntsworth (CB) Limited	Ordinary	100 %	8th Floor, Holborn Gate, 26 Southampton Buildings, London, England, WC2A 1AN
Huntsworth Dormant 3 Limited	Ordinary	100 %	8th Floor, Holborn Gate, 26 Southampton Buildings, London, England, WC2A 1AN
Huntsworth Dormant 4 Limited	Ordinary	100 %	8th Floor, Holborn Gate, 26 Southampton Buildings, London, England, WC2A 1AN
Huntsworth Dormant 5 Limited	Ordinary	100 %	8th Floor, Holborn Gate, 26 Southampton Buildings, London, England, WC2A 1AN
IOL Limited	Ordinary	100 %	8th Floor, Holborn Gate, 26 Southampton Buildings, London, England, WC2A 1AN
Tactical Holdings Limited	Ordinary	100 %	8th Floor, Holborn Gate, 26 Southampton Buildings, London, England, WC2A 1AN
Tactical Marketing Limited	Ordinary	100 %	8th Floor, Holborn Gate, 26 Southampton Buildings, London, England, WC2A 1AN
Team LGM Limited	Ordinary	100 %	8th Floor, Holborn Gate, 26 Southampton Buildings, London, England, WC2A 1AN
TMG Group Holdings Limited	Ordinary	100 %	8th Floor, Holborn Gate, 26 Southampton Buildings, London, England, WC2A 1AN

10. Debtors

	2016	2015
	£000	£000
Amounts owed by group undertakings	127,969	128,317
Other debtors	75	74
Deferred taxation	326	-
	128,370	128,391

Interest is receivable on intercompany loan notes of US\$30 million (£20.4 million) at 6.75% per annum, on intercompany loan notes of US\$26.3 million (£17.9 million) at 7.5% per annum and on intercompany loan notes of £40.4 million at LIBOR plus 2.5%.

IG COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

11. Creditors: Amounts falling due within one year

	2016	2015
	£000	£000
Amounts owed to group undertakings	39,853	8,632
	<u>39,853</u>	<u>8,632</u>

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

	2016	2015
	£000	£000
Amounts owed to group undertakings	245,440	245,440
	<u>245,440</u>	<u>245,440</u>

13. Deferred taxation

	2016
	£000
At beginning of year	-
Tax losses previously recognised as Current Tax	326
	<u>326</u>
At end of year	<u>326</u>

The deferred tax asset is made up as follows:

	2016
	£000
Tax losses recognised	326
	<u>326</u>

14. Share capital

	2016	2015
	£000	£000
Shares classified as equity		
Authorised		
262,000,000 Ordinary shares of £0.05 each	13,100	13,100
	<u>13,100</u>	<u>13,100</u>

IG COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

14. Share capital (continued)

Allotted, called up and fully paid

201,842,734 Ordinary shares of £0.05 each	10,092	10,092
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During the year 1,149,225,360 shares of £0.05 each were allotted through a bonus issue. These were subsequently cancelled and extinguished.

15. Reserves

Share premium account

The share premium account is used to record the premium on shares issued. It is calculated as the amount paid over the par value of shares issued. During 2016 the full share premium balance was cancelled.

Merger Reserve

The merger reserve is used to record the premium on shares issued as consideration (both initial and deferred) for acquired businesses where the Company acquires 90% or more of the ordinary share capital of the acquired business. During 2016 the merger reserve was capitalised and applied in paying up in full 1,149,225,360 bonus ordinary shares allotted.

16. Contingent liabilities

The Company is a party to the Group's multi-currency facility with Lloyds Bank plc, HSBC Bank plc and Barclays Bank plc which the Company entered into through cross guarantee and indemnity arrangements. As at 31 December 2016 the Group has a multi-currency facility agreement of £70 million. A further £15 million is available on a non-committed basis under an accordion arrangement.

The Company is registered with HM Revenue & Customs as a member of a group for VAT purposes and as a result is jointly and severally liable on a continuing basis for amounts owing by any other members of that group in respect of unpaid VAT. At the balance sheet date the outstanding VAT group liability was £1.2 million (2015: £1.1 million).

17. Post balance sheet events

In January 2017, the Company purchased Huntsworth Communications Limited, whose ultimate controlling party is Huntsworth plc, for its fair market value of £1. The term of the loan notes were extended.

18. Controlling party

The Company's immediate parent undertaking is Huntsworth Holdings Limited. The Company's ultimate parent undertaking and controlling party is Huntsworth plc. Huntsworth plc is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Huntsworth plc's consolidated financial statements, which include the Company, are available from its registered office at 8th Floor, Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN.