Registered number: 08800981

# SOMETHIN' ELSE GROUP LIMITED

## DIRECTORS' REPORT AND FINANCIAL STATEMENTS

## FOR THE PERIOD ENDED 31 MARCH 2015

## SOMETHIN' ELSE GROUP LIMITED

## COMPANY INFORMATION

| | |
|---|---|
| **DIRECTORS** | S L Ackerman (appointed 3 December 2013)<br>T H Barnicoat (appointed 3 December 2013)<br>P R Bennun (appointed 3 December 2013)<br>J Nelson (appointed 7 March 2014)<br>B Kerr (appointed 7 March 2014)<br>J M Wilkins (appointed 15 May 2014)<br>S C Smith (appointed 3 December 2013, resigned 7 August 2015)<br>J F W Sanderson (appointed 3 December 2013, resigned 7 July 2015) |
| **REGISTERED NUMBER** | 08800981 |
| **REGISTERED OFFICE** | Waverley House<br>7-12 Noel Street<br>London<br>W1F 8GQ |
| **INDEPENDENT AUDITOR** | Ecovis Wingrave Yeats LLP<br>Chartered Accountants and Statutory Auditor<br>Waverley House<br>7-12 Noel Street<br>London<br>W1F 8GQ |

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# GROUP STRATEGIC REPORT
# FOR THE PERIOD ENDED 31 MARCH 2015

The Directors present their Strategic Report for the period ending 31 March 2015.

The company was incorporated on 3 December 2013 in England and Wales and these financial statements represent the first period of trading.

## INTRODUCTION

The principal activities of the group are that of production of radio and television programmes, digital design, development and interactive game production.

## BUSINESS REVIEW

Revenues during the period from incorporation to 31 March 2015 amounted to £8.74m with a gross profit of £5.47m and a gross profit margin of 62.5%.

Earnings before interest, taxation, depreciation, amortisation and restructuring costs improved to £150,966 with a profit before tax of £162,831.

The company incurred £41,222 of exceptional items relating to the restructuring of Somethin' Else Sound Directions Limited.

## PRINCIPAL RISKS AND UNCERTAINTIES

All businesses face a range of risks and uncertainties, being subject to hazards from internal and external sources. The group undertakes regular risk assessments and the likelihood and significance of risk factors are considered to ensure risk mitigation.

The UK economy is recovering but remains a challenge. The operational leverage is such that any deterioration in sales performance may have a disproportionate reduction in profitability. The group mitigates this risk by continuous monitoring of costs. In addition, the group is aggressively pursuing work and orders from new and existing customers.

This report was approved by the board on 3 September 2015 and signed on its behalf.

**J Nelson**
**Director**

# DIRECTORS' REPORT
# FOR THE PERIOD ENDED 31 MARCH 2015

The Directors present their report and the financial statements for the period ended 31 March 2015.

## INTRODUCTION

The company, Somethin' Else Group Limited, was incorporated on 3rd December 2013 and these financial statements represent its first period of account. On the same date the company acquired a 100% equity stake in Somethin' Else Sound Directions Limited and its subsidiary undertakings.

38.37% was acquired by way of share for share exchange with the existing natural shareholders of Somethin' Else Sound Directions Limited. The remaining 61.63% was purchased on the same date via a share purchase agreement between the company and Loudwater Capital GP Limited, a general partner of Loudwater Capital LP. The share purchase was financed by way of £100,000 share for share exchange, £700,000 cash consideration, £50,000 loan note and deferred consideration of up to £500,000 dependent on the results of the group until the year ended 31 March 2017, a total consideration of £1,350,000.

The goodwill arising on consolidation is detailed within Note 20 of these financial statements.

## RESULTS AND DIVIDENDS

The profit for the period, after minority interest and taxation, amounted to £166,856.

No dividends have been paid by the group during the period. The directors do not recommend the payment of a final dividend for the period.

## DIRECTORS

The Directors who served during the period were:

S L Ackerman (appointed 3 December 2013)
T H Barnicoat (appointed 3 December 2013)
P R Bennun (appointed 3 December 2013)
J Nelson (appointed 7 March 2014)
B Kerr (appointed 7 March 2014)
J M Wilkins (appointed 15 May 2014)
S C Smith (appointed 3 December 2013, resigned 7 August 2015)
J F W Sanderson (appointed 3 December 2013, resigned 7 July 2015)

## FUTURE DEVELOPMENTS

The group is continuing to investigate new products and markets and will endeavour to expand its trading activities.

The group's management team is dedicated to maintaining and extending the improvements in customer services, quality and productivity.

## FINANCIAL INSTRUMENTS

The availability of credit for consumers and businesses is still limited. Thus there is the possibility of bad debts. However, this risk is mitigated by the maintenance of cash reserves and through agreements with customers regarding payment terms and credit facilities. Extended credit terms are agreed with creditors where possible.

The group's financing costs may be affected by interest rate changes. The group is also exposed to liquidity risks, including risks associated with refinancing borrowings as they mature, the risk that borrowing facilities are not available to meet cash requirements and the risk that financial assets cannot readily be converted to cash without loss of value. Failure to manage financing risks could have a material impact on the group's cash flow, balance sheet and financial position. The group mitigates this risk by agreeing the interest payable and the terms of finance. Any exceptions require approval by the board of directors. Cash flows are also regularly reviewed.

## DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

## 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 that Director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that 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.

## DIRECTORS' REPORT
## FOR THE PERIOD ENDED 31 MARCH 2015

### AUDITOR

The auditor, Ecovis Wingrave Yeats LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 3 September 2015 and signed on its behalf.

**J Nelson**
Director

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SOMETHIN' ELSE GROUP LIMITED

We have audited the financial statements of Somethin' Else Group Limited for the period ended 31 March 2015, set out on pages 7 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### 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 March 2015 and of the group's profit 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.

### OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion 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 the financial statements.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SOMETHIN' ELSE GROUP LIMITED

### 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.

Martin Jones (Senior Statutory Auditor)

for and on behalf of
**Ecovis Wingrave Yeats LLP**

Chartered Accountants and Statutory Auditor

Waverley House
7-12 Noel Street
London
W1F 8GQ

3 September 2015

## CONSOLIDATED PROFIT AND LOSS ACCOUNT
## FOR THE PERIOD ENDED 31 MARCH 2015

| | Note | *For the period ended 31 March 2015* £ |
|---|---|---|
| **TURNOVER** | 1, 2 | *8,747,187* |
| Cost of sales | | *(3,279,032)* |
| **GROSS PROFIT** | | *5,468,155* |
| Administrative expenses | | *(5,260,850)* |
| Exceptional administrative expenses | | *(41,222)* |
| Administrative expenses | | *(5,302,072)* |
| **EBITDA before restructuring costs*** | | **150,966** |
| Excluding the following: | | |
| Exceptional administrative expenses | | *(41,222)* |
| Profit on disposal of fixed assets | | *947* |
| Amortisation | | *194,910* |
| Depreciation | | *(139,518)* |
| | | *15,117* |
| **OPERATING PROFIT** | 3 | *166,083* |
| Interest receivable and similar income | | *1,495* |
| Interest payable and similar charges | 6 | *(4,747)* |
| **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION** | | *162,831* |
| Tax on profit on ordinary activities | 7 | *4,025* |
| **PROFIT FOR THE FINANCIAL YEAR** | 17 | **166,856** |

* EBITDA = Earnings before interest, taxation, depreciation and amortisation

All amounts relate to continuing operations.

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

The notes on pages 11 to 25 form part of these financial statements.

SOMETHIN' ELSE GROUP LIMITED
REGISTERED NUMBER: 08800981

# CONSOLIDATED BALANCE SHEET
# AS AT 31 MARCH 2015

| | Note | £ | 2015 £ |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Intangible assets | 8 | | **(469,332)** |
| Tangible assets | 9 | | **267,167** |
| | | | **(202,165)** |
| **CURRENT ASSETS** | | | |
| Debtors: amounts falling due after more than one year | 11 | **18,895** | |
| Debtors: amounts falling due within one year | 11 | **2,166,507** | |
| Cash at bank | 12 | **523,451** | |
| | | **2,708,853** | |
| **CREDITORS:** amounts falling due within one year | 13 | **(1,668,641)** | |
| **NET CURRENT ASSETS** | | | **1,040,212** |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | **838,047** |
| **CREDITORS:** amounts falling due after more than one year | 14 | | **(450,000)** |
| **NET ASSETS** | | | **388,047** |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | 16 | | **100,000** |
| Profit and loss account | 17 | | **166,856** |
| **SHAREHOLDERS' FUNDS** | 18 | | **266,856** |
| **MINORITY INTERESTS** | 19 | | **121,191** |
| | | | **388,047** |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 September 2015.

**J Nelson**
Director

The notes on pages 11 to 25 form part of these financial statements.

**SOMETHIN' ELSE GROUP LIMITED**
**REGISTERED NUMBER: 08800981**

# COMPANY BALANCE SHEET
## AS AT 31 MARCH 2015

| | Note | £ | 2015 £ |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Investments | 10 | | 1,350,000 |
| **CREDITORS:** amounts falling due within one year | 13 | | (804,533) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | 545,467 |
| **CREDITORS:** amounts falling due after more than one year | 14 | | (450,000) |
| **NET ASSETS** | | | 95,467 |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | 16 | | 100,000 |
| Profit and loss account | 17 | | (4,533) |
| **SHAREHOLDERS' FUNDS** | 18 | | 95,467 |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 September 2015.

**J Nelson**
Director

The notes on pages 11 to 25 form part of these financial statements.

## CONSOLIDATED CASH FLOW STATEMENT
## FOR THE PERIOD ENDED 31 MARCH 2015

| | Note | 2015<br>£ |
|---|---|---|
| Net cash flow from operating activities | 21 | **109,735** |
| Returns on investments and servicing of finance | 22 | **(3,252)** |
| Capital expenditure and financial investment | 22 | **416,968** |
| **INCREASE IN CASH IN THE PERIOD** | | **523,451** |

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
## FOR THE PERIOD ENDED 31 MARCH 2015

| | 2015<br>£ |
|---|---|
| Increase in cash in the period | **523,451** |
| **MOVEMENT IN NET FUNDS IN THE PERIOD** | **523,451** |
| **NET FUNDS AT 31 MARCH 2015** | **523,451** |

The notes on pages 11 to 25 form part of these financial statements.

## 1. ACCOUNTING POLICIES

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

### 1.2 Basis of consolidation

The financial statements consolidate the accounts of Somethin' Else Group Limited and all of its subsidiary undertakings ('subsidiaries').

The results of subsidiaries acquired during the period are included from the effective date of acquisition.

### 1.3 Going concern

The directors are satisfied that the group has sufficient resources to meet its obligations as and when they fall due for a period of at least 12 months from the approval of these financial statements and therefore it is appropriate for the financial statements to be prepared on a going concern basis.

### 1.4 Turnover

Turnover comprises revenue recognised by the group in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts.

Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Revenue not billed to clients is included in debtors and payments on account in excess of the relevant amount of revenue are included in creditors.

Turnover also comprises commissions and fees receivable exclusive of sales related taxes. Agency commissions are recognised on completion of the transaction.

### 1.5 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss Account over its estimated economic life.

Amortisation is provided at the following rates:

| | | |
|---|---|---|
| Negative goodwill | - | 20% straight line |

### 1.6 Tangible fixed assets and depreciation

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 on the following bases:

| | | |
|---|---|---|
| Leasehold property | - | 10% straight line |
| Fixtures & fittings | - | 10% straight line |
| Office equipment | - | 33.33% straight line |
| Production Equipment | - | 20% straight line |

## 1. ACCOUNTING POLICIES (continued)

### 1.7 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

### 1.8 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

### 1.9 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

### 1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

### 1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

## 1. ACCOUNTING POLICIES (continued)

### 1.12 Pensions

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the period.

### 1.13 Share based payments

The group issued share options to certain employees. The cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which they were granted and is recognised as an expense over the vesting period, which ends on the date which the relevant employee becomes fully entitled to the award.

The fair value is determined using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of shares of the company (market conditions).

## 2. TURNOVER

The turnover is attributable to the principal activities of the group and arises mainly from the United Kingdom and also from Africa, America, Australia, Asia and Europe. At March 2015, the group is organised into two principal buisness segments:

The production of radio and television programmes, digital and other services.

**An analysis of turnover by geographical market is as follows:**

| | Group 2015 £ | Company 2015 £ |
|---|---|---|
| United Kingdom | 8,556,292 | - |
| Europe | 157,404 | - |
| United States of America | 29,974 | - |
| Australia | 2,000 | - |
| Africa | 501 | - |
| Asia | 1,016 | - |
| Total | 8,747,187 | - |

**An analysis of turnover by class of business is as follow:**

| | Group 2015 £ | Company 2015 £ |
|---|---|---|
| Radio & television | 6,557,663 | - |
| Digital & other | 2,189,524 | - |
| Total | 8,747,187 | - |

## 3. OPERATING PROFIT

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

| | Period ended 31 March 2015 £ |
|---|---|
| Amortisation of negative goodwill | (194,910) |
| Depreciation of tangible fixed assets: | |
| - owned by the group | 139,518 |
| Auditor's remuneration - audit services | 17,500 |
| Operating lease rentals: | |
| - plant and machinery | 10,517 |
| - other operating leases | 417,378 |
| Difference on foreign exchange | 645 |
| Research and development expenditure written off | 29,335 |

Auditor's fees for the company were £5,200.

Included within exceptional items is £41,222 relating to restructuring costs.

## 4. STAFF COSTS

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

| | Period ended 31 March 2015 £ |
|---|---|
| Wages and salaries | 3,430,716 |
| Social security costs | 369,509 |
| Other pension costs | 104,082 |
| | 3,904,307 |

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

| | Period ended 31 March 2015 No. |
|---|---|
| Production, sales and marketing | 61 |
| Administration | 10 |
| | 71 |

## 5. DIRECTORS' REMUNERATION

| | Period ended 31 March 2015 £ |
|---|---|
| Remuneration | 528,017 |
| Company pension contributions to defined contribution pension schemes | 36,620 |

During the period retirement benefits were accruing to 4 directors in respect of defined contribution pension schemes.

The highest paid director received remuneration of £151,667.

## 6. INTEREST PAYABLE

| | Period ended 31 March 2015 £ |
|---|---|
| On bank loans and overdrafts | 4,747 |

## 7. TAXATION

| | 2015 £ |
|---|---|
| **Analysis of tax charge in the period** | |
| **Deferred tax** (see note 15) | |
| Origination and reversal of timing differences | (4,025) |
| **Tax on profit on ordinary activities** | (4,025) |

## 7. 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:

| | 2015 £ |
|---|---|
| Profit on ordinary activities before tax | **162,831** |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% | **32,566** |
| **Effects of:** | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | **6,636** |
| Fixed asset timing differences | **5,550** |
| Depreciation in excess of capital allowances | **(4,992)** |
| Utilisation of tax losses | **(15,941)** |
| Other short term timing differences | **(23,819)** |
| **Current tax charge for the period** (see note above) | **-** |

### Factors that may affect future tax charges

The group has tax losses of approximately £3,000,000 avaliable to use against future trading profits.

## 8. INTANGIBLE FIXED ASSETS

| **Group** | **Negative goodwill £** |
|---|---|
| **Cost** | |
| Additions | **(664,242)** |
| At 31 March 2015 | **(664,242)** |
| **Amortisation** | |
| Charge for the period | **(194,910)** |
| At 31 March 2015 | **(194,910)** |
| **Net book value** | |
| At 31 March 2015 | **(469,332)** |

See note 20 for full details surrounding the goodwill.

Negative goodwill is being amortised over 5 years.

## 9. TANGIBLE FIXED ASSETS

| Group | Leasehold property £ | Fixtures & fittings £ | Office equipment £ | Production equipment £ | Total £ |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Additions | 26,102 | 7,070 | 34,645 | 6,818 | 74,635 |
| On acquisition of subsidiaries | 375,005 | 93,560 | 274,198 | 126,267 | 869,030 |
| At 31 March 2015 | 401,107 | 100,630 | 308,843 | 133,085 | 943,665 |
| **Depreciation** | | | | | |
| Charge for the period | 229,191 | 30,325 | 191,588 | 85,876 | 536,980 |
| On acquisition of subsidiaries | 49,990 | 12,301 | 55,757 | 21,470 | 139,518 |
| At 31 March 2015 | 279,181 | 42,626 | 247,345 | 107,346 | 676,498 |
| **Net book value** | | | | | |
| At 31 March 2015 | 121,926 | 58,004 | 61,498 | 25,739 | 267,167 |

## 10. FIXED ASSET INVESTMENTS

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

| Name | Class of shares | Holding |
|---|---|---|
| Somethin' Else Sound Directions Limited | Ordinary | 100% |
| Somethin' Else Live Limited | Ordinary | 100% |
| Somethin' Else North Limited | Ordinary | 100% |
| All Out Productions Limited | Ordinary | 100% |
| Radio Music Shop Limited | Ordinary | 100% |
| The XY Network Limited | Ordinary | 85% |

All subsidiary companies are incorporated in England & Wales. The principal activities of the subsidiaries are that of production of radio and television programmes, digital design, development and interactive game production.

The aggregate of the share capital and reserves as at 31 March 2015 and of the profit or loss for the period ended on that date for the subsidiary undertakings were as follows:

| Name | Aggregate of share capital and reserves £ | Profit/(loss) £ |
|---|---|---|
| Somethin' Else Sound Directions Limited | 987,117 | (56,851) |
| Somethin' Else Live Limited | (1,057,080) | 33,330 |
| Somethin' Else North Limited | 1 | - |
| All Out Productions Limited | 600 | - |
| Radio Music Shop Limited | 1 | - |
| The XY Network Limited | 807,945 | - |

## 10. FIXED ASSET INVESTMENTS (continued)

| Company | Investments in subsidiary companies £ |
|---|---|
| **Cost or valuation** | |
| Additions (note 20) | 1,350,000 |
| At 31 March 2015 | 1,350,000 |
| **Net book value** | |
| At 31 March 2015 | 1,350,000 |

## 11. DEBTORS

| | Group 2015 £ | Company 2015 £ |
|---|---|---|
| **Due after more than one year** | | |
| Other debtors | 18,895 | - |

| | Group 2015 £ | Company 2015 £ |
|---|---|---|
| **Due within one year** | | |
| Trade debtors | 719,870 | - |
| Directors' loans | 135,000 | - |
| Other debtors | 18,850 | - |
| Prepayments and accrued income | 585,746 | - |
| Tax recoverable | 77,020 | - |
| Deferred tax asset (see note 15) | 630,021 | - |
| | 2,166,507 | - |

## 12. CASH AT BANK AND IN HAND

| | Group | Company |
|---|---|---|
| | 2015 | 2015 |
| | £ | £ |
| Cash in escrow | 337,877 | - |
| Other bank balances | 185,574 | - |
| Total | 523,451 | - |

Cash in escrow relates to monies received by the group broadcasters in relation to specific productions. All sums paid by broadcasters in connection with the productions are credited to the individual production bank accounts

## 13. CREDITORS:
**Amounts falling due within one year**

| | Group | Company |
|---|---|---|
| | 2015 | 2015 |
| | £ | £ |
| Trade creditors | 569,730 | - |
| Amounts owed to group undertakings | - | 700,000 |
| Other taxation and social security | 319,734 | - |
| Other creditors | 116,608 | 104,533 |
| Accruals and deferred income | 662,569 | - |
| | 1,668,641 | 804,533 |

Other creditors includes deferred consideration of £50,000 and loan notes of £50,000 (see note 20 and 27).

## 14. CREDITORS:
**Amounts falling due after more than one year**

| | Group | Company |
|---|---|---|
| | 2015 | 2015 |
| | £ | £ |
| Other creditors | 450,000 | 450,000 |

Other creditors includes deferred consideration of £450,000 (see note 20).

## 15. DEFERRED TAXATION

| | Group | Company |
|---|---|---|
| | 2015 | 2015 |
| | £ | £ |
| At beginning of period | - | - |
| Released during the period (P&L) | 4,025 | - |
| On acquisition of subsidaries | 625,996 | - |
| At end of period | 630,021 | - |

*The deferred taxation balance is made up as follows:*

| | Group | Company |
|---|---|---|
| | 2015 | 2015 |
| | £ | £ |
| Tax losses | 625,996 | - |
| Short term timing differences | 4,025 | - |
| | 630,021 | - |

## 16. SHARE CAPITAL

| | 2015 |
|---|---|
| | £ |
| **Allotted, called up and fully paid** | |
| 100,000,000 Ordinary shares of £0.001 each | 100,000 |

## 17. RESERVES

| | Profit and loss account |
|---|---|
| **Group** | £ |
| Profit for the financial period | 166,856 |
| At 31 March 2015 | 166,856 |

## 17. RESERVES (continued)

| **Company** | **Profit and loss account £** |
|---|---|
| Loss for the financial period | **(4,533)** |
| At 31 March 2015 | **(4,533)** |

## 18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| **Group** | **2015 £** |
|---|---|
| Opening shareholders' funds | **-** |
| Profit for the financial period | **166,856** |
| Shares issued during the period | **100,000** |
| Closing shareholders' funds | **266,856** |

| **Company** | **2015 £** |
|---|---|
| Opening shareholders' funds | **-** |
| Loss for the financial period | **(4,533)** |
| Shares issued during the period | **100,000** |
| Closing shareholders' funds | **95,467** |

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The loss for the period dealt with in the accounts of the company was £4,533.

## 19. MINORITY INTERESTS

| **Equity** | **£** |
|---|---|
| At 3 December 2013 | **-** |
| On acquisition of subsidaries | **(121,191)** |
| At 31 March 2015 | **(121,191)** |

There is a 15% minority interest in The XY Network Limited. The XY Network Limited was dormant during the period.

## 20. ACQUISITIONS

The company, Somethin' Else Group Limited, was incorporated on 3rd December 2013. On the same date the company acquired a 100% equity stake in Somethin' Else Sound Directions Limited and its subsidiary undertakings.

38.37% was acquired by way of share for share exchange with the existing natural sharesholders of Somethin' Else Sound Directions Limited. The remaining 61.63% was purchased on the same date via a share purchase agreement between the company and Loudwater Capital GP Limited, a general partner of Loudwater Capital LP. The share purchase was financed by way of £100,000 share for share exchange, £700,000 cash consideration, £50,000 loan note and deferred consideration of up to £500,000 dependent on the results of the group until the year ended 31 March 2017.

The negative goodwill arising on consolidation is determined as follows:

| | **Vendors' book value at date of acquisition £** | *Fair value to the group £* |
|---|---|---|
| **Assets and liabilities acquired** | | |
| Tangible fixed assets | **332,049** | *332,049* |
| Debtors | **1,863,821** | *1,863,821* |
| Cash at bank | **1,191,603** | *1,191,603* |
| Other creditors and provisions | **(1,373,231)** | *(1,373,231)* |
| Net assets acquired | **2,014,242** | *2,014,242* |

| | £ |
|---|---|
| **Satisfied by** | |
| Consideration: | |
| Cash | **700,000** |
| Loan notes (see note 13) | **50,000** |
| Deferred consideration (see note 13 and 14) | **500,000** |
| Ordinary share capital | **100,000** |
| Total consideration | **1,350,000** |

| | |
|---|---|
| Negative goodwill arising on consolidation taken to intangible fixed assets (see note 8) | **(664,242)** |

## 20. ACQUISITIONS (continued)

The summarised profit and loss account for Somethin' Else Sound Directions for the period from 1 April 2013 to the date of acquisition and in the prior year was as follows:

| | **1 April 2013 to 3 December 2013** | *1 April 2012 to 31 March 2013* |
|---|---|---|
| | **£** | *£* |
| Turnover | **3,537,250** | *6,194,951* |
| Operating profit/ (loss) | **(231,639)** | *25,986* |
| Loss before taxation | **(234,429)** | *(745,709)* |
| Taxation | **14,702** | *71,675* |
| Loss after taxation | **(219,727)** | *(674,034)* |

## 21. NET CASH FLOW FROM OPERATING ACTIVITIES

| | **2015** |
|---|---|
| | **£** |
| Operating profit | **166,083** |
| Amortisation of negative goodwill | **(194,910)** |
| Depreciation of tangible fixed assets | **139,518** |
| Increase in debtors | **(229,694)** |
| Increase in creditors | **228,738** |
| **Net cash inflow from operating activities** | **109,735** |

## 22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

| | **2015** |
|---|---|
| | **£** |
| **Returns on investments and servicing of finance** | |
| Interest received | **1,495** |
| Interest paid | **(4,747)** |
| **Net cash outflow from returns on investments and servicing of finance** | **(3,252)** |

| | **2015** |
|---|---|
| | **£** |
| **Capital expenditure and financial investment** | |
| Acquisition of subsidiary | **(700,000)** |
| Purchase of tangible fixed assets | **(74,635)** |
| Cash at bank on acquisition of subsidary | **1,191,603** |
| **Net cash inflow from capital expenditure** | **416,968** |

## 23. ANALYSIS OF CHANGES IN NET FUNDS

| | 3 December 2013 | Cash flow | Other non-cash changes | 31 March 2015 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash at bank and in hand | - | 523,451 | - | 523,451 |
| **Net funds** | - | 523,451 | - | 523,451 |

## 24. PENSION COMMITMENTS

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £103,942. Contributions totalling £11,349 were payable to the fund at the balance sheet date and are included within creditors.

## 25. OPERATING LEASE COMMITMENTS

At 31 March 2015 the group had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings 2015 | Other 2015 |
|---|---|---|
| **Group** | £ | £ |
| **Expiry date:** | | |
| Between 2 and 5 years | 330,753 | 4,224 |

## 26. RELATED PARTY TRANSACTIONS

An amount of £700,000 owed to Somethin' Else Sound Directions Limited, a principal subsidary of the group. No interest accrues on this balance.

An amount of £2,667 was paid to JFWS Limited for non executive director's services of JFW Sanderson in relation to Somethin' Else Sound Directions Limited.

An amount of £412 was received from JFWS Limited for rent incurred by JFW Sanderson, a director of the group.

An amount of £40,000 was paid to T H Barnicoat, for non executive director's services for the group.

An amount of £1,081 was payable to T H Barnicoat, a director of the group for expenses incurred during the period.

Fees for services of £350 were paid to N Bennun, a relation of P Bennun, a director of the group.

An amount of £12,000 was paid to J M Wilkins, a director of the group, for non executive director fees.

At the period end S L Ackerman, a director of the group, owed the group £45,000. The maximum outstanding during the period was £45,000.

At the period end P R Bennun, a director of the group, owed the group £45,000. The maximum outstanding during the period was £45,000.

At the period end J Nelson, a director of the group, owed the group £45,000. The maximum outstanding during the period was £45,000.

## 27. POST BALANCE SHEET EVENTS

Somethin' Else Group Limited repaid the full £50,000 loan note owed to Loudwater Capital GP Limited ("Loudwater") on 13 June 2015. This amount was owed to Loudwater in relation to the consideration paid in the management buy-out of Somethin' Else Sound Directions Limited.