

OMiP

Annual Report and Accounts

One Media iP Group PLC

For the year ending 31 October 2016

2016

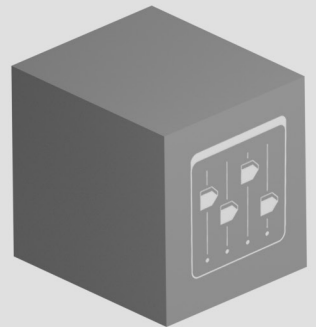
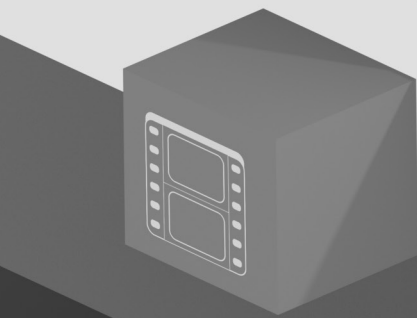
Our family
of brands

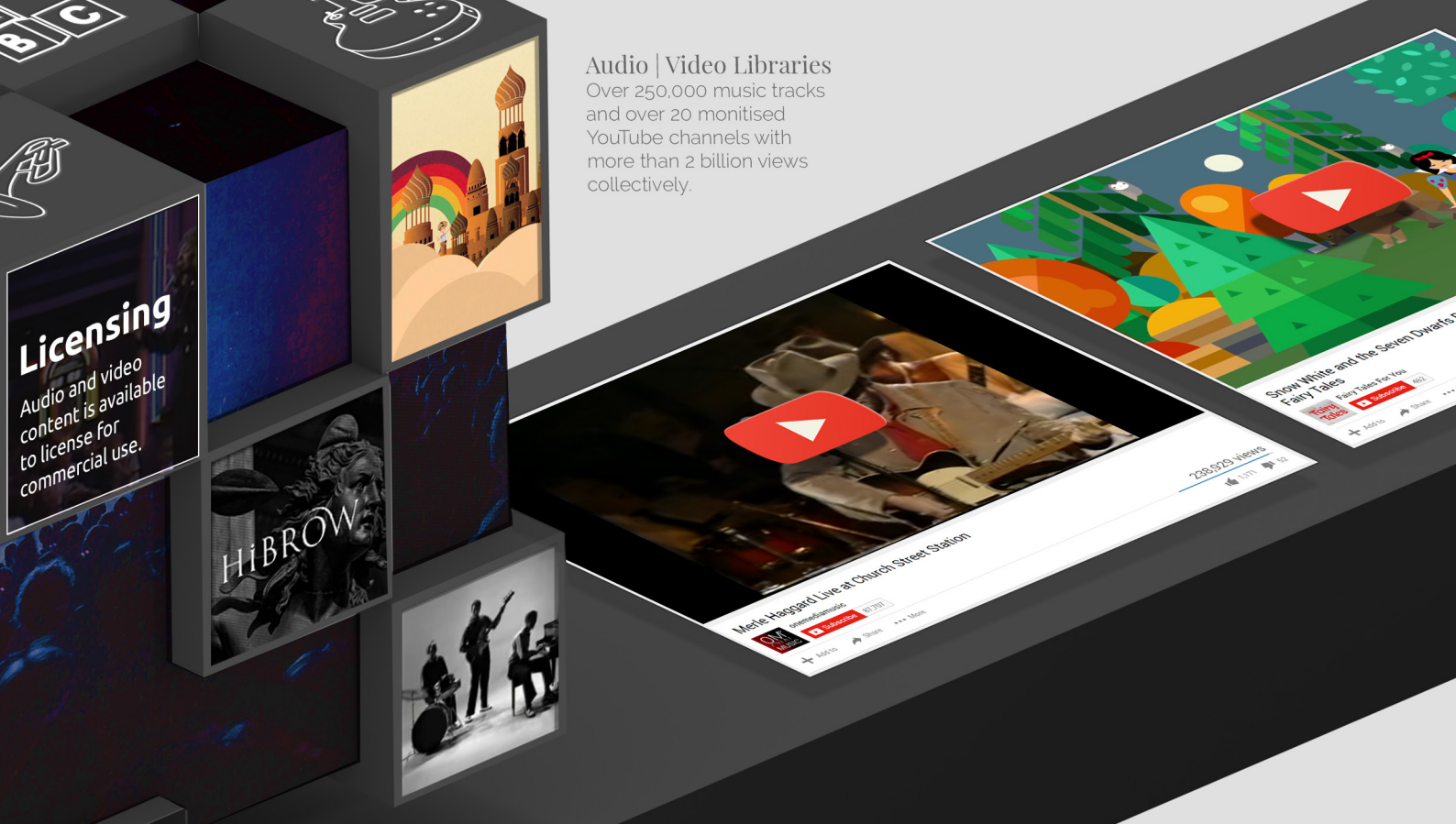
ONE MEDIA iP

TCAU
TECHNICAL COPYRIGHT ANALYSIS TOOL

mm
men & motors

**POINT
CLASSICS**



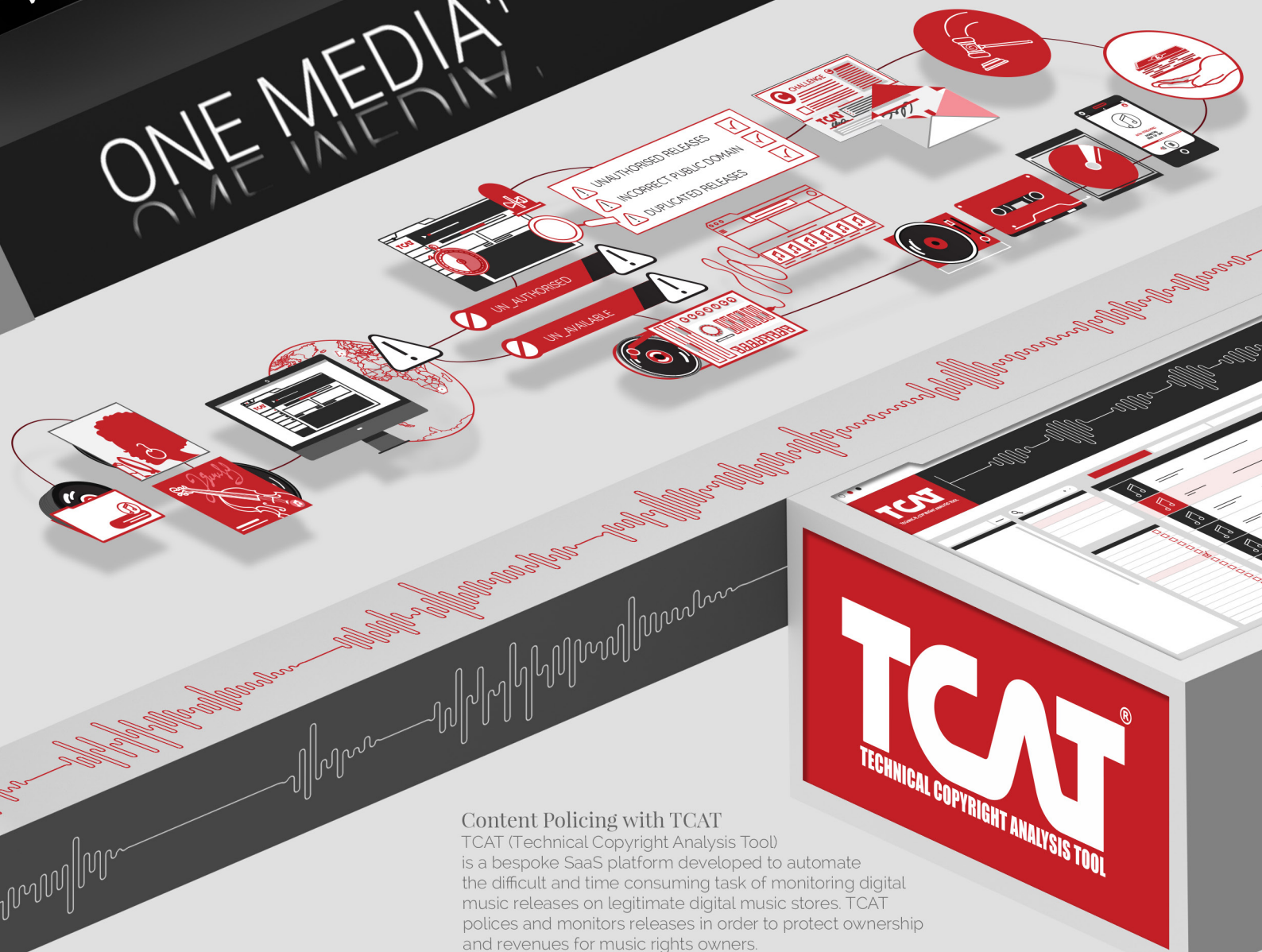


Audio | Video Libraries

Over 250,000 music tracks and over 20 monetised YouTube channels with more than 2 billion views collectively.

VIDEO

ONE MEDIA IP



Content Policing with TCAT

TCAT (Technical Copyright Analysis Tool) is a bespoke SaaS platform developed to automate the difficult and time consuming task of monitoring digital music releases on legitimate digital music stores. TCAT polices and monitors releases in order to protect ownership and revenues for music rights owners.



Sync
music for placement in film, tv, video or advertising.

Genres
nursery rhymes to rock 'n' roll, our music covers every genre.

Publishing
on every major channel

One Media iP owns rights to over **250,000** music tracks

AUDIO

men & motors

READY
THE COME BACK
a new beginning
cars, bikes, reviews, talk & more

SET
'95-2010
men and motors archive footage
featuring...
Richard Hammond
John Inverdale
Sasha Baron Cohen
Kelly Brook and more!

GO!
LIFESTYLE '95-2010
off the wall interviews games and everything else!

THE COME BACK

'95-2010

LIFE-STYLE '95-2010

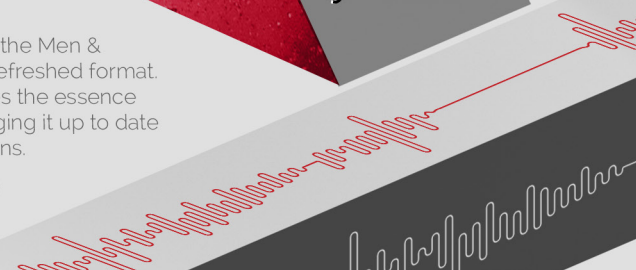
Men & Motors Archive
One Media iP owns the rights to all archive footage from the original channel and publishes new clips on a dedicated YouTube channel, which achieves over 500,000 views weekly.



New Men & Motors

One Media iP has invested in the Men & Motors brand, developing a refreshed format. A new show that captures the essence of the brand, whilst bringing it up to date for a new generation of fans.

Lead hosts are Shane Lynch and Torie Campbell.



ONE MEDIA ^{IP} Group Plc

Company Information

Directors	Michael Antony Infante JP Scott Cohen Roman Poplawski Philip Miles
Secretary	Steven Gunning
Registered Office	Pinewood Studios 623 East Props Building Pinewood Road Iver Heath Buckinghamshire SL0 0NH
Nomads	Cairn Financial Advisers LLP 61 Cheapside London EC2V 6AX
Brokers	Panmure Gordon (UK) Limited One New Change London EC4M 9AF
Solicitors	Marriott Harrison Staple Court 11 Staple Inn Buildings London WC1V 7QH
Bankers	Coutts & Co 440 Strand London WC2R 0QS Barclays Bank Plc Level 27, 1 Churchill Place London E14 5HP
Registrars	Share Registrars Ltd 9 Lion and Lamb Yard Farnham Surrey GU9 7LL
Auditors	James Cowper Kreston Reading Bridge House George Street Reading, Berkshire Berkshire RG1 8LS

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ONE MEDIA^{IP} Group Plc

Executive Chairman's Statement For the year ended 31 October 2016

If I am in danger of beginning to sound like a worn out record that is being played at 45 rpm to 33 rpm then I fully admit maybe I am. No CEO & Chairman can take pleasure in reporting negative growth and receding profit especially one so invested. This is a storm. And not one for the faint-hearted investor that wants instant results. But continue to invest I do. My time, money and my enthusiasm.

So why the drop?

I have spoken in my previous statements about the 'long term'. Who is in charge of the 'long term' and how can I speed up the change and what do I mean by 'long term'. The definition of 'long-term' according to an online dictionary is "evolving, maturing after, or being in effect for a long term" it does not state a period of time. A long-term mortgage can be greater than 25 years, a long-term marriage can suffer an 'itch' after 7 years! I am pleased to say that my long-term plans reflect neither of these two time scales.

The drop was expected and predicted and indeed outlined by a Panmure Gordon's 'brokers note' at the beginning of the year under review. Unfortunately, currency issues and Brexit have added to our pain, as we do after all pay royalties on a US Dollar basis. Currency is a big part of our world as dealing in over 120 territories globally everything ends up getting converted to US dollars and then back to British Sterling, even our UK sales. Our royalty Advance-recouping process (monies received in US dollars from our US based distributor) has contributed largely to us incurring a foreign exchange loss of £59,081. In addition, we have made cautious provisions for some non-material bad debts and carried the expense of employee change with the associated costs.

At the end of calendar year 2016 the music industry proudly announced that it was on the mend. Global figures stated by the British Phonographic Industry (BPI) saw a rise to \$15bn in global sales. Let's not forget that back in 2002 (pre digital monetisation) this was \$42bn. Of course this figure was entirely based on the physical medium of CD and cassettes being manufactured and distributed for every track of music sold. Now digital sales are outselling physical for the first time with 55% of UK sales in digital format. Physical sales have been given a boost by the occasional flash back to nostalgic vinyl LPs in which you are being led to believe is a 'new musical coming'. I will believe that when I see a record player in every new Tesla sold.

My market overview below will provide a greater in-depth look at the state of the global music market.

Our acquisition program has definitely slowed by design. We have signed several new deals and renewed certain exclusive licenses that have come up for review. We are renewing deals in line with digital store policy to meet the ever-increasing quality assurance store guidelines as laid down by our primary retail partners. The Group is well equipped to meet the meticulous 'meta-data' requirements carried out by our team of Creative Technicians with whom the Group trains in all the best practices of digital ingestion. We maintain our corporate YouTube partner accreditation for which our team participate in an annual exam to remain current and accredited.

On YouTube, our content has exceeded 2 billion minutes of all time viewing. This (ad-funded) business model continues to grow for the Group. Our Creative Technicians are all trained in YouTube best practices to grow this emerging content exploitation and monetisation.

Being based at Pinewood Studios we continue to focus on exploiting our music on both TV and film. In the year under review our music has featured in TV shows such as 'Mozart of the Jungle', 'Agents of Shield', 'Sleepy Hollow', 'The Discovery', 'Code Black', 'Nashville', 'Pure Genius', 'Falling Water' and 'Westworld' to name just a few.

During the year under review TCAT (Technical Copyright Analysis Tool) has seen us continue investment in developing the 'Software as a Service' (SAAS) tool. It has been presented to a careful selection of major record labels and trials continue. The evolution of this software is gradual and the Group is now dedicating further financial resource and personnel to its continued development. We have identified initial client requirements during the last year, working with and testing TCAT with a few chosen major labels. We have made significant advances in TCAT's ability to 'crawl' music sites and handle millions of lines of data, which is expanding its role as a tool for the music industry. We have produced a trade video for the purpose of demonstration, which outlines the many facets that TCAT can offer. The TCAT service is we believe, both unique and a first. Copyright control on legitimate digital stores has been widely overlooked by the industry

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Executive Chairman's Statement For the year ended 31 October 2016

with all eyes on global piracy, which is an ever-moving target. We have chosen to create a tool that focuses on content policing and auditing on the most popular legitimate stores such as iTunes, Apple Music and Spotify. During 2017 & 2018 the Group will continue with its chosen major label partners to test TCAT's services. I will keep you informed as to further developments as the Group pioneers ground breaking data research to further TCAT's future as a copyright control and audio exploitation analysis tool. Full details of this service can be found at www.tcat.media.

Review of Activities

Financial Overview

This has been, as predicted, a difficult year for us and as a consequence we have seen our revenue fall with a final reported figure of £2,045,652, a decrease of 18.8% on the £2,519,330 from last year, but in line with market expectation. Despite the decline in revenue we have been able to hold our gross margins at 44.3%, 7.0% behind 2015. Operating profit before tax is reported at £28,959, compared to the equivalent 2015 figure of £445,312. Aware of the fall in revenue we have kept strict control of our overheads, reporting at £876,742 and achieving a minimal increase of £29,925 on the £846,817 reported for 2015. This was achieved despite incurring a foreign exchange loss of £59,081 down £36,527 on the 2015 figure of £95,608. This demonstrates the operational leverage within our business whilst maintaining tight control of administrative costs.

A profit after tax attributable to equity shareholders of £62,871 is reported for the financial year. Down from the £356,738 in 2015 and due to the combined effects of the revenue fall and reduced margin. The corporation tax credit of £32,852 in the period (2015: charge of £92,031) is mainly as a result of the Research and Development allowances available to the Group (£38,812 prior year and £43,200 current year) and fixed asset timing differences, meaning a deferred tax liability of £5,960 has been recognised.

EBITDA, calculated on profit from continuing activities before interest, tax, depreciation and amortisation is £242,326 (2015: £670,804).

At the end of the year our cash position is reported at £335,664 (2015: £816,249). Due to the uncertainties in our business, mentioned elsewhere in this report, we have been careful over the investment in content and rights with this year showing a spend of only £280,176, reduced from the £325,568 for 2015. However, we maintained our dividend policy with total dividends virtually unchanged at £100,896 (2015: £100,647).

We continue to operate a steady, considered approach with our acquisition programme. We will broaden our search for IP content and technical development, considering forums, avenues and methods of exploitation outside of the traditional music platforms.

Content Update and Rights Acquisition

We continue to make content acquisitions and strategic distribution deals. As we have in the audio business we look to acquire legacy content in the video market. This is a 'fit' with our growing YouTube channel initiative.

On the 15 March 2016 we entered an exclusive digital exploitation agreement with the "Associated Rediffusion Television, Archive footage of 1954 to 1968" controlled by Archbuild Ltd. The distribution agreement includes thousands of hours of television footage, broadcast by Rediffusion from the 1950s through to the 1960s. Many of the programs have not been seen for over 50 years but will prove to be of great historical importance as this archive reflects the development of independent television which revolutionised TV broadcast as we know it today. Programs include TV classics such as: The Frost Program, This Week (over 500 hours of international current affairs from the era covering the post war changes across the world), Various Popular TV Quiz Shows from the period, Children's of Other Lands, Half Hour Story, Intertel, The Levin Interviews, Man of our Times, Peace Keepers, No Hiding Place (crime dramas), Play of the Week, Something to Say (interviews with the great leaders and celebrities of the time) Do Not Adjust your set, At last the 1948 Show, World of Crime series and over a hundred of 'one-off' documentaries from

ONE MEDIA ^{IP} Group Plc

Executive Chairman's Statement For the year ended 31 October 2016 Review of Activities – continued

the time period including, the Ideal Home, The Queens Speech, Harrods a Shopping Guide, The Harlem Globetrotters, British Communism, The Derby in the 60's, The Budget 1962 and the British Academy Awards to name just a few selected titles. It is a vast historic collection of TV history memorabilia. The library is archived with the British Film Institute (BFI) and we have been in active discussions as to how we best digitally transpose this most historical collection from their original format into a digital format for distribution.

On the 28 June 2016 we entered an exclusive long-term digital exploitation license agreement with HiBrow Production's TV & music catalogue for an Advance of £21,000 (\$26,000 USD) recoupable against future royalties. The film director Don Boyd founded Hibrow Productions in 2008. It gathered a wide eclectic range of prestigious professionals from within the international arts industries (the Hibrow 'Curators') in order to create high quality arts content. The company's experienced film-making teams have produced over 200 hours of original 'high-definition' broadcast quality digital videos featuring numerous internationally acclaimed artists, authors, Hollywood actors, dancers, choreographers, conductors, musicians, directors and designers. It has enjoyed successful associations and partnerships with broadcasters including the BBC and Sky Arts where its content was regularly broadcast. One Media will further exploit the Hibrow content primarily via its digital audio and video routes to market such as YouTube, Amazon and its 600 digital stores such as iTunes, Spotify, Deezer and Google Play.

On the 24 August 2016 we acquired the exclusive rights and ownership to the Owl Music Catalogue on a complete buy-out basis for €21,000 (twenty one thousand Euros). The Owl catalogue comprises of over 1,100 original Irish folk and Celtic music recordings. The tracks have been marketed by One Media since 2008 on a royalty sharing basis. Owl Records, was established in 1997. It developed a diverse catalogue of over 90 albums, mainly in the Celtic folk, traditional and new age genres. Original percussive arrangements of best-loved classical compositions are also included in the catalogue. There is additionally a varied range of Christmas albums. Unique to the catalogue is the 'Counties of Ireland' series, a 350 strong collection of songs drawn from the 32 counties of Ireland. Dagda's four Celtic new age albums spent over 100 weeks in the American New Age radio charts and provided the trailer sound track for an Oscar winning film. Their only dance album is 'Raverdance Celtic Clubland'. Rob Strong, father of Commitments star Andrew Strong has two albums in the catalogue which also includes some childrens' story collections. Each of Owl's six Mystical Ireland albums reached gold or platinum status in Ireland. Artists include Owl's founder and director Reg Keating, who is also the man behind Dagda, soul singer Rob Strong, popular Irish crooner Sonny Knowles, New Ireland Orchestra and balladeer/troubadour Tom Donovan. All Owl recordings were produced in its own studio in Ireland.

Synchronisation, the placing of music in films, TV shows and video, has seen an increasing number of 'tune placings' over the last year. We have been successful in placing music from our own library, and that of our strategic partners, in some high profile broadcast opportunities, including adverts for BMW and Toyota. From the world of TV and Film, we have had placings in the Minions Movie, a track in the American series 'Nashville', 'The Messengers', 'The Originals', 'Flash', 'Stereotypically You', 'Anitra's Dance', 'Looking' and a show on Fox/FX Networks called 'Wayward Pines' among many others. Monetising music through Film & TV is a strong way to get our content noticed and it assists in our digital exploitation opportunities via music stores, especially if the tracks are relatively unknown.

The Men and Motors TV content that we acquired from Granada/ITV has continued to be exploited via YouTube and some minor third party licensing. During the year under review the Group invested a further £25,000 in the preparation of a new TV format trailer. In October 2016, we attended the Mip Com exhibition to present our newly formatted vision for a new Men & Motors TV show to broadcasters. Continued interest is expressed and any deals will be announced as they occur. Additionally we continue to offer the 3,400 archived shows to potential broadcast partners running legacy channels. Men & Motors now has over 70,000 subscribers and receives circa 500,000 views a week on its dedicated YouTube channel operated by the Group and is monetised via ad-funded revenues. We remain positive that the brand has value and will suit broadcast in the future.

ONE MEDIA^{IP} Group Plc

Executive Chairman's Statement For the year ended 31 October 2016 Review of Activities – continued

Market Overview

The British Phonographic Industry (BPI) stated that underlining the growing ascendancy of streams as the format of choice for many fans, December 2016 witnessed the key milestone of one billion UK based audio streams taking place for the first time in a single week. To set this growth in context, weekly streams totalled less than 200 million at the start of 2014. As a result of this dramatic increase, audio streaming now accounts for well over a third (36.4 per cent) of all UK music consumption. Downloaded albums and singles continued their downward trend as streaming takes over as the main digital platform, now accounting for just over a fifth (22.6 per cent) of music consumption volume in the UK.

The *International Federation of the Phonographic Industry (IFPI)* reported that digital sales now contribute 45 per cent of the global industry revenue, this has overtaken physical's 39 per cent market share. Streaming revenues globally are up 45.2 per cent, helping to drive 3.2 per cent global growth. The global music market achieved a key milestone in 2015 when digital became the primary revenue stream for recorded music, overtaking sales of physical formats for the first time. This growth of 3.2 percent led to the industry's first significant year-on-year growth in nearly two decades, taking revenue to US\$ 15.0 billion. Digital revenues now account for more than half the recorded music consumed in 19 markets. However, The IFPI reports that there is a fundamental weakness underlying this recovery. Music is being consumed at record levels, but this explosion in consumption is not returning a fair remuneration to artists and record labels at this time. This is because of a market distortion resulting in a "value gap" which is depriving artists and labels of a fair return for their work. Streaming remains the industry's fastest-growing revenue source. Helped by the spread of smartphones, increased availability of high-quality subscription services and connected fans migrating onto licensed music services, streaming has grown to represent 19 per cent of global industry revenues, up from 14 per cent in 2014. Streaming now accounts for 43 per cent of digital revenues and is close to overtaking downloads (45 per cent) to become the industry's primary digital revenue stream. Premium subscription services have seen a dramatic expansion in recent years with an estimated 68 million people now paying a music subscription where available. This figure is up from 41 million in 2014 and just eight million when data was first compiled in 2010.

So when I talk of the long-term, we are amidst the change that will see a return to value moving forward as the market continues to shift to streaming. This is a global market with currently over 3.2 billion people now using the Internet via all routes of connection whether mobile or static according to the United Nations agency that oversees international communications.

Employees

Our headcount as of the 31 October 2016 was 13 including all executive and non-executive directors (Group and Subsidiaries) and one technical consultant. The Group would like to thank all the directors and staff for their hard work during the year under review. The board will be undertaking a strategic review to ensure that the correct skill sets are in place in line with the changing trends of the market.

Litigation

In May 2015 the Group announced it had filed proceedings in the USA pursuant to its belief that its music rights had been exploited without authorisation. The Nashville Court ruled in the Group's favour with regard to the actions by HHO Licensing Ltd, Henry Hadaway Organisation Ltd and Henry Hadaway personally. One Media announced that this litigation was concluded. On 17 September 2015 the Federal Court in Nashville Tennessee issued a judgment in the sum of \$781,846 USD against Henry Hadaway, HHO Licensing Ltd and Henry Hadaway Organisation Ltd (which includes costs of \$9,929 USD) for the wilful infringement of 1,466 recordings from the Point Classics catalogue owned exclusively by One Media. On the 7 February 2017 after an application from the Hadaway defendants the Group was informed that the Nashville Court had retracted its jurisdiction over the Hadaway defendants and vacated its judgement. The Group has therefore decided to return the monies received to date from the original Nashville judgement to HHO Licensing Ltd, Henry Hadaway Organisation Ltd and Henry Hadaway pending an appeal. The Group will consider its position and issue a statement once it has further reviewed the situation.

ONE MEDIA^{IP} Group Plc

**Executive Chairman's Statement
For the year ended 31 October 2016
Review of Activities – continued**

Outlook

We have a continued period of change ahead of us as the remodelling from downloading to streaming revenues fully matures. I look forward to us developing our new technical initiatives and monetising them. In addition, I believe that the market will begin to perceive us as more than just an audio distribution content business. Our video, brands and technical creativeness will be playing a greater role for the Group in the future. They say you have to move with the times, our challenge is to move ahead of the times. This we can do. We will be strengthening, investing and marketing certain Group activities during 2017. This is to align us with the changing landscape and to make the Group better understood within the space that we occupy. My team of directors and I remain committed to delivering value and will continue to meet the challenges that our industry faces. Thank you for your continued support.



**Michael Infante JP
Chairman and CEO
22 March 2017**

ONE MEDIA ^{IP} Group Plc

Report of the Directors For the year ended 31 October 2016

The Directors present their annual report together with the audited Consolidated financial statements of the Group for the year ended 31 October 2016.

Principal activities

The principal activities of the Group throughout the year were the acquisition and exploitation of mixed media intellectual property rights including music, video, spoken word and digital books for distribution through the digital medium and to a lesser extent through traditional media outlets. The Group also licenses its music content for use in TV and film, advertising, video games and corporate websites. The Group is a B2B and B2C content supplier. The Group continues to believe that the creation of its own dedicated consumer website is not yet of interest as that is the primary activity of its major customers. The Group outsources the supply of its digital content to this market primarily through The Orchard, its strategic partner for digital music and spoken-word services, and for video product via YouTube and other emerging visual market places.

Directors

The following Directors held office during the year:

Michael Antony Infante JP
Scott Cohen
Nigel Smethers (resigned 1 May 2016)
Roman Poplawski
Philip Miles (appointed 22 March 2016)

Directors and their interests

The Directors' interests (including family interests) in the shares of the Company were as follows:

	Ordinary shares of 0.5p each	
	At 31 October 2016	At 31 October 2015
	Nos	Nos
Michael Antony Infante JP	25,577,862	25,577,862
Scott Cohen	500,000	500,000
Roman Poplawski	3,793,377	3,793,377
Philip Miles	438,340	438,340

	Share Options in Ordinary shares of 0.5p each	
	At 31 October 2016	At 31 October 2015
	at 2.75p each Nos	at 2.75p each Nos
Michael Antony Infante JP	500,000	500,000
Scott Cohen	500,000	500,000
Roman Poplawski	500,000	500,000
Philip Miles	-	-

The options are exercisable at 2.75p per share on or by 6 March 2018.

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Report of the Directors For the year ended 31 October 2016 – continued

Directors and their interests continued

	Options in Ordinary shares of 0.5p each	
	At 31 October 2016	At 31 October 2015
	at 9p each Nos	at 9p each Nos
Michael Antony Infante JP	500,000	500,000
Scott Cohen	500,000	500,000
Roman Poplawski	500,000	500,000
Philip Miles	500,000	500,000

The options are exercisable at 9p per share on or by 20 April 2022.

	Options in Ordinary shares of 0.5p each	
	At 31 October 2016	At 31 October 2015
	at 14.5p each Nos	at 14.5p each Nos
Philip Miles	100,000	100,000

The options are exercisable at 14.5p per share on or by 4 June 2021.

Future Developments

Likely future developments in the company's business have been included within the Executive Chairman's Statement on pages 1 to 5.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. 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 estimates that are reasonable and prudent;
- state whether IFRS as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

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

ONE MEDIA ^{IP} Group Plc

Report of the Directors For the year ended 31 October 2016 - continued

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Auditors

James Cowper Kreston have expressed their willingness to continue in office. A resolution to re-appoint James Cowper Kreston in accordance with section 489 of the Companies Act 2006 will be proposed at the Annual General Meeting.

On behalf of the Board



Michael Antony Infante JP
Director
22 March 2017

ONE MEDIA ^{IP} Group Plc

Corporate Governance Report For the year ended 31 October 2016

Directors

The Group supports the concept of an effective Board leading and controlling the Group, supported by a Management Team responsible for the operating subsidiaries. The Group Board is responsible for approving Group policy and strategy. It meets formally, at least quarterly, with regular face to face weekly contact maintained between most members as well as the dissemination of information using the most up to date electronic communication methods. All Directors have access to independent professional advice at the Group's expense.

Relation with shareholders

The Group values the views of its shareholders and recognises their interest in the Group's performance and strategy. Regular updates on performance and significant events are provided through the AIM Market platform, using the medium of the RNS, and through specially arranged investor updates with institutions and representative shareholder groups.

The Annual General Meeting is used to communicate with private investors who are encouraged to participate. The Directors are available to answer questions. Separate resolutions will be proposed on each issue so that they can be given proper consideration and there will be a resolution to approve the annual report and accounts.

Internal control

The Board is responsible for maintaining a strong system of internal control for safeguarding shareholders' investment and the Group's assets and for reviewing effectiveness. The system of internal financial control is designed to provide reasonable, but not absolute assurance against material misstatement or loss.

In addition to the traditional financial internal controls the Group seeks to protect our licenses by a well structured and controlled process of drafting, reviewing, approving and then subsequently monitoring. This process applies to both the purchase of our music rights and the distribution of our products to all our customers.

The Audit Committee is chaired by Roman Poplawski supported by Scott Cohen, both of whom are Non-Executive Directors. The Committee is responsible for ensuring that the financial performance of the Group is properly monitored and reported on. The Audit Committee meets with the auditors at the audit planning stage and for the final audit meeting prior to Board approval of the accounts.

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Corporate Governance Report For the year ended 31 October 2016 continued

Report on Remuneration

Directors' remuneration

The Board recognises that Directors' remuneration is of legitimate concern to shareholders. The Group operates within a competitive environment where performance depends on the individual contributions of the Directors and employees and the Group believes in rewarding vision and innovation.

Policy on Executive Directors' remuneration

The Remuneration Committee is chaired by Scott Cohen supported by Roman Poplawski, both of whom are Non-Executive Directors. The Remuneration Committee met with the Executive Chairman at the beginning of the financial year to discuss, and subsequently agreed, his recommendations for Executive Directors remuneration for the year.

Remuneration of the Directors for the year ended 31 October 2016 is as follows:

	Fees and emoluments Year ended 31 October 2016	Fees and emoluments Year ended 31 October 2015
	£	£
Michael Antony Infante JP	109,253	119,359
Philip Miles	60,258	-
Roman Poplawski	51,141	63,045
Nigel Smethers	35,541	68,000
Scott Cohen	20,521	22,720
	<u>276,714</u>	<u>273,124</u>

Bonuses and Performance Conditions

Included in the Fees and Emoluments for Michael Antony Infante JP are taxable benefits in respect of Health Insurance of £4,082 (2015: £3,494), taxable benefit for a company car of £6,720 (2015: £5,025), attributable share option cost of £4,271 (2015: £2,720) and pension contributions of £3,180 (2015: £2,120). Michael Infante did not receive a bonus in the year (2015: £nil). Fees and Emoluments for Nigel Smethers include attributable share option cost of £4,271 (2015: £2,720) and pension contributions of £1,770 (2015: £1,280). Nigel Smethers did not receive a bonus in the year (2015: £nil). Fees and Emoluments for Philip Miles include attributable share option cost of £2,523 (2015: £nil) and pension contributions of £nil (2015: £nil). Philip Miles did not receive a bonus in the year (2015: £nil). R Poplawski Fees includes £16,250 (2015: £20,000) for his role as Non-executive Director and £30,620 (2015: £40,325), in respect of his role as Business Affairs Adviser providing advice on legal and contractual matters, and £4,271 (2015: £2,720) attributable share option costs. S Cohen received £16,250 (2015: £20,000) for his role as non-executive director and £4,271 (2015: £2,720) attributable to share option costs.

Directors' contracts do not include any specific performance criteria but implicit within their terms of their engagements is that at all times they will seek to enhance shareholder value. Apart from share options granted there are no other specific long term incentive plans for any of the Directors. The Company received qualifying services from 5 (2015: 4) Directors under long term incentive qualifying schemes.

Notice periods

The Directors have contracts which are terminable on twelve months' notice on either side for Michael Infante and three months on either side for all the other Directors.

ONE MEDIA ^{IP} Group Plc

Operating and Financial Review For the year ended 31 October 2016

Business review and future developments

The results of the Group are shown within the financial statements and a detailed review of the business for the year and future developments is given in the Executive Chairman's statement on pages 1 to 5.

Whilst the Group focus is primarily on the digital market place, traditional routes to market are not being ignored. Changes in the retail sector continue to accelerate and there are still both national and global economic problems. The Directors consider, however, that there are substantial opportunities and potential whilst recognising that risks exist.

The Group has continued to enter into representative deals with independent record labels and content owners to market their rights in the digital arena and to invest in copyrights and intellectual property that are considered to attract a suitable and sustainable rate of return.

A dividend of £100,896 (2015: £100,647) was paid in the year.

The key financial and non-financial performance indicators the Directors use to monitor the performance of the Group are as follows:

Financial and non-financial key performance indicators

Cost of catalogue acquisition and number of tracks "ingested"

Management are continually searching to acquire additional music, video, spoken word and digital book catalogues to exploit through the digital medium and other routes to market. The costs of catalogue acquisition "ingestion" are constantly monitored to ensure that a safe and adequate return on investment is made. During the year £121,422 (2015: £325,568) was spent on catalogue and intangible asset additions.

Rate of commercialisation of licences and intellectual property

Measured by the growth in value and volume of digital revenues, license deals and sales contracts signed. During the year revenue fell to £2,045,652 (2015: £2,519,330) a 18.8% year on year decrease. Progress assessment includes regular updates on key partners, distribution outlets and market segments.

Overhead growth

Management closely monitors the growth in overheads, carefully balancing the need to reward people properly based on both performance and external market factors, and other overhead expenditure. Where a step change in overheads is predicted this must be justified in both financial and strategic terms. During the year overheads increased to £876,742 (2015: £846,817) a 3.5% increase.

Share price movements and changes in shareholders are constantly monitored as a major contributor to long term planning

The Board constantly review share price movements both for the impact of Regulated News Service announcements and trading in shares on the AIM Market. This indicator is a major contributor to medium and long term decisions. Share price as at 31 October 2016 was 3.50p (2015: 6.63p).

Management of capital

The Group has no external financing and is not therefore currently subject to any external constraints on its management of working capital. Dividend policy is determined by the availability of profit and reserves from which to pay dividends, the Group's policy and cost of acquiring additional music catalogues and the desire to reward shareholders for their investment in the Group.

Financial reporting

Financial reporting is monitored monthly against budgets and forecasts, by both the main Board and the Board of the principal operating subsidiary. Profit and Loss and Cash Flow projections are updated as significant changes to performance and operating conditions occur.

ONE MEDIA ^{IP} Group Plc

Operating and Financial Review For the year ended 31 October 2016 - continued

Business risks

Reliance on key personnel

The Group is dependent on the knowledge, expertise and experience of its key personnel. In total, the Group employs fewer than 15 people. In the event that a key member of the team was to leave the employment of the Group this could lead to significant disruption and could have a material impact on the future profitability of the Group.

Reliance on The Orchard – concentration of distribution risk

In the financial year ending 31 October 2016 approximately 68% (2015: 70%) of the Group's turnover was channeled via The Orchard, the distribution aggregator that the Group uses to sell its content to end-user download and streaming sites such as iTunes and Spotify. In the event that The Orchard agreement was terminated or that The Orchard ceased to operate, this could have a material impact on the Group's operations and profitability, whilst the Group changed its systems to work either with a new aggregator or trade directly with the end-user distribution sites.

Rights acquired may not be wholly exclusive

The Group has acquired a large number of catalogues of music, video and spoken word since its formation. It is not uncommon for rights attached to such catalogues to have been previously transferred prior to the Group's acquisition of such rights. A risk exists that the title to such rights may be challenged in which event, the Group may have to forego potential revenue and/or incur legal costs whilst securing exclusive title.

Sales of digital content

Digital stores may at their discretion delist or remove tracks, albums or content from their store, without any prior notice to the Group. If this was to occur it could have a detrimental effect on the Group's revenue growth.

Piracy

Piracy or the illegal download of content from the internet could have a detrimental impact on the Group's growth plans.

Currency – revenues received in US\$

In the financial year to 31 October 2016 approximately 80% (2015: 81%) of the Group's revenue was generated in US dollars, whilst the majority of the Group's costs are denominated in Sterling. The Group is therefore exposed to the US\$/£ exchange rate and so any material adverse movement in this exchange rate can have a material financial impact on the Group.

Market dominance of Big 3

The Group operates in a market dominated by established traditional companies such as Universal, Warner and Sony (the "Big 3"). The Big 3 own or have the rights to a vast amount of content, a large amount of which may be similar to that owned or exploited by the Group. There is a risk that the Big 3 could exploit their recognised brands and use their marketing budgets to compete with the Group's targeted market, the consequence of which could lead to reduced sales and profitability for the Group.

Digital retailers' terms of business

The Group is dependent upon digital retailers such as iTunes and Spotify in order to sell its products in the digital market place. Changes in their terms of business and type of content they will distribute, as defined in their "style guides", can affect the performance of the Group.

Bad Debts

The traditional risk associated with customer insolvency, and inability or unwillingness to pay debts continues to be a threat which the Group constantly monitors.

ONE MEDIA^{IP} Group Plc

Operating and Financial Review For the year ended 31 October 2016 - continued

Digital route to market

The digital market place has its own challenges with a reliance on consumers becoming internet literate and homes achieving a decent broadband connection. OMiP is a B2B and B2C supplier. We have no digital site of our own but supply over 200 legitimate digital stores worldwide through our key business partner. We are not dependent on any one store's marketing strengths as we supply our content to all.

Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and cash equivalents. The Group has various other financial instruments such as trade receivables and trade payables, which arise from its operations.

The Group is exposed to a variety of financial risks which result from its operating activities. The Directors are responsible for co-ordinating the Group's risk management and focus on actively securing the Group's short and medium term cash flows. Long term financial investments are managed to generate lasting returns. The Group does not actively engage in the trading of financial assets and has no financial derivatives. The most significant risks to which the Group is exposed are described below:

Currency risk

The Group is exposed to foreign exchange risk in connection with its digital business where the revenue is transacted largely in US\$ and the settlement of royalty and other liabilities arising from this revenue is partly denominated in US\$.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables and other debtors. The amounts presented in the Consolidated Statement of Financial Position are net of any allowances for doubtful receivables. The Group has a significant concentration of credit risk associated with its distributor of digital income.

Liquidity risk

The Group seeks to manage risks to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash and assets safely and profitably. Short term flexibility is achieved by the use of money markets to deposit excess cash which is not required in the short term. The Directors prepare cash flow forecasts on a regular basis to identify at an early stage any short term funding difficulties.

Significant shareholding

Apart from the Directors' shareholdings above the Company has been notified that there are three holdings in excess of 3% of the issued share capital of the Company at 22 March 2017. Helium Special Situations Fund is holding 8.7% (6,150,000 ordinary shares of 0.5p each), Livingbridge VC LLP 6.93% (4,925,000 ordinary shares of 0.5p each) and Hargreave Hale Limited 10.01% (7,112,500 ordinary shares of 0.5p each).

Employee involvement

The Group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Group. This is achieved through regular formal and informal updates and open access between all employees of the Group.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their aptitudes and abilities. In the event of an employee becoming disabled, every effort will be made to retain them in order that their employment within the Group may continue. It is the policy of the Group that training, career development and promotion opportunities are available to all employees.

Technology

The Group takes a progressive view on the impact of technological developments. Changes to technology and related systems are openly embraced with the aim of giving the Group the most up to date platforms to work on and exploit its assets.

ONE MEDIA^{IP} Group Plc

Operating and Financial Review For the year ended 31 October 2016 - continued

Research and development

The Group, in developing its internal technology based systems, undertakes Research and Development work the outcome of which may be uncertain. Work proven to have an on-going value is capitalised all other costs are expensed to the Profit and Loss account.

Key accounting policies

Principal accounting policies are included on pages 22 to 28, including critical accounting estimates and judgements on page 26.

Cash flows

Full details of cash flows generated by the business are disclosed within the Consolidated Cash Flow Statement on page 21. The group generates sufficient cash flows through its ordinary operations, in combination with funds generated by company's listing on AIM, to achieve its objectives set out in the Executive Chairman's Report on pages 1 to 5.

Compliance

This statement has been prepared in accordance with ASB's 2006 Reporting Statement.

On behalf of the Board



Michael Antony Infante JP
Director
22 March 2017

ONE MEDIA ^{iP} Group Plc

Independent Auditors' Report to the Shareholders of One Media ^{iP} Group Plc

We have audited the Consolidated financial statements of One Media ^{iP} Group Plc for the year ended 31 October 2016, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statement of Cash Flows and the related notes set out on pages 17 to 41. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 Auditors' 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 the Directors and Auditors

As explained more fully in the Statement of Directors' Responsibilities, 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 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

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/auditscopeukprivate.

Unqualified opinion on financial statements

In our opinion the financial statements:

- the financial statements give a true and fair view of the state of the Consolidated and of the Parent Company's affairs as at 31 October 2016 and of the Consolidated profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS adopted for use in the European Union; and
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Executive Chairman's Statement, Operating and Financial Review, Corporate Governance Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ONE MEDIA ^{iP} Group Plc

**Independent Auditors' Report
to the Shareholders of One Media ^{iP} Group Plc**

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.

Alan Poole BA (Hons) FCA (Senior Statutory Auditor)



for and on behalf of
James Cowper Kreston

Chartered Accountants and Statutory Auditor
Reading Bridge House
George Street
Reading, Berkshire
RG1 8LS

22 March 2017

ONE MEDIA^{IP} Group Plc

Registered Number: 05799897
Consolidated Statement of Comprehensive Income
For the year ended 31 October 2016

	Note	Year ended 31 October 2016	Year ended 31 October 2015
		£	£
Revenue	1	2,045,652	2,519,330
Cost of sales		<u>(1,139,951)</u>	<u>(1,227,201)</u>
Gross profit		905,701	1,292,129
Administration expenses		<u>(876,742)</u>	<u>(846,817)</u>
Operating profit	2	28,959	445,312
Finance income	3	<u>1,060</u>	<u>3,457</u>
Profit on ordinary activities before taxation	4	30,019	448,769
Tax credit / (expense)		<u>32,852</u>	<u>(92,031)</u>
Profit for period attributable to equity shareholders and total comprehensive income for the year		<u><u>62,871</u></u>	<u><u>356,738</u></u>
Basic earnings per share	7	<u><u>0.09p</u></u>	<u><u>0.50p</u></u>
Diluted earnings per share	7	<u><u>0.08p</u></u>	<u><u>0.47p</u></u>

The Consolidated Statement of Comprehensive Income has been prepared on the basis that all operations are continuing activities.

The notes on pages 22 to 41 form part of these financial statements.

ONE MEDIA^{IP} Group Plc

Registered Number: 05799897
Consolidated Statement of Changes in Equity
For the year ended 31 October 2016

	Share Capital	Share redemption reserve	Share premium	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£	£
At 1 November 2014	353,518	239,546	1,452,895	21,215	1,091,911	3,159,085
Proceeds from the issue of new shares	1,750	-	4,750	-	-	6,500
Share based payment charge	-	-	-	22,282	-	22,282
Profit for the year	-	-	-	-	356,738	356,738
Dividends	-	-	-	-	(100,647)	(100,647)
At 1 November 2015	355,268	239,546	1,457,645	43,497	1,348,002	3,443,958
Share based payment charge	-	-	-	30,943	-	30,943
Profit for the year	-	-	-	-	62,871	62,871
Dividends	-	-	-	-	(100,896)	(100,896)
At 31 October 2016	355,268	239,546	1,457,645	74,440	1,309,977	3,436,876

The notes on pages 22 to 41 form part of these financial statements.

As detailed in note 15 Share capital the following transactions were undertaken:

For the year ending 31 October 2015:

- On 12 May 2015 one employee exercised 100,000 options at 2.75p a share over ordinary shares of 0.5p each with a total of £2,750 raised as a result of this exercise.
- On 27 July 2015 one employee exercised their right to convert 250,000 1.5p warrants in ordinary shares of 0.5p each with a total of £3,750 raised as a result of this exercise.

ONE MEDIA^{IP} Group Plc

Registered Number: 05799897

Consolidated Statement of Financial Position at 31 October 2016

	Note	At 31 October 2016	At 31 October 2015
		£	£
Assets			
Non-current assets			
Intangible assets	8	3,394,134	3,323,323
Property, plant and equipment	9	6,452	8,017
		<u>3,400,586</u>	<u>3,331,340</u>
Current assets			
Trade and other receivables	11	463,574	440,252
Cash and cash equivalents	12	335,664	816,249
		<u>799,238</u>	<u>1,256,501</u>
Total current assets		<u>799,238</u>	<u>1,256,501</u>
Total assets		<u>4,199,824</u>	<u>4,587,841</u>
Liabilities			
Current liabilities			
Trade and other payables	13	756,988	1,143,883
Deferred tax	14	5,960	-
		<u>762,948</u>	<u>1,143,883</u>
Total liabilities		<u>762,948</u>	<u>1,143,883</u>
Equity			
Called up share capital	15	355,268	355,268
Share redemption reserve		239,546	239,546
Share premium account		1,457,645	1,457,645
Share based payment reserve		74,440	43,497
Retained earnings		1,309,977	1,348,002
		<u>3,436,876</u>	<u>3,443,958</u>
Total equity		<u>3,436,876</u>	<u>3,443,958</u>
Total equity and liabilities		<u>4,199,824</u>	<u>4,587,841</u>

The notes on pages 22 to 41 form part of these financial statements.

The Consolidated Financial Statements were approved by the Directors on 22 March 2017 and signed on their behalf by:



Michael Antony Infante JP
Director

ONE MEDIA^{IP} Group Plc

Registered Number: 05799897

Company Statement of Financial Position at 31 October 2016

	Note	At 31 October 2016 £	At 31 October 2015 £
Assets			
Non-current assets			
Investments	10	<u>493,817</u>	<u>493,817</u>
Current assets			
Trade and other receivables	11	2,724,346	2,447,603
Cash and cash equivalents	12	31,483	110,771
Total current assets		<u>2,755,829</u>	<u>2,558,374</u>
Total assets		<u>3,249,646</u>	<u>3,052,191</u>
Liabilities			
Current liabilities			
Trade and other payables	13	<u>25,835</u>	<u>21,325</u>
Total liabilities		<u>25,835</u>	<u>21,325</u>
Equity			
Called up share capital	15	355,268	355,268
Share redemption reserve	16	239,546	239,546
Share premium account	16	1,457,645	1,457,645
Share based payment reserve	16	74,440	43,497
Retained earnings	16	1,096,912	934,910
Total equity		<u>3,223,811</u>	<u>3,030,866</u>
Total equity and liabilities		<u>3,249,646</u>	<u>3,052,191</u>

The notes on pages 29 to 41 form part of these financial statements.

The Company Financial Statements were approved by the Directors on 22 March 2017 and signed on their behalf by:



Michael Antony Infante JP
Director

ONE MEDIA^{IP} Group Plc

Registered Number: 05799897
Consolidated and Company Cash Flow Statement
For the year ended at 31 October 2016

	Year ended 31 October 2016 Group	Year ended 31 October 2015 Group	Year ended 31 October 2016 Company	Year ended 31 October 2015 Company
	£	£	£	£
Cash flows from operating activities				
Operating profit before tax	30,019	448,769	262,899	280,657
Amortisation	209,365	216,989	-	-
Depreciation	4,002	8,503	-	-
Share based payments	30,943	22,282	30,943	22,282
Finance income	(1,060)	(3,457)	(174)	(765)
(Increase) in receivables	(23,320)	77,003	(276,743)	(362,391)
Increase/(decrease) in payables	(290,186)	(734,154)	4,509	(4,575)
Corporation tax paid	(57,900)	(17,686)	-	-
Net cash inflow (outflow) from operating activities	(98,137)	18,249	21,434	(64,792)
Cash flows from investing activities				
Investment in intellectual property rights	(280,176)	(325,568)	-	-
Investment in property, plant and equipment	(2,436)	(5,208)	-	-
Finance income	1,060	3,457	174	765
Net cash used in investing activities	(281,552)	(327,319)	174	765
Cash flows from financing activities				
Proceeds from the issue of new shares	-	6,500	-	6,500
Share issue costs	-	-	-	-
Dividends paid	(100,896)	(100,647)	(100,896)	(100,647)
Net cash inflow (outflow) from financing activities	(100,896)	(94,147)	(100,896)	(94,147)
Net change in cash and cash equivalents	(480,585)	(403,217)	(79,288)	(158,174)
Cash at the beginning of the year	816,249	1,219,466	110,771	268,945
Cash at the end of the year	335,664	816,249	31,483	110,771

ONE MEDIA ^{IP} Group Plc

Principal Accounting Policies For the year ended 31 October 2016

Basis of preparation

The Company is a public limited company incorporated and domiciled in England under the Companies Act 2006. The Board has adopted and complied with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Company's shares were admitted for trading on the AIM market of the London Stock Exchange on 18 April 2013.

Basis of consolidation

The Group financial statements consolidate those of the Company and all its subsidiary undertakings drawn up to the balance sheet date. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The Group obtains and exercises control through voting rights.

Unrealised gains or losses on transactions between the Group and its subsidiaries are eliminated. Amounts reported in the financial statements of subsidiaries are adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the equity method. The equity method involves the recognition of the fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at fair values, which are also used as the basis for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Revenue

The Group follows the principles of IAS18 "Revenue" in determining the appropriate revenue recognition policies. In principle therefore, revenue is recognised to the extent that the Group has obtained the right to consideration through its performance.

Revenue, excluding VAT, represents the value of digital income, licences and goods delivered or title passed. In the case of digital income revenue is recognised when reported to the Group and where reasonable estimates can be made of digital stores income still to be reported at any point of time.

In line with normal accounting practice revenue is reported gross received and receivable.

Commercial advances

To the extent that commercial advances are un-recouped at the year end any outstanding amounts are included in Other payables. The outstanding balances are calculated in line with underlying contractual obligations.

ONE MEDIA^{IP} Group Plc

Principal Accounting Policies For the year ended 31 October 2016

Taxation

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable result for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement.

Deferred income taxes are calculated using the liability method of temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. However deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable the reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Intangible assets

Licences and other intangible assets

Licences and other intangible assets, including labour capitalised under IAS38 Intangible Assets, are valued at cost less accumulated amortisation. Capitalised labour represents costs incurred in "ingesting" products and the compilation of existing content into new and revised albums. Amortisation is calculated to write off the cost in equal amounts over the life of the licences and other intangible assets (between 24 months and 25 years). Licences and intangible assets are subject to annual impairment reviews.

Assets acquired as part of a business combination

In accordance with IFRS 3 revised "Business Combinations", an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Group. The fair value is then amortised over the economic life of the assets. Where an intangible asset might be separable, but only together with a related tangible or intangible asset, the Group of assets is recognised as a single asset separable from goodwill where the individual fair values of the assets in the Group are not reliably measurable. Where the individual fair value of the complimentary assets are not reliably measurable, the Group recognises them as a single asset provided the individual assets have similar useful lives.

Impairment of intangible assets, property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units, other than intangible assets with an identifiable useful life, and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered.

ONE MEDIA ^{IP} Group Plc

Principal Accounting Policies For the year ended 31 October 2016

Impairment of intangible assets, property, plant and equipment – continued

An impairment loss is recognised in the income statement for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units are charged to the assets in the cash generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the assets recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of amortisation, if no impairment had been recognised.

Financial assets

The Group's financial assets include cash and other receivables.

All financial assets are recognised when the Group becomes party to the contractual provisions of the investment. All financial assets are initially recognised at fair value, plus transaction costs.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in the income statement when received, regardless of how the related carrying amount of financial assets is measured.

Available for sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in other categories of financial assets. Available for sale assets are measured subsequently at fair value with changes in value recognised in equity through the statement of changes in equity. Where fair value cannot be measured reliably such financial assets are held at cost. Gain or losses arising from investments classified as available for sale are recognised in the income statement when they are sold or when the investment is impaired.

Trade and other receivables are subsequently measured at amortised cost. Trade and other receivables are provided against when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated cash flows.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits, together with short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value with original maturities of three months or less from the date of acquisition.

Equity

The share capital is determined using the nominal value of shares that have been issued.

The share premium account represents premiums received on the initial issuing of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings include all current and prior period results as disclosed in the income statement.

ONE MEDIA ^{IP} Group Plc

Principal Accounting Policies For the year ended 31 October 2016

Financial liabilities

The Group's financial liabilities include trade and other payables. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes party to the contractual provisions of the instrument.

All financial liabilities are recognised initially at fair value, net of direct issue costs, and are subsequently recorded at amortised cost using the effective interest method with interest charges recognised as an expense in the income statement.

Dividend distributions to shareholders are included in "other short term financial liabilities" when dividends are approved by the shareholders' before the year end.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Group and they can be estimated reasonably. Timing or the amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. For example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of the settlement of the present obligation is recognised, if virtually certain as a separate asset, not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long term provisions are discounted to present values, where the time value of money is material. All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of the present obligation is considered improbable or remote, or the amount to be provided cannot be measured reliably, no liability is recognised in the balance sheet. Probable inflows of economic benefits to the Group that do not yet meet the recognition criteria are considered contingent assets.

Property, plant and equipment

Measurement basis

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. In the case of new internally generated software creation and improvements this includes capitalised labour. Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the assets only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to the income statement during the period in which they are incurred.

When assets are sold any gain or loss resulting from their disposal, being the difference between the net disposal proceeds and the carrying amount of the assets is included in the income statement.

ONE MEDIA ^{IP} Group Plc

Principal Accounting Policies For the year ended 31 October 2016

Property, plant and equipment - continued

Depreciation

Depreciation is calculated so as to write off the cost of property, plant and equipment, less its estimated residual value, which is revised annually, over its useful economic life as follows:

Furniture and fixtures - 33.33% straight line
Office equipment - 33.33% straight line

Investment in subsidiary

Investment in subsidiary undertakings is shown at cost, less any provision for impairment.

Foreign currency

The Consolidated Financial Statements are presented in UK Sterling which is also the functional currency of the parent Company. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the Income Statement.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Operating segments

A segment is a distinguishable component of the Group that is engaged either in a particular business (business segment) or conducting business in a particular geographic area (geographic segment), which is subject to risks and rewards that are different from other segments.

The Group operates in one significant business segment which is the digital "net-label" market, the results of which are seen in the Consolidated Statement of Comprehensive Income.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are discussed below.

Business combinations

On initial recognition, the assets and liabilities of the acquired business are included in the Consolidated Statement of Financial Position at their fair values. In measuring fair value management use estimates about future cash flows and discount rates.

ONE MEDIA ^{IP} Group Plc

Principal Accounting Policies For the year ended 31 October 2016

Impairment of assets

The Group conducts impairment reviews of assets when events or changes in circumstances indicate that the carrying amounts may not be recoverable annually, or in accordance with the relevant accounting standards. An impairment loss is recognised when the carrying amount of an asset is higher than the greater of its net selling price or the value in use. In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are made in respect of the potential impairment of goodwill, intellectual property, licences and other intangible assets.

Internally generated intangible assets and software systems

The Group capitalises labour in respect of intangible assets and internally generated software. Significant judgement is required in estimating the time and cost involved in these activities and distinguishing the research from the development phase. Development costs are recognised as an asset whereas research costs are expensed as incurred.

Share option and warrant policy

The Group has applied the requirements of IFRS 2 Share-Based Payment.

The Group operates both approved and unapproved share option and warrant schemes for the Directors, senior management and certain employees.

Where share options and warrants are awarded, the fair value of the instruments at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that ultimately the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted, as long as other vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of the instruments are modified before they vest, any increase in fair value of these instruments, measured immediately before and after the modification is also charged to the Statement of Comprehensive Income over the remaining vesting period.

Fair value is measured using the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral conditions.

Adoption of new or amended IFRS

The Group has adopted the following revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the period beginning 1 November 2015.

- IFRS 2 Share-based Payment - Definitions of vesting conditions
- IFRS 3 Business Combinations - Accounting for contingent consideration in a business Combination
- IFRS 8 Operating Segments - Aggregation of operating segments
- IFRS 8 Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Revaluation method - proportionate restatement of accumulated depreciation/amortisation
- IAS 24 Related Party Disclosures – Key management personnel

ONE MEDIA^{IP} Group Plc

Principal Accounting Policies For the year ended 31 October 2016

Adoption of new or amended IFRS – continued

The Directors have assessed that the adoption of these revisions and amendments did not have an impact on the financial position or performance of the Group.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

Effective date – periods beginning on or after 1 January 2016

- IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28
- IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28
- IFRS 11 Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11
- IFRS 14 Regulatory Deferral Accounts
- IAS 1 Disclosure Initiative - Amendments to IAS 1
- IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38
- IAS 16 and IAS 41 Agriculture - Bearer Plants - Amendments to IAS 16 and IAS 41
- IAS 27 - Equity Method in Separate Financial Statements - Amendments to IAS 27
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
- IFRS 7 Financial Instruments: Disclosures – Servicing contracts
- IFRS 7 Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
- IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'
- IAS 19 Employee Benefits - Discount rate: regional market issue

Effective date – periods beginning on or after 1 January 2017

- IAS 7 Disclosure Initiatives – Amendments to IAS 7
- IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12

Effective date – periods beginning on or after 1 January 2018

- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments

Effective date – periods beginning on or after 1 January 2018

- IFRS 16 Leases

The Directors do not consider that the implementation of any of these new standards will have a material impact upon reported income or reported net assets.

ONE MEDIA ^{IP} Group Plc

Notes to the Consolidated Financial Statements For the year ended 31 October 2016

1. Revenue

Revenue is the amount attributable to the Group's principal activity undertaken in the United Kingdom. The geographic split of Group revenue is as follows:

	Year ended 31 October 2016	Year ended 31 October 2015
	£	£
United Kingdom	138,108	169,056
North America and Canada	1,622,522	2,015,270
Europe	285,022	335,004
	<u>2,045,652</u>	<u>2,519,330</u>

The Group considers it has one business segment with all its Profit ultimately earned from its sole activity in the United Kingdom as shown in the Consolidated Statement of Comprehensive Income shown on page 17.

Included in revenues for the year ended 31 October 2016 it is estimated that £519,000 (2015: £588,000) from its largest ultimate customer and £346,000 from its second largest ultimate customer (2015: £392,000). Together these represent 41.2% (2015: 38.9%) of the total Group revenue for the year.

2. Operating profit

Operating profit is stated after charging:

Group	Year ended 31 October 2016	Year ended 31 October 2015
	£	£
Directors' remuneration	276,714	273,124
Amortisation of licences and other intangible assets	209,365	216,989
Depreciation of plant, property and equipment	4,002	8,503
Operating leases	51,442	48,557
Auditors' remuneration - audit fees	11,600	11,500
Auditors' remuneration - taxation	3,400	3,400
Bad debts	15,064	-
Difference on foreign exchange	59,081	95,608
	<u></u>	<u></u>

Included in audit fees above is £5,000 (2015: £5,000) for the audit of the parent Company.

ONE MEDIA^{IP} Group Plc

**Notes to the Consolidated Financial Statements
For the year ended 31 October 2016**

3. Finance cost and finance income

	Year ended 31 October 2016	Year ended 31 October 2015
	£	£
Interest receivable	1,060	3,457

4. Taxation

	Year ended 31 October 2016	Year ended 31 October 2015
	£	£
Analysis of the charge for the year		
Adjustments to tax charge in respect of prior years	(38,812)	(5,801)
UK corporation tax charge	-	97,832
Deferred tax	5,960	-
	<u>(32,852)</u>	<u>92,031</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 20% (2015: 20%). The actual tax charge for the periods is different than the standard rate for the reasons set out in the following reconciliation:

Reconciliation of current tax charge	Year ended 31 October 2016	Year ended 31 October 2015
	£	£
Profit on ordinary activities before tax	30,019	448,769
Tax on profit on ordinary activities at 20% (2015: 20%)	6,004	89,754
Effects of:		
Non-deductible expenses	8,942	8,954
Adjustments to tax charge in respect of previous periods	(38,812)	(5,801)
Fixed asset timing differences	34,499	-
Depreciation in excess of capital allowances	(285)	3,174
Share scheme deduction	-	(4,050)
Research and development	(43,200)	-
Total tax (credit) / charge	<u>(32,852)</u>	<u>92,031</u>

At the reporting date the tax rates substantially enacted are 20% from 1 April 2016, 19% from 1 April 2017 and 17% from 1 April 2020. Deferred tax has been measured using the average rate expected to apply in the period in which the timing differences will reverse using these substantively enacted rates.

ONE MEDIA ^{iP} Group Plc

Notes to the Consolidated Financial Statements For the year ended 31 October 2016

5. Employee information

	Year ended 31 October 2016	Year ended 31 October 2015
	£	£
Directors' emoluments - excluding applicable share option charge	193,986	178,519
Fees paid to directors	63,120	80,325
Share option charge	30,943	22,282
Wages and salaries	310,392	330,882
Social security costs	43,009	49,202
	<u>641,450</u>	<u>661,210</u>

Included within fees paid to Directors is £30,620 (2015: £40,325) in respect of legal services provided by Mr R Poplawski in his role as Business Affairs Adviser to One Media iP Limited. Included within wages and salaries is £4,380 paid to Mr C Miles, Mr P Miles son, in respect of IT consultancy.

The average monthly number of Group employees (excluding non-executive directors) during the year was as follows:

	Year ended 31 October 2016	Year ended 31 October 2015
Office and management	<u>11</u>	<u>12</u>

6. Parent Company Profit and Loss Account

The profit for the year to 31 October 2016 dealt within in the financial statements of the parent Company was £238,344 (2015: £280,657). As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is prepared for the parent Company.

7. Earnings per share

The weighted average number of shares in issue for the basic earnings per share calculations is 71,053,698 (2015: 70,817,534) and for the diluted earnings per share assuming the exercise of all warrants and share options is 77,035,890 (2015: 75,595,068).

The calculation of basic earnings per share is based on the profit for the period of £62,871 (2015: £356,738). Based on the weighted average number of shares in issue during the year of 71,053,698 (2015: 70,817,534) the basic earnings per share is 0.09p (2015: 0.50p). The diluted earnings per share is based on 77,035,890 shares (2015: 75,595,068) and is 0.08p (2015: 0.47p).

ONE MEDIA^{IP} Group Plc

**Notes to the Consolidated Financial Statements
For the year ended 31 October 2016**

8. Intangible assets - Group

	Licences and other intangible assets £	Total £
Cost		
At 1 November 2014	3,844,804	3,844,804
Additions	325,568	325,568
Disposals	(63,160)	(63,160)
At 31 October 2015	<u>4,107,212</u>	<u>4,107,212</u>
Additions	280,176	280,176
Disposals	-	-
At 31 October 2016	<u><u>4,387,388</u></u>	<u><u>4,387,388</u></u>
Amortisation		
At 1 November 2014	630,060	630,060
Charge for the year	216,989	216,989
Disposals	(63,160)	(63,160)
At 31 October 2015	<u>783,889</u>	<u>783,889</u>
Charge for the year	209,365	209,365
Disposals	-	-
At 31 October 2016	<u><u>993,254</u></u>	<u><u>993,254</u></u>
Net book value		
At 31 October 2016	<u><u>3,394,134</u></u>	<u><u>3,394,134</u></u>
At 31 October 2015	<u><u>3,323,323</u></u>	<u><u>3,323,323</u></u>

All amortisation is included in Cost of sales in the Consolidated Statement of Comprehensive Income.

ONE MEDIA^{IP} Group Plc

**Notes to the Consolidated Financial Statements
For the year ended 31 October 2016**

9. Property, plant and equipment - Group

	Office equipment	Fixtures and fittings	Total
	£	£	£
Cost			
At 1 November 2014	42,977	10,643	53,620
Additions	5,208	-	5,208
Disposals	(2,900)	-	(2,900)
At 31 October 2015	<u>45,285</u>	<u>10,643</u>	<u>55,928</u>
Additions	2,437	-	2,437
Disposals	-	-	-
At 31 October 2016	<u><u>47,722</u></u>	<u><u>10,643</u></u>	<u><u>58,365</u></u>
Depreciation			
At 1 November 2014	35,186	7,122	42,308
Charge for the year	6,103	2,400	8,503
Disposals	(2,900)	-	(2,900)
At 31 October 2015	<u>38,389</u>	<u>9,522</u>	<u>47,911</u>
Charge for the year	3,471	531	4,002
Disposals	-	-	-
At 31 October 2016	<u><u>41,860</u></u>	<u><u>10,053</u></u>	<u><u>51,913</u></u>
Net book value			
At 31 October 2016	<u><u>5,862</u></u>	<u><u>590</u></u>	<u><u>6,452</u></u>
At 31 October 2015	<u><u>6,896</u></u>	<u><u>1,121</u></u>	<u><u>8,017</u></u>

All depreciation is included in administrative expenses in the Consolidated Statement of Comprehensive Income.

ONE MEDIA iP Group Plc

Notes to the Consolidated Financial Statements For the year ended 31 October 2016

10. Investment in subsidiary undertakings

	Total £
At 1 November 2015 and 31 October 2016	<u>493,817</u>

The Company holds interests in the following subsidiary undertakings.

Company	Country of incorporation	Nature of business	Class of shares	Share held %	Status
One Media iP Limited Company number 05536271	England and Wales	Audio-visual content	Ordinary	100%	Operating
Collecting Records LLP Company number OC307927	England and Wales	Audio-visual content	Partnership	99%	Dormant
One Media Intellectual Property Limited Company number 08224199	England and Wales	Audio-visual content	Ordinary	100%	Dormant
One Media Publishing Limited Company Number 082123128	England and Wales	Audio-visual content	Ordinary	100%	Dormant

The Company's investment at the balance sheet date is 100% of the share capital of the unlisted companies One Media iP Limited, One Media Intellectual Property Limited and One Media Publishing Limited. One Media iP Group Plc owns 99% of the Limited Liability Partnership Collecting Records LLP with the other 1% of the Limited Liability Partnership Collecting Records LLP held by One Media iP Limited.

All the above activities are included in the consolidated financial statements.

11. Receivables

	Year ended 31 October 2016 Group £	Year ended 31 October 2015 Group £	Year ended 31 October 2016 Company £	Year ended 31 October 2015 Company £
Amounts owed by group undertakings	-	-	2,706,637	2,432,496
Trade receivables	120,425	93,780	-	-
Other receivables	315,919	320,881	3,677	3,754
Prepayments	27,230	25,591	14,032	11,353
	<u>463,574</u>	<u>440,252</u>	<u>2,724,346</u>	<u>2,447,603</u>

Trade and other receivables are usually due within 30 to 90 days and do not bear any effective interest. A provision of £12,823 was made for doubtful debts at 31 October 2016. (2015: £nil). The movement in the provision for impairment during the year is as follows:

ONE MEDIA ^{IP} Group Plc

**Notes to the Consolidated Financial Statements
For the year ended 31 October 2016**

11. Receivables - continued

	Total
	£
At 1 November 2014	10,080
Decrease in the provision for impairment	(10,080)
At 31 October 2015	-
Provision for impairment	12,823
At 31 October 2016	12,823

12. Cash and cash equivalents

An analysis of cash and cash equivalent balances by currency is shown below:

	Year ended 31 October 2016 Group	Year ended 31 October 2015 Group	Year ended 31 October 2016 Company	Year ended 31 October 2015 Company
	£	£	£	£
GB£	198,749	531,746	31,483	110,771
US\$	121,710	277,474	-	-
Euro	15,205	7,029	-	-
	<u>335,664</u>	<u>816,249</u>	<u>31,483</u>	<u>110,771</u>

13. Trade and other payables

	Year ended 31 October 2016 Group	Year ended 31 October 2015 Group	Year ended 31 October 2016 Company	Year ended 31 October 2015 Company
	£	£	£	£
Current				
Trade payables	78,035	47,150	19,835	15,325
Social security and other taxes	19,368	21,928	-	-
Corporation tax	-	96,712	-	-
Accruals & deferred Income	409,004	735,598	6,000	6,000
Other payables	250,581	242,495	-	-
	<u>756,988</u>	<u>1,143,883</u>	<u>25,835</u>	<u>21,325</u>

The fair value of trade and other payables has not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the balance sheet to be a reasonable approximation of their fair value.

ONE MEDIA^{IP} Group Plc

**Notes to the Consolidated Financial Statements
For the year ended 31 October 2016**

14. Deferred tax (asset) / liability

	Year ended 31 October 2016	Year ended 31 October 2015
	£	£
Opening balance	-	-
Fixed asset timing differences	34,499	-
Losses carried forward	(28,539)	-
Total deferred tax liability	<u>5,960</u>	<u>-</u>

The Group has estimated trading losses of £142,694 (2015: £nil) available for carry forward against future trading profits.

**15. Share capital
Group and Company**

	2016	2015
	£	£
Authorised:		
200,000,000 ordinary shares of 0.5p each	<u>1,000,000</u>	<u>1,000,000</u>
Issued:		
71,053,698 (2015: 71,053,698) ordinary shares of 0.5p each	<u>355,268</u>	<u>355,268</u>

The movement in the issued share capital over the last two years has been as follows:

For the year ending 31 October 2015:

- On 12 May 2015 one employee exercised options on 100,000 ordinary shares of 0.5p each at 2.75p per share. The difference between the total consideration received of £2,750 and the nominal value of the shares issued of £500 has been transferred to the share premium account.
- On 27 July 2015 an employee exercised their right to convert 250,000 1.5p warrants in ordinary shares of 0.5p each. The difference between the amount raised of £3,750 and the nominal value of the shares issued of £1,250 has been transferred to the share premium account.

ONE MEDIA^{IP} Group Plc

Notes to the Consolidated Financial Statements For the year ended 31 October 2016

15. Share capital - continued

The movement in warrants has been as follows:

	Date of grant	Number of warrants	Par Value	Exercise price	Period of subscription
	31 October 2014	250,000	0.5p	1.5p	3 years
Exercised in year	27 July 2015	(250,000)	0.5p	1.5p	3 years
Warrants outstanding at 31 October 2015		-			
Movement in year		-			
Warrants outstanding at 31 October 2016		-			

No Directors held warrants at 31 October 2016 (2015: nil). The outstanding warrants held at 31 October 2014 were held by one senior member of staff.

The fair value of the outstanding warrants at 31 October 2014, based on the Black-Scholes model was 1.5p per share based on a risk free interest rate of 1% and a volatility of 30%. A share based payment charge of £nil was made for the year ended 31 October 2016 (2015: £237).

All amounts due from the Executive Directors and employee in respect of PAYE & NI resulting from the exercise of the warrants on 27 July 2015 has been paid to the Group.

At 31 October 2016 2,300,000 (2015: 2,300,000) share options of 2.75p, granted on 7 March 2011, were outstanding. The number of Directors holding share options at 31 October 2016 was 3 (2014: 4) and senior staff and employees 2 (2015: 2). The options are exercisable on or before 6 March 2018.

On 5 June 2014 a further 700,000 share options of 14.5p were issued to 1 director and 6 members of staff and remain outstanding at 31 October 2016 (2015: 700,000). These options are exercisable on or before 4 June 2021.

On 21 April 2015 a further 2,900,000 share options of 9p were issued to 4 directors and 4 members of staff and remain outstanding at 31 October 2016. These options are exercisable on or before 20 April 2022.

On 2 September 2016 a further 500,000 share options of 5p were issued to 1 member of staff and remain outstanding at 31 October 2016. These options are exercisable on or before 1 September 2023.

All share options issues were made to underpin key Directors and senior staff service conditions. The share based payment charge in relation to these share options is spread over the period of subscription.

The share price of the options granted on 7 March 2011 was 2.75p per share. The Fair Value of these options, based on the Black Scholes model, was 4.15p per share based on a risk free interest rate of 5% and a volatility of 40%. A share option charge of £4,591 has been made for the year ended 31 October 2016 (2015: £4,691).

The share price of the options granted on 5 June 2014 was 14.5p per share. The Fair Value of these options, based on the Black Scholes model, was 21.87p per share based on a risk free interest rate of 5% and a volatility of 40%. A share option charge of £7,368 has been made for the year ended 31 October 2016 (2015: £7,368).

ONE MEDIA^{IP} Group Plc

Notes to the Consolidated Financial Statements For the year ended 31 October 2016

15 Share capital - continued

The share price of the options granted on 21 April 2015 was 9p per share. The Fair Value of these options, based on the Black Scholes model, was 13.57p per share based on a risk free interest rate of 5% and a volatility of 40%. A share option charge of £18,984 has been made for the year ended 31 October 2016 (2015: £9,986).

The share price of the options granted on 2 September 2016 was 5p per share. The Fair Value of these options, based on the Black Scholes model, was 7.54p per share based on a risk free interest rate of 5% and a volatility of 40%. A share option charge of £nil has been made for the year ended 31 October 2016.

16. Company reserves

	Share redemption reserve	Share premium	Share based payment reserve	Retained earnings	Total
	£	£	£	£	£
At 1 November 2014	239,546	1,452,895	21,215	754,900	2,468,556
Proceeds from the issue of new shares	-	4,750	-	-	4,750
Share based payment charge	-	-	22,282	-	22,282
Release from share based payment reserve	-	-	-	-	-
Profit for the year	-	-	-	280,657	280,657
Dividends	-	-	-	(100,647)	(100,647)
At 1 November 2015	239,546	1,457,645	43,497	934,910	2,675,598
Proceeds from the issue of new shares	-	-	-	-	-
Share based payment charge	-	-	30,943	-	30,943
Profit/(loss) for the year	-	-	-	262,898	262,898
Dividends	-	-	-	(100,896)	(100,896)
At 31 October 2016	239,546	1,457,645	74,440	1,096,912	2,868,543

The Consolidated Statement of Changes in Equity is shown on page 18.

17. Dividends per share

The total dividend paid in the year ended 31 October 2016 was £100,896 (2015: £100,647). The dividend was paid in two installments. On 20 November 2015 at 0.071p per share and on 22 July 2016 a further dividend of 0.071p per share was paid.

ONE MEDIA iP Group Plc

Notes to the Consolidated Financial Statements For the year ended 31 October 2016

18. Contingent liabilities

Due to the nature of the business, from time to time, claims will be made against the Group.

During the period, One Media iP Group Plc filed an appeal with the 6th Circuit Court Appeals via its Attorneys in the USA against the ruling vacating the Middle District of Tennessee's judgement against the Hadaway defendants.

The Group was informed on 15 March 2017 that the Hadaway defendant's (HHO Licensing Ltd, Henry Hadaway Organisation Ltd and Henry Hadaway personally) would be seeking remedy for repayment against the Group in the UK regarding the monies seized by the United States Marshals pursuant to an order of the Southern District of New York as part of the original (now vacated) Tennessee District Court judgment.

The Group has taken the view, having instigated an appeal against the latest ruling, that it would return the monies received to date from the original Nashville judgement and in accordance with the Nashville court's ruling on a reversal of its original decision of jurisdiction over the defendants HHO Licensing Ltd, Henry Hadaway Organisation Ltd and Henry Hadaway. The repayment of these monies is fully reflected in these current accounts.

At this time, the directors do not expect any material liability to arise, however it is not possible to predict the potential financial impact on the Group of any future adverse decisions.

The Group will consider its position further and issue a statement once the appeal process has concluded.

19. Capital commitments

There were no capital commitments at 31 October 2016 or at 31 October 2015.

20. Operating lease commitments

	Within one year £	1 to 5 years £	2016 Total £	Within one year £	1 to 5 years £	2015 Total £
Rent	53,263	41,111	94,374	51,252	102,503	153,755
Vehicles	13,356	2,071	15,427	12,057	6,982	19,039
	<u>66,619</u>	<u>43,182</u>	<u>109,801</u>	<u>63,309</u>	<u>109,485</u>	<u>172,794</u>

The lease for rent is due to expire on 31 July 2018 and for the vehicles leases during 2017 and 2018. The Company has no operating lease commitments.

ONE MEDIA^{IP} Group Plc

Notes to the Consolidated Financial Statements For the year ended 31 October 2016

21. Financial instruments

The Group uses financial instruments comprising cash and cash equivalents, other loans and various other short-term instruments such as trade receivables and trade payables which arise from its operations. The main purpose of these financial instruments is to fund the Group's business strategy and the short-term working capital requirements of the business.

Financial assets by category

Categories of financial asset included in the Consolidated Statement of Financial Position are as follows:

	Loans and receivables	Non financial assets	2016 Total	Loans and receivables	Non financial assets	2015 Total
	£	£	£	£	£	£
Licenses and other intangible assets	-	3,394,134	3,394,134	-	3,323,323	3,323,323
Property, plant and equipment	-	6,452	6,452	-	8,017	8,017
Trade receivables	120,425	-	120,425	93,780	-	93,780
Other receivables	315,919	-	315,919	320,881	-	320,881
Prepayments	27,230	-	27,230	25,591	-	25,591
Cash and cash equivalents	335,664	-	335,664	816,249	-	816,249
	<u>799,238</u>	<u>3,400,586</u>	<u>4,199,824</u>	<u>1,256,501</u>	<u>3,331,340</u>	<u>4,587,841</u>

Included within loan and receivables above are cash and cash equivalents of £31,483 (2015: £110,771), and trade and other receivables of £17,710 (2015: £15,107) excluding amounts owed by group undertakings in relation to the company.

Trade Debtors at 31 October 2016 of £131,492 (2015: £93,780) include £76,055 (2015: £61,682) payable in \$USD and £2,534 (2015: £2,147) payable in Euro.

Financial liabilities by category

Categories of financial liabilities included in the Consolidated Statement of Financial Position are as follows:

	Other financial liabilities at amortised cost	Liabilities within the scope of IAS 39	2016 Total	Other financial liabilities at amortised cost	Liabilities within the scope of IAS 39	2015 Total
	£	£	£	£	£	£
Trade payables	78,035	-	78,035	47,150	-	47,150
Social security and other taxes	19,368	-	19,368	21,928	-	21,928
Corporation tax	-	-	-	96,712	-	96,712
Deferred tax	5,960	-	5,960	-	-	-
Accruals and deferred income	-	409,004	409,004	-	735,598	735,598
Other payables	250,581	-	250,581	242,495	-	242,495
	<u>353,944</u>	<u>409,004</u>	<u>762,948</u>	<u>408,285</u>	<u>735,598</u>	<u>1,143,883</u>

ONE MEDIA ^{iP} Group Plc

Notes to the Consolidated Financial Statements For the year ended 31 October 2016

21. Financial instruments - continued

Included within other financial liabilities are trade payables of £19,834 (2015: £15,325) and other payables of £6,000 (2015: £6,000) in relation to the company.

The Group is exposed to a variety of financial risks which result from its operating activities. The Board is responsible for co-ordinating the Group's risk management and focuses on actively securing the Group's short to medium term cash flows. Long term investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets and has no financial derivatives. The most significant risks to which the Group is exposed are described below:

Credit risk

The Group's credit risk is primarily attributable to its trade receivables, other receivables and cash and cash equivalents. The amounts presented in the Consolidated Statement of Financial Position are net of any allowances for doubtful receivables. The Group has a significant concentration of credit risk associated with its distributor of digital content, The Orchard. Cash at bank is all held with highly rated banks or deposit takers, the suitability of which is constantly reviewed. The maximum credit to which the Group is exposed, including Cash at bank of £335,664 is £799,238 (2015: £1,256,501).

Liquidity risk

The Group seeks to manage risks to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash and assets safely and profitably. Short term flexibility is achieved by the use of money markets to deposit excess cash which is not required in the short term. The directors prepare cash flow forecasts on a regular basis to identify at an early stage any short term funding difficulties.

All the financial liabilities noted above, with the exception of the liability to deferred tax of £5,960 (2015: £nil), are expected to result in cash outflow within six months of the year end. At 31 October 2016, £347,984 (2015: £311,573) of the financial liabilities were expected to result in cash outflow within six months of the year end.

Currency risk

The Group is exposed to foreign exchange risk in connection with its digital downloading and streaming business where the revenue is largely transacted in US\$ and the settlement of royalty and other liabilities arising from this revenue is largely denominated in US\$.

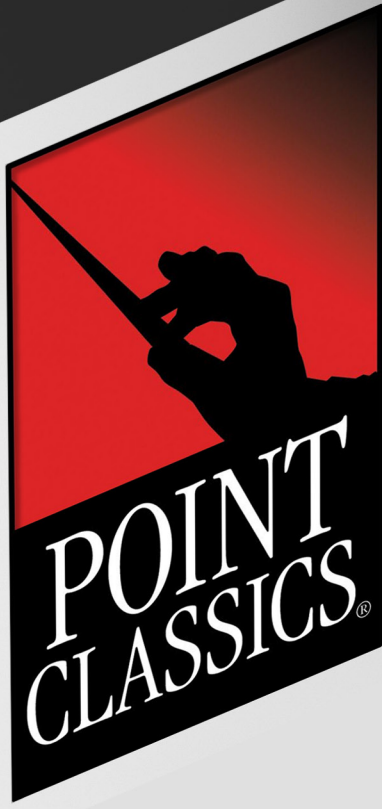
Included in Cash and cash equivalents, Trade receivables and Other receivables is USD\$553,720 (2015: USD\$920,776) equivalent to £453,869 (2015: £597,707) and Euro 20,755 (2015: Euro 12,847) equivalent to £17,740 (2015: £9,176) payable in Euro. If the foreign exchange rate was 10% different from the rate used at the year end there would be an under/over statement of assets of £52,401 (2015: £67,454).

Included in Accruals & deferred income and Other payables is USD\$452,628 (2015: USD\$1,045,921) equivalent to £371,007 (2015: £719,169) payable in USD\$. If the foreign exchange rate was 10% different from the rate used at the year end there would be an under/overstatement of liabilities of £41,223 (2015: £79,708).

22. Related party transactions

There were no related party transactions in the year under review or in the year ended 31 October 2016 nor 31 October 2015, other than transactions with the directors as disclosed in the Directors' Report and note 5 to the financial statements.

At 31 October 2016 the principal operating subsidiary One Media iP Limited owed the Company £2,706,637 (2015: £2,432,496). No formal inter-company loan agreement is in existence between the Company and its subsidiaries. During the year the Company made a management charge of £222,851 (2015: £300,000) against One Media iP Limited and received a dividend of £300,000 (2015: £300,000).



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