2015

the mission(tm)
own ideas

Annual report and accounts
year ended 31 december


ONE

contents

The Mission Marketing Group plc (**the mission**) is based predominantly in the UK with offices also in the USA and Asia. We're proud to be built from a rich partnership of specialist and full service Agencies, including:

- Integrated, multi-discipline, multi-sector Agencies
- Specialists in specific marketing and communications activities
- Specialists in particular market sectors

We are united by a single purpose – to make our Clients' businesses more valuable. Quite simply, that's **the mission**.

own ideas(tm)

Welcome to the Agency Group where everyone thinks differently.

the mission(tm) may be one Group, but our biggest strength is diversity. When a new Agency joins, we don't impose doctrines or change them to fit in with Group policies. We encourage them to flourish in the way that's best for them, their people and, above all, their Clients.

We encourage collaboration and empower people to make their own decisions. In fact, we make it easier for Agencies to do all the things that made us choose them in the first place.

This philosophy holds true at the highest level. Because, unlike other Groups, our Board is comprised of the entrepreneurs who run our Agencies. Talented people with a passion to make our Clients famous and successful.

We're proud that so many of the people who originally founded our Agencies stay with us after they've joined the Group. In fact, we think it makes all the difference. Because, by being focused on their Agencies yet fully supportive of the Group, they deliver the creativity and innovation of a boutique with the powerful resource of a multinational.

Motivation through Ownership

Our senior team don't just share common values, they also share ownership. In total, 50% of **the mission**(tm) Group equity is held by people directly connected to our operating companies. Their personal investment in our shared success acts as a powerful added incentive. As owners, our people have even more motivation to grow their Agencies and the Group as a whole.

onemission(tm)

Right across the Group, our goal is to make our Clients' brands and businesses more valuable. Our unique, predominantly CEO-led Board structure enables this through more partnership and more collaboration, offering specialist disciplines from around the Group to any individual Agency's Clients. This leads to a more integrated, streamlined and commercially effective service for our Clients as well as enhancing revenue across the business.

Together, we are growing into the nation's most respected and influential creative communications Group.

Our 13 Agencies work towards just one bottom line, giving each and every one of our Clients the best advice and the strongest resources we can offer.

950+ PEOPLE | 24 OFFICES | 13 AGENCIES | 1 MISSION

the agencies

The (tm) symbol represents the shared ambitions, values and goals that unite every Agency in **the mission**(tm) Group. The award-winning names you see here represent a huge variety of skills, experience, specialisms and expertise.

aprilsix(tm)

The UK's leading technology channel marketing Agency working successfully with global brands on an international basis.

bigdog(tm)

A multi-award winning, creative Agency producing compelling, media-neutral ideas that you can't ignore.

bray leino(tm)

A pioneer of integrated brand-building, this top-20 Agency works with Clients through every channel and across the business spectrum.

CHAPTER(tm)

Delivering the award-winning high standards and expertise of a large creative Agency with the cost base and agility of a small one. Not bigger and better, but Sharper & Better.

mongoose(tm)

A sports and entertainment marketing Agency, harnessing the power of sponsorship to drive actionable insight and business growth.

PROOF(tm)

A specialist PR Agency, part of April Six, helping science, engineering and technology organisations clearly communicate complex subjects. Clients span multinational technology, world-class science, global engineering and government departments.

RLA(tm)

Specialising in automotive whilst offering full-service Agency capabilities. With unrivalled expertise in international channel marketing programmes in the automotive, retail and allied sectors.

Robson Brown(tm)

Regarded as one of the North of England's major advertising brands with proven skills in integrated communications.

SOLARIS(tm)

A specialist medical, full service global communications Agency thriving in areas of unmet need or when innovative targeted technologies can make a positive impact. Delivering communications that are scientifically robust and creatively engaging.

speed(tm)

An ambitious, creative and commercially-driven PR Agency specialising in driving businesses and brands forward. Speed's sector expertise covers Consumer & Lifestyle, Business & Corporate and Sport.

Splash Interactive(tm)

Headquartered in Singapore with offices in Shanghai, Hong Kong, Malaysia and Vietnam, a full-service digital Agency helping multinational brands build websites and market their products across all digital channels.

'story'(tm)

Based in Edinburgh, Story is an award-winning integrated Agency working with leading consumer brands and services.

thinkbdw(tm)

The leading property integrated marketing Agency in the UK, working with developers across all aspects of their sales support programmes from advertising to show homes. ThinkMedia is one of the largest buyers of Estate Agency media in the UK.

Together, we are **the mission**(tm)

concinnity

Concinnity is at the heart of everything we do. It means working together in the most powerful way possible. Employing the right blend of skills, experience and disciplines from our network to deliver the best result for each Client.

bigdog, CHAPTER, 'story', bray leino, Robson Brown

INTEGRATED GENERALISTS

Our integrated generalist Agencies drive business growth through consistent brand messaging and measurable results across all marketing channels.

bray leino broadcare, bray leino events, bray leino learning, bray leino splash, bray leino yucca, mission studios, mongoose, speed, Splash Interactive

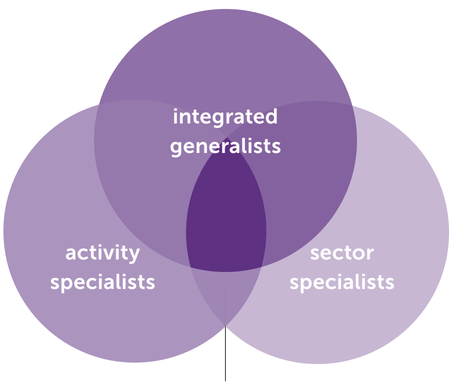
ACTIVITY SPECIALISTS

Our specialist Agencies span digital, social media, branded content, PR, events, learning, film production, ecommerce and sports marketing. All working across a range of sectors to deliver their expertise.

aprilsix, RLA, thinkbdw, PROOF, SOLARIS

SECTOR SPECIALISTS

Across technology, science, engineering, automotive, healthcare and property, our sector specialists offer in-depth knowledge, contacts and working practices - all tailored to their Clients' particular needs.

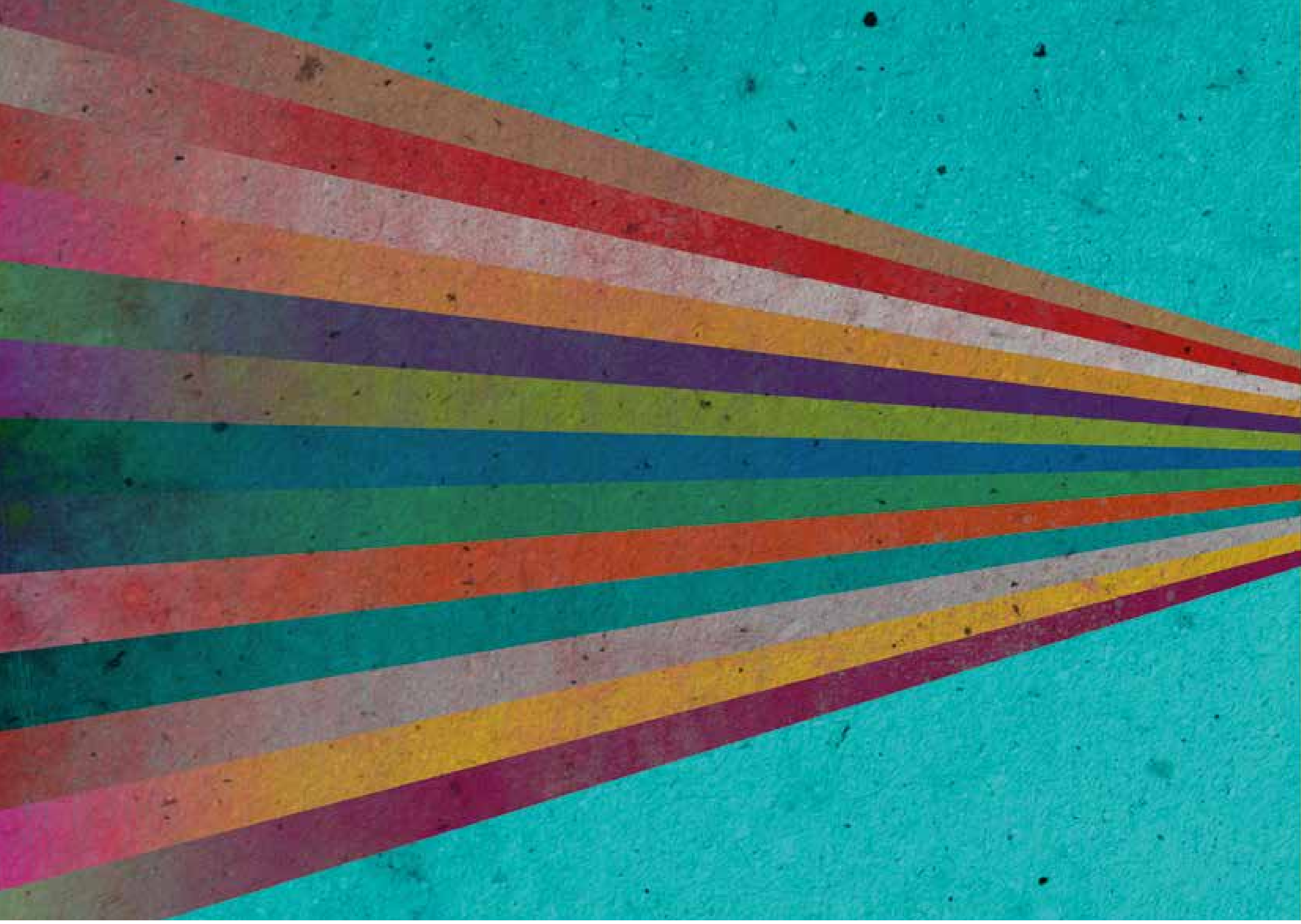


Bringing together the right skills, for the right Clients, at the right time.

At every step, everything we do is about working together to share our abilities and add value for our Clients. It adds up to a potent mix that can transform a Client's business or even their entire market.

"We're more powerful together."

Our Clients are all different. But we're
in the perfect position to deliver an
Agency service that suits them perfectly.



onemission™ in action

Most marketing groups talk about their agencies working closely together. But we actually do it – with a flexible, innovative approach that benefits Agencies and Clients alike.

Our unique Board structure includes the CEOs of our principal Agencies – helping to create a strong mutual trust and common interest. This means the management team of any one Agency can feel confident about introducing their Clients to relevant, specialist services from their partner Agencies.

Our collaborative philosophy greatly enhances the service delivered to our Clients; broadening the range of consultancy and skills available to help their businesses prosper.

> **"Collaboration helps us deliver more for our Clients – and grow our own business from within."**

The mutual support throughout our Group can be seen in action on a daily basis. And naturally, it enables us to grow our business from within.

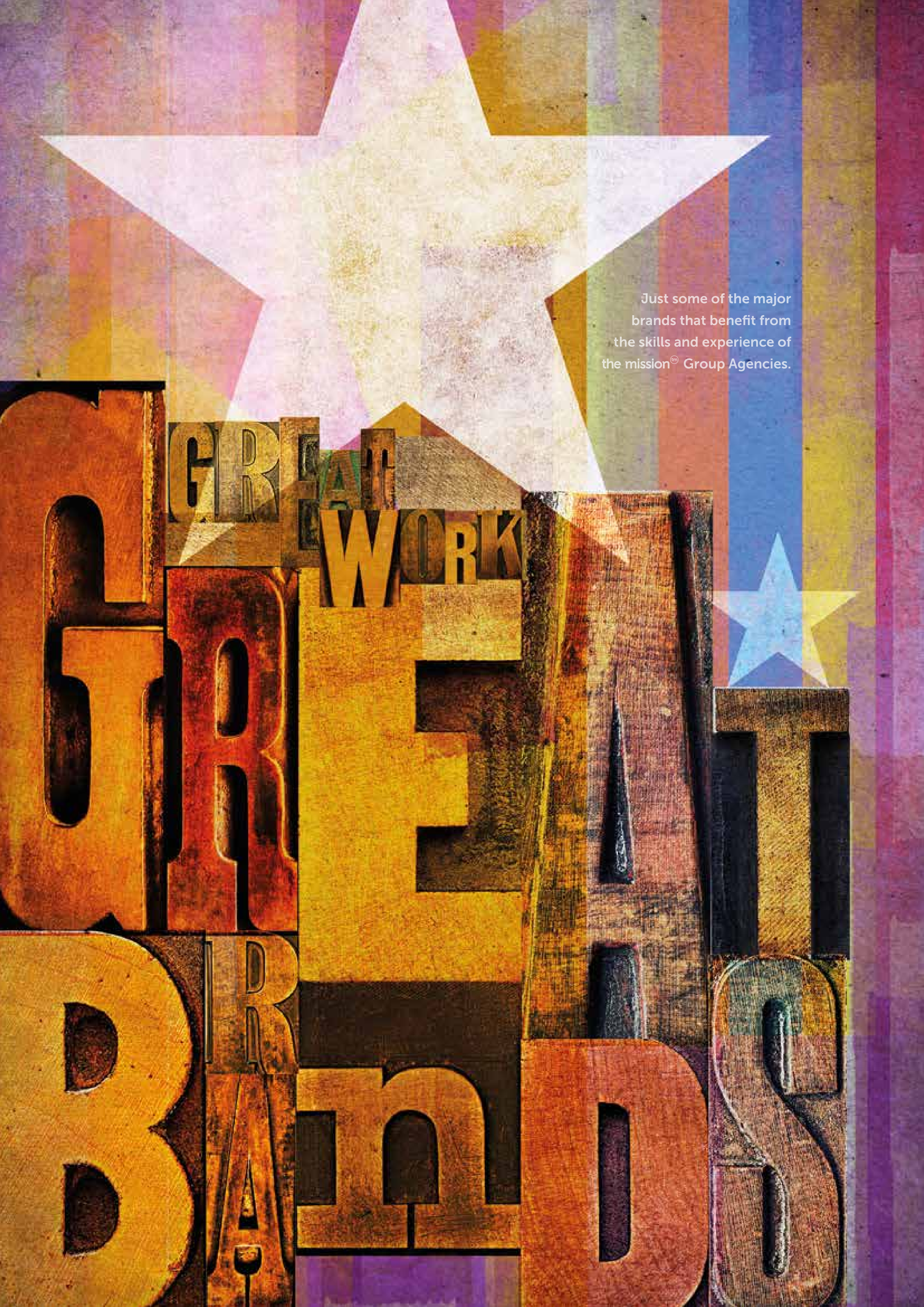
In 2015, nearly £1m of additional revenue from over 30 incumbent Clients flowed into the Group thanks to inter-Agency Client introductions. All of this was enhanced by shared new business opportunities and referrals.

What's more, many of these new relationships will grow in 2016 and beyond. And new connections are being made all the time. The appointment of Chris Goodwin as Commercial Director of the Group will see even more focus on the development of this strategy. We'll also be looking to use more of the Group's resources in favour of sourcing from external service providers.

All this progress is enabled by our unique approach. Delivering the finest solutions to Clients on a Group-wide basis. One Agency supporting another. Or, as we like to call it, **onemission**® in action.

onemission® key trading relationships in 2015

Introducing Agency	Delivering Agency
April Six	Splash
bigdog	Bray Leino
Bray Leino	Speed
Bray Leino	Splash
Bray Leino	Solaris
RLA	bigdog
Solaris	Bray Leino
Speed	Solaris
Speed	Bray Leino
Story	Robson Brown
ThinkBDW	Bray Leino



Just some of the major brands that benefit from the skills and experience of the mission[®] Group Agencies.

we do great work for great brands

We're proud to work for some of the leading brands in the world. Not to mention many reputable less well-known names and emerging brands. Between them, our Clients cover technology, automotive, FMCG, healthcare, property, financial services and many other sectors besides. But in every case, we're continually working to make them more famous, more loved and more successful.

revenue visibility

"We have a unique long-term view on revenue. Our Client relationships are something we work very hard to maintain and grow."

We like to look ahead.

And with such a strong culture of collaboration, it's no wonder our Agencies create long-lasting, profitable relationships with many of our Clients.

We have a clear view of future revenue from many brands that we've worked with and grown over a period of time. So, when it comes to business planning, we never underestimate the value of a long-term partnership.

Naturally, new business is also very important to us. We have Group-wide systems in place to provide real-time visibility of all of our new business pipeline.

- 890 Clients across the Group
- High degree of visibility of 2016 revenue
- Further growth from existing Clients forms a key part of new business targets
- 59% of Client revenue is from Clients that have been with us for 5 years or more, 39% from Clients of 10 years or more and 21% from Clients of 20 years or more
- Group-wide new business pipeline visibility.

YEARS WITH MISSION AGENCIES
SOME EXAMPLES

16 YEARS	24 YEARS	41 YEARS	32 YEARS	29 YEARS
Microsoft	AVIVA	DENDRON	VW	Bellway
April Six	bigdog	Bray Leino	RLA	ThinkBDW

Revenue visibility across the Group is greatly enhanced by our valuable portfolio of long-established Clients with contracted or predictable spends.


THIN

original ideas, owned initiatives

"We don't just come up with new communications ideas, we come up with new ways to communicate."

At **the mission**®, we do things that have never been done before. Going far above and beyond traditional Agency models to deliver new and original commercial opportunities. Using the wealth of talent across the Group, we're developing new ways to manage information, to analyse data and to interact with audiences. As a result of this pioneering approach, we're enhancing our Clients' businesses, but also creating marketable products. Owned initiatives which add value to our Group.

Here are just some examples of our original thinking in action.

BroadCare

Designed for organisations managing NHS-funded Continuing Care; Broadcare software makes data collection, storage and retrieval quick and simple. Bringing together data from different locations to save significant amounts of time and money.

Thrive

From car dealers to supermarkets, organisations with multiple outlets face the challenge of translating their brand vision into powerful local marketing. Thrive, from RLA, makes the task easier with a single, adaptable programme. Thrive incorporates everything from integrated asset management and ad building, through to media planning and sales tracking. Delivering a 360° campaign journey in one platform.

Mall to Mobile

Mall to Mobile is a unique software solution developed for retail destinations. The system delivers promotions, news, events and local interest stories straight to the palm of your customers' hands – and is currently used by more than a dozen retail centre portfolios across the UK.

Pathfindr

When Rolls-Royce wanted to reduce the time spent tracking down parts on their factory floor, bigdog worked with them to develop Pathfindr - a cutting edge Integrated Asset Tracking solution. The system accurately logs locations and makes it easy to scan and pinpoint parts and tools with a smartphone. And all at a fraction of the cost of established big-name solutions. Rolls-Royce's time-to-find has dropped by 80%, while Pathfindr is now being offered for retail, hospitality and industrial applications.

Ethology

From online to in-store, customers interact with brands in more ways than ever. Our Ethology consultancy was established in 2015 to help businesses measure, plan and improve the experience they provide at every touchpoint. With everything from strategic guidance through to full user-centred design, the offering is bespoke for each Client – using insight and research to inform creative decisions. Whilst part of bigdog, Ethology supports other **mission**® Group Agencies too, having worked closely with Bray Leino Yucca, RLA and April Six.

Easl

While we create great innovations for Clients, we also apply innovative thinking to our own business. For example, dissatisfied with Agency Management Systems available on the market, Easl was developed by Bray Leino and is now used by a number of the Group's Agencies. This negated outsourcing and reduced external expenditure. This tailor-made software enables detailed planning, tracking, costing and reporting as well as accurate recording of staff time.

smart work, smart people

the mission(tm) is home to many highly talented and creative individuals. All with a passion for new ideas and new ways to connect. Together, we've developed outstanding work for a wide range of Clients. Here are a few of our best examples.

The King of All Test Rides

A unique experience for custom motorcycle riders.

Harley-Davidson is an American icon. So to generate interest across Europe, bigdog came up with The King of All Test Rides. Take a test ride for the chance to win a once-in-a-lifetime US trip and your dream custom Harley® motorcycle. Promoted by a powerful combination of press, E-CRM and digital comms, the incentive proved irresistible for an audience who like to try something new - becoming Harley Europe's most successful campaign to date.

MOTOR HARLEY-DAVIDSON CYCLES

"143% above test ride targets. Over 25,000 test rides booked."

Scotch Mist

Encouraging a taste for whisky with a magical mist.

Ardbeg single malt is distilled on Islay – a remote Scottish island often shrouded in a thick sea mist known as the Haar. To grow awareness amongst premium single malt drinkers, the Story Agency created an evocative way to sample Ardbeg – by transforming it into a drinkable mist. This unique tasting experience was rolled out internationally during 2015 and whisky lovers from around the globe took the chance to sip clouds of Ardbeg from specially designed glasses.

EST° 1815

"Taipei, Taiwan acquired 1,000 new Ardbeg Committee Members in under a week."

A Virtual Car Showroom

How do you show customers a new car if it has yet to reach the UK?

That was the challenge posed by Mazda to bigdog, in order to support their nationwide dealer tour for the launch of the all-new Mazda2.

The solution, was to go virtual.

A virtual reality showroom was created, complete with the all-new Mazda2. By wearing an Oculus Rift headset and using a specially designed joystick, customers can move around the showroom and view the car from all angles. They can view changes to the paintwork colour and trim levels and, with a click of a button, they can be transported inside the car, giving them a feel for the interior too. Created from a 3D production model, the virtual reality car is as close to the real thing as it is possible to get.

The Mazda2 tour was a great success, with positive national press coverage.

The same technology was used to power the nationwide tour for the all-new Mazda CX-3 and the launch of the Mazda MX-5, with Oculus Rift kits in circulation across the country to support dealer launch events.

mazda

"Transforming a car that didn't exist into a brand new retail experience."

A Clear Winner

Making Freederm the no. 1 name in spot treatment.

For teenagers, spot-free skin is about feeling confident and uninhibited. Using this insight, Bray Leino cast aside category norms with a campaign featuring no spots, skin or people. Instead, they delivered a pure and entertaining expression of freedom. With a little help from the Freederm Goose.

In 2015, the campaign spread its wings across TV, cinema and online video. All supported by digital and social content, including live tweets from the Goose himself.

Freederm®

"Freederm became the most talked about skincare brand among 14 to 17 year olds."

it's a rare thing

"We attract Agencies with great talent. And keep it."

When an Agency joins the mission Group, we want it to stay true to its original vision. That's why we're delighted that so many members of our Agencies' senior management teams choose to stay with us. In some 95% of cases, the core management of our acquired businesses remains in place today. People who are driven by a passion for creative innovation and building the value of our Group.

And it's gratifying to hear from the businesses that we acquire that what we describe as our unique style and culture is as motivating in practice as it is in theory.

"The mission has made promises on which it has delivered. It promised to allow us to run the business our own way; to provide us support when we needed it; to give us space when we didn't and to talk to us if we wanted to. The mission has been, above everything else, unwaveringly fair, honest and human. It understands us as people, not just resources. And that, I think, is rare these days."

Richard Moss, Proof Communication

"Our first year with the mission has been a blast. Shanghai saw very substantial growth from mission Group opportunities. Singapore had the privilege of working with two mission colleagues and the fun of seeing them grow their teams. Vietnam saw opportunities in supporting the mission Group with technical development. I am quite confident that this collaboration will bring about greater integration and expansion of opportunities for both the UK and Asia."

Lee Kuok Ming, Splash Interactive

"Joining the mission Group has been brilliant. The Digital Workgroup, in particular, has highlighted how many seriously capable people there are in the mission and I'm delighted to be part of this. I'm really excited about what we will achieve together in the future."

Charlie Cutler, The Weather (part of Story)

What makes a mission® Group Agency? There's no one answer. We're simply drawn to creativity and innovation, helping members flourish in the way that's best for them and their Clients. We think it's what attracts Agencies in the first place. And what keeps most Agency management teams with us after they've joined the Group.

David Morgan
Executive Chairman

David founded Bray Leino, the Group's largest Agency, in 1974 and was its CEO until 2008. He became Non-Executive Chairman of Bray Leino in 2008 and was appointed Chairman of **the mission**® in April 2010. Before founding Bray Leino he worked in a number of London advertising agencies including Dorlands.

Dylan Bogg
Executive Director

Dylan is Chief Creative Officer of bigdog and was one of the founding partners of Big Communications. He had built a successful business by the age of 24 and this was used as the bedrock for the launch of Big Communications in 1996. Dylan oversees all creative output for bigdog across four UK locations. Dylan was appointed to the Board in April 2010.

Giles Lee
Executive Director

Giles joined Bray Leino in 2005 as Group Finance Director following his successful role in transforming Merrydown plc from its fundamental financial restructure in 2000 to its acquisition in 2005. Giles was appointed CFO/COO of Bray Leino in 2011 and Executive Chairman in 2013 and has overseen fourteen acquisitions and a number of strategic investments. He was appointed to the Board in March 2013.

James Clifton
Executive Director

Chief Executive of bigdog, James started out Client-side before working for various agencies within the global networks that are Omnicom and WPP. He created balloon dog in 2008 having led an MBO of Fox Murphy. balloon dog was acquired by **the mission**® and James was appointed to the Board in October 2012.

Robert Day
Executive Director

Robert is Chief Executive of ThinkBDW, a company he founded as Robert Day Associates in 1987 at the age of 22. Re-branding as ThinkBDW in 2004, Robert has led the company to its position as the leading property marketing specialist in the UK. The business was acquired by **the mission**® in March 2007 and Robert joined the Board in April 2010.

Sue Mullen
Executive Director

Sue is Chief Executive of Story and started her advertising career at Branns in Cirencester before moving to Edinburgh to head up One Agency. She left in 2002 and, alongside three colleagues, set up Story, an award-winning creative and direct communications Agency. Story was acquired by **the mission**® in 2007 and Sue joined the Board in June 2012.

Chris Morris
Non-Executive Deputy Chairman

Chris adds further operational experience to the Board as a founder partner of Big Communications, bought by **the mission**® in 2005 prior to its AIM listing in 2006. Chris has over 35 years' industry knowledge having previously been Managing Director of Cogent Elliott, one of the UK's top three regional advertising agencies. Chris was appointed to the Board in December 2009.

Fiona Shepherd
Executive Director

Fiona is Chief Executive of April Six and Proof Communication and has worked in the technology industry for over 20 years, holding both Client and Agency positions, with some of the world's largest technology brands. Fiona was a founder of April Six and has managed its success as a well respected global technology Agency with offices in London, San Francisco and Singapore. Fiona joined the Board in April 2010.

Julian Hanson-Smith
Non-Executive Director

An entrepreneur and PE investor with significant experience in marketing services. In 1986 Julian co-founded what is now FTI Consulting, one of Europe's largest business communications consultancies, and following its sale in 1999 became COO of Lighthouse Global Network. In 2001 he joined US-based PE firm Lake Capital before co-founding Iceni Capital in 2007, investing in UK-based business services companies. He joined the Board on 1 October 2015.

Mike Rose
Executive Director

After working at some of the best regional agencies in the UK, Mike founded Chapter, along with his two Creative Director partners, in April 2009. The three of them went on to build Chapter into an award-winning, internationally respected creative agency. **the mission**® acquired Chapter in November 2015 and Mike was appointed to the Board on 1 January 2016.

Peter Fitzwilliam
Finance Director

Peter is a Chartered Accountant with over 25 years' financial and management advisory experience in private and quoted companies across a range of industry sectors. Finance Director of Business Post Group plc (now UK Mail Group plc) from 1999-2006, he helped take it into the FTSE 250. Peter supported **the mission**® through its refinancing in April 2010 and joined the Board in September 2010.

Chris Goodwin
Executive Director

Chris is Chief Executive of RLA and has over 25 years' experience in the automotive industry at Firestone and then Federal-Mogul, with varied experience in sales, marketing and general management roles, both at regional and global levels. In 2008 he crossed over from the Client side to focus on strategic business development within Bray Leino. He was appointed to the Board in April 2011.

"We are going in the right direction with our intrapreneurial approach and innovative ideas."

David Morgan, Chairman - March 2016

A cracking second half performance from our Agencies helped us deliver our forecasted numbers and springboard us into 2016 in very good shape.

2015 was a busy year for the mission where we saw ever so slightly improved market conditions and benefits from important improvements to our portfolio in line with the strategy that we set five years ago. At the same time we have been able to continue to upgrade the quality of our team and our expertise.

Towards the end of 2015 we acquired Chapter which is one of the UK's fastest growing Agencies based in the Midlands. Chapter brings to us a top notch management team and an exciting array of Clients and capabilities through its truly unique style and approach which fits perfectly with the mission. As such Chapter will also further consolidate our position in the region.

Their CEO, Mike Rose joined the Group Board which was also strengthened by the introduction of Julian Hanson-Smith as our senior independent Non-Executive Director. His breadth of experience will serve us well in the years to come, I'm sure. At the end of the year Stephen Boyd stood down from the Board and I would like to thank him for his contribution.

Lots of news elsewhere to report in 2015, not the least being April Six's move into Singapore on the back of their strengthening position in San Francisco, Bray Leino's introduction into Chicago for tactical reasons, a relocation of our Edinburgh based Story Agency who integrated The Weather digital team and our investment in Watchable, a very smart film and video content business. Watchable brings to our Clients greater options in branded content through their measurable seeded messaging capability.

Late in 2015, our Solaris Healthcare Agency absorbed the pharma specialist Agency, Echo, into their fold adding further strength and breadth to their offering.

We launched Mongoose Sports and Entertainment Marketing in July which is now picking up steam and working with our Agencies to bring greater marketing and sponsorship options to our Clients. Further plans to build this business will be announced during 2016 suffice to say that we are delighted to be entering into this arena with such a dynamic young team.

In the early part of 2015 we merged our Bray Leino PR business into our just acquired Speed PR Agency and I'm encouraged by the way their integration has gone and the positive plans for the future.

All good stuff.

New Client wins in 2015 include British Airways, BMW, Byron Burgers, Citibank, Pfizer and the Post Office with our Agencies developing well in the UK and USA and through our Splash Group in Asia. A couple of major restructures included a Bray Leino repositioning of locations and the merger of Big and balloon dog into bigdog. The latter proved to be more challenging than we had hoped but unlike the home countries' teams in the Rugby World Cup they ended the year flying. Six pitches six wins!

Looking forward to 2016 we are planning the next stage of our journey. We are already considering adjustments to our portfolio and have a pipeline of initiatives and potential acquisitions that meet with our objective to embrace and utilise smarter technologies that are strategically and creatively empowered and lock into audience mindsets. All of which will fuel the quality of what we do and the success we bring to our Clients.

I feel that we are going in the right direction with our intrapreneurial approach and innovative ideas. We aren't quite sansculottes but we are a Group focused on building value through a measured approach to the future that even our doryphores should find it hard to question.

Onwards and very much upwards, methinks.

operating income ('revenue'):

up 11% to £61.0m

(2014: £55.0m)

2015 was another year of success, with each of our five key financial performance indicators met:

Key performance measure	Target	Achieved in 2015?	Achievement in 2015
Operating income	Increase each year, from both organic growth and acquisition	Yes	Increase of 11% achieved
Operating profit margins	Achieve levels at least in line with industry averages	Yes	Margins, at 11%, were again ahead of our peer group of UK quoted marketing companies (excluding WPP)*
Headline profits before tax	Grow year-on-year	Yes	Increase of 17% achieved
Ratio of net bank debt to EBITDA	Maintain below x2	Yes	Bank debt leverage ratio below x1.3 at 31 December 2015
Ratio of total debt to EBITDA	Maintain below x2.5	Yes	Total debt leverage ratio x2.0 at 31 December 2015

*Kingston Smith Annual Survey

total cash investment in growth:

£4.0m

acquisitions, start-ups and capex

new business generated from cross-Agency referrals:

nearly

£1.0m

revenue from Clients of 5 or more years:

almost

60%

(over 20% from Clients of 20+ years standing) headline trading profit (operating profit before central costs):

up 11% to £8.5m

(2014: £7.7m)

headline profit before tax:

up 17% to £6.5m

(2014: £5.5m)

headline diluted eps:

up 15% to 5.9p

(2014: 5.13p)

full year dividend:

up 9% to 1.2p

(2014: 1.1p)

strategic report

AIMS AND AMBITION

Our mission is simple: to work together to make our Clients' brands and businesses more valuable; and fuelled by their success, to grow **the mission**ⓜ into the UK's most respected and influential creative communications group. To achieve this, we will continue to focus on building long term, mutually beneficial, Client partnerships that provide us with greater security of relationship and them with a deeper, more proactive, responsive approach that helps them build their businesses more successfully.

We aim to reward shareholders both through capital growth and dividends and to provide a rewarding, challenging and fun environment for our staff. We will grow first and foremost by organic growth but we will add services, expertise and talent where we find it complementary to our objectives and financially affordable. As well as acquisitions of existing businesses, we will also consider launching new businesses that may require more time to become established but which will have a smaller investment cost/lower risk profile. Although primarily operating in the UK, we will continue to develop our international footprint in response to Client demand and where we see strong opportunities to leverage our well-established UK strengths elsewhere in the world. We will maintain a balance of equity and debt financing to give shareholders the advantages of financial leverage but without placing the business at financial risk.

RISKS AND UNCERTAINTIES

The Group's principal operating risks and uncertainties are set out below. The management of risk is the responsibility of the Board, assisted where appropriate by the Remuneration and Audit Committees, as described further in the Corporate Governance Report. The Directors have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity.

Adverse economic conditions

Such conditions could lead to a reduction in Clients' marketing budgets. As a network of Agencies which are run, in most cases, by the entrepreneurs who originally founded them, we believe that we offer strong local and personalised, "boutique" Client service backed up by a multi-national infrastructure. We believe that this highly personalised service makes us less susceptible to the generic effects of the economy. We also undertake strenuous new business activity and we minimise overheads wherever possible, always recognising that there is a level below which overheads cannot be reduced without Client service being affected. As the Group expands outside the United Kingdom, we are also reducing the concentration of economic risk.

Loss of key Clients

There are many reasons why a Client changes its communications agency, several of which are outside our control. The risk of Client loss as a result of something we can control is mitigated by the efforts of dedicated account teams, who strive to ensure the quality of work we do meets or exceeds our Clients' expectations at all times and who modify our approach when necessary. The risk of Client loss for reasons beyond our control is mitigated by the Group's broad spread of Clients, which limits its exposure to any individual loss. No Client represents more than 10% of Group operating income. One measure of our success is that, in 2015, 59% of our revenue was from Clients that have been with us for 5 years or more and over 20% from Clients of 20 years or more.

Loss of key staff

In common with all service businesses, the Group is reliant on the quality of its staff. Strenuous efforts are made to provide a rewarding work environment and remuneration package to retain and motivate our leadership teams. The system of financial rewards is reviewed regularly by the Board. One measure of our success is that, in some 95% of cases, the core management of our acquired businesses remains in place today.

Underperformance of acquired businesses

Potential acquisitions are carefully considered by the full Board as part of its recurring business, and legal, commercial and financial due diligence is carried out on all but the smallest acquisitions. The Directors consider that the main risk is overpaying for the level of profits subsequently generated and so, wherever possible, agree payment terms for acquisitions in a way that results in the majority of consideration being conditional on the post-acquisition profitability of the acquired business. In this way, if it underperforms against expectations set at the time of the acquisition, the total amount paid for the business will reduce correspondingly.

KEY PERFORMANCE INDICATORS

The Group manages its internal operational performance and capital management by monitoring various key performance indicators ("KPIs"). The KPIs are tailored to the level at which they are used and their purpose. The Group's current financial KPIs, which are quantified and commented on in the Financial Review of the Year below, are:

- operating income ("revenue"), which the Group aims to increase year-on-year both via organic growth and from acquisitions;
- operating profit margins, where the Group aims to achieve levels at least in line with industry averages;
- headline profits before tax, which the Group aims to increase year-on-year;
- the ratio of net bank debt to EBITDA*, which the Group is aiming to maintain below x2.0; and
- the ratio of total debt (including both bank debt and deferred acquisition consideration) to EBITDA, which the Group is aiming to maintain below x2.5.

*EBITDA is headline operating profit before depreciation and amortisation charges.

At the individual Agency level, the Group's financial KPIs comprise revenue and profitability measures, predominantly the achievement of annual budget. More detailed KPIs are applied within individual Agencies.

In addition to financial KPIs, the Board periodically monitors the length of Client relationships, the forward visibility of revenue and the retention of key staff. This year's annual report contains statistics to illustrate the Group's performance against these measures.

BUSINESS AND FINANCIAL REVIEW OF THE YEAR

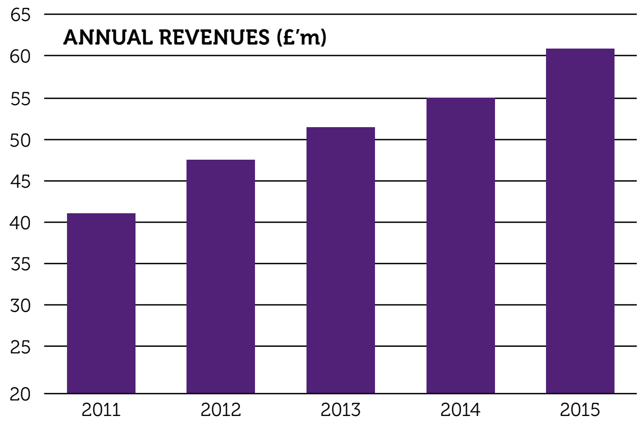
A review of the business and future developments is provided below and in the Chairman's Statement, which forms part of this Strategic Report.

2015 was a year of significant progress for the Group, with each of the Group's five financial KPIs again met. Acquisitions made in 2014 have contributed well to the growth of our business and the Group has again been strengthened during the year not just via further acquisitions but also through "revenue investments" (ie funded from profits rather than acquisition consideration) in new start-up ventures (a first for the Group) and hirings, not only in the UK but in Asia and the US. Although the merger of balloon dog and Big Communications resulted in some initial teething difficulties which impacted on profits, these were compensated for by a more streamlined business elsewhere following restructuring to accelerate growth. Overall, in a market which showed only modest signs of improvement, we are pleased to have delivered 17% growth in headline profits and again hit market expectations.

Trading performance

Turnover (billings) was 5% higher than the previous year, at £132.2m (2014: £125.5m) but since billings include pass-through costs (eg TV companies' charges for buying air-time), the Board does not consider turnover to be a key performance measure. Instead, the Board views operating income (turnover less third party costs) as a more meaningful measure of Agency activity levels.

Operating income ("revenue") increased 11% to £61.0m (2014: £55.0m), once again achieving the first of our KPIs. The chart below illustrates the consistent growth in revenue achieved over the last five years.

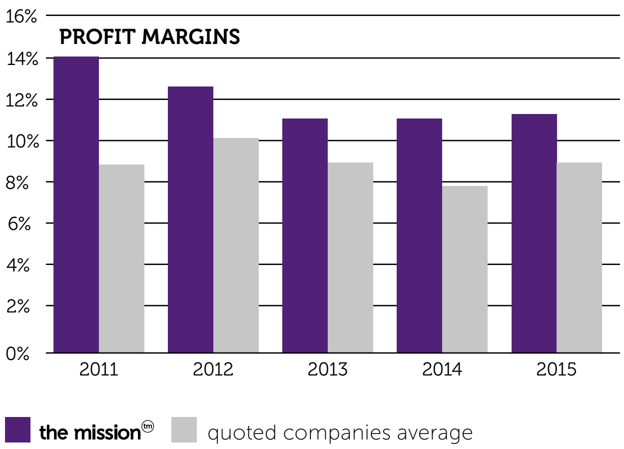


The majority of revenue growth in 2015 resulted from acquisitions made in 2014 and 2015, but simplistic distinctions between organic and acquisitive growth are misleading since several of our acquired Agencies have grown rapidly since they joined the Group precisely because of the opportunities afforded by being part of **the mission**®. Accordingly, the Board is primarily concerned with growth irrespective of its source. Of equal interest to the Board is the quality of Client relationships, illustrated by the facts that nearly £1m of revenue flowed into the Group from over 30 incumbent Clients thanks to inter-Agency Client introductions and that 59% of revenue in 2015 was from Clients that have been with us for 5 years or more and over 20% from Clients that have been with us for 20 years or more. In the fast-paced and ever-changing marketing communications sector, this is a strong achievement.

The Directors measure the Group's profit performance by reference to headline profits, calculated before exceptional items, acquisition adjustments and losses from start-up activities (as set out in Note 3). Headline trading profits (ie segmental operating profit, before central costs, as set out in Note 2) increased by 11%, in line with revenue growth, to £8.5m (2014: £7.7m) and, after reduced central costs, headline operating profit increased by 14% to £6.9m (2014: £6.1m).

strategic report

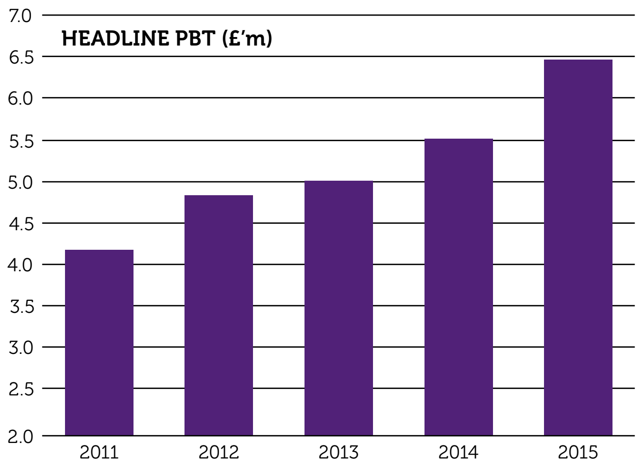
Although we would prefer it otherwise, Clients' spending appears to have developed a predictable pattern of second half bias, with the consequence that we end our financial year frantically busy. Although this imbalance in workload is difficult to manage, we are pleased to report that our second half operating profits were again very strong in 2015, delivering profit margins (headline operating profit as a percentage of revenue) of 14% in H2 (2014: 14%), increasing our overall margin for the year to 11.4% (2014: 11.1%). In a market which continues to apply relentless downward pressure on margins, we are pleased with this year-on-year improvement and again to have comfortably exceeded margins achieved by the Group's peer group of UK quoted marketing companies (excluding WPP, which is so large it distorts all comparisons). This achieves the second of our KPIs as illustrated by the chart below (source: Kingston Smith annual surveys).



Underlying net interest costs fell 14% from the prior year to £0.5m, an encouraging result given the expansion of the Group in both 2014 and 2015 via acquisition. This in part reflects our cautious approach to acquisitions, which limits the level of up-front cash consideration and places more emphasis on post-acquisition payments linked to post-acquisition profits. This is of course not always possible but has served us well overall.

After financing costs, headline profit before tax increased by 17% to £6.5m (2014: £5.5m), achieving the third of our KPIs.

The chart below illustrates the growth in headline profit over recent years.



Adjustments to reported profits in 2015 comprise restructuring costs totaling £0.9m, treated as exceptional items (2014: nil), acquisition-related items of £0.1m (2014: not significant) and losses from start-up activities totalling £0.3m (2014: nil).

The restructuring costs relate to amounts payable for loss of office and other costs incurred relating to the restructuring of certain operations in order to streamline activities and underpin the Board's growth expectations. An example of the positive effect of this can be seen in the improvement in profitability from Events and Learning, which showed a more-than-doubling of profits (see Note 2).

As well as expanding the Group via acquisition and organic growth, we launched a Sports Marketing Agency in the second half of the year, the first start-up Agency in the Group's history, and, towards the end of the year, expanded April Six's operations into Singapore. In line with industry practice, we have excluded start-up losses from our headline results. The combined adjustment in 2015 for these two new ventures amounted to £0.3m.

After these adjustments, reported profit before tax was £5.1m (2014: £5.4m).

Taxation and Earnings per Share

The Group's effective tax rate reduced to 20.2% (2014: 21.7%), compared with the statutory rate of 20.25% (2014: 21.5%). The Group's effective tax rate is normally above the statutory rate, primarily due to non-deductible staff and Client-related expenditure, however in both years this has been offset by the non-taxable movements in the fair value of contingent consideration. In 2015, other elements which have offset each other are the impact of the growth of our US activities, where corporation tax rates are higher than in the UK, and adjustments in respect of prior years.

After tax, the headline diluted EPS increased by 15% to 5.91 pence (2014: 5.13 pence).

Dividends

The Group has a progressive dividend policy, aiming to grow dividends each year, but always balancing the desire to reward shareholders via dividends with the need to preserve cash to fund the Group's growth ambitions. The Board's recommended final dividend of 0.9 pence per share brings the total for the year to 1.2 pence per share, representing an increase of 9%. The final dividend will be payable on 18 July 2016 to shareholders on the register at 8 July 2016. The Board will continue to keep under regular review the best use of the Group's cash resources but it remains the Board's intention to follow a progressive policy provided trading conditions allow.

Balance Sheet and Cash Flow

During the year cash consideration payments totalling £3.0m were made, comprising initial consideration for new acquisitions and investments of £2.1m and deferred contingent consideration in respect of acquisitions made in prior years of £0.9m (2014: total of £2.9m). Cash totalling £1.4m was acquired with the businesses purchased during the year, of which £0.8m was committed for the settlement of short-term obligations. The net cash outlay in respect of acquisitions in the year was therefore £2.4m. In addition, £1.3m was invested in capital expenditure, lower than in the prior year due to the relocation in that year of two of our Agencies, and a further £0.3m was invested in supporting the Mongoose and April Six Asia start-up ventures. The total cash investment in support of the Group's expansion during the year was £4.0m.

Working capital, adjusted for the effect of obligations acquired with the business purchased, increased by £2.0m, exacerbated by changes in processes within the NHS, which resulted in a significant increase in outstanding debts, and changes in the number of Clients choosing to make payments in advance of work being done. As a result, net bank debt increased by £1.5m to £10.9m (2014: £9.4m). Despite this, the Group's "leverage ratio" (ratio of net bank debt to headline EBITDA) remained virtually unchanged at x1.3 at 31 December 2015 (2014: x1.25), comfortably achieving our fourth KPI. Including an assessment of the amount of contingent acquisition consideration payable, the ratio of total debt to EBITDA at 31 December 2015 (calculated by reference to the amount of consideration which would be payable if the acquired business were to maintain its current level of profitability) was x2.0, higher than at 31 December 2014 due to the acquisitions made during the year but still comfortably within our final KPI.

Early in the financial year, we agreed new bank facilities to extend their term (from December 2015 to February 2019). At the same time, we agreed an increase in the level of committed loan facilities, from £11m to £15m, to support our growth ambitions. In addition to these committed loan facilities, we have a further overdraft facility of £3m. Interest rate margins on the loans are subject to a ratchet depending on leverage ratios but, at every ratio level, are lower than under previous arrangements. More detail of the facilities is set out in Note 19.

At 31 December 2015, the Board undertook its annual assessment of the value of goodwill, explained further in Note 12, and concluded that no impairment in the carrying value was required.

Outlook

Further progress is expected in 2016. We have a high degree of visibility of forecast revenue and fully expect to benefit from the acquisitions and investments we made during 2015. In addition, we already have plans to launch a new Sales Promotion Agency, beef up our Healthcare reach through partnership in Europe, build on our Sports Marketing business and introduce new technology and data-based products to keep us at the forefront of this ever-developing marketing arena. It looks set to be another busy and productive year.

On behalf of the Board, Peter Fitzwilliam
Finance Director - 22 March 2016

report of the directors

The Directors have pleasure in presenting their report and the financial statements of The Mission Marketing Group plc (the mission) for the year ended 31 December 2015. The Directors provide a separate Corporate Governance Report, which forms part of this Report of the Directors.

Directors

The following Directors held office during the year;

Dylan Bogg

Stephen Boyd – resigned 31 December 2015

James Clifton

Robert Day

Peter Fitzwilliam

Christopher Goodwin

Julian Hanson-Smith – appointed 1 October 2015

Giles Lee

David Morgan

Christopher Morris

Sue Mullen

Fiona Shepherd

Directors' Interests in Shares and Options

The interests of the Directors and their families in the shares of the Company were as follows:

Number of ordinary shares of 10p each

	31 December 2015	31 December 2014 or on appointment
Dylan Bogg	1,486,323	1,469,323
Stephen Boyd	109,918	109,918
James Clifton	165,113	165,113
Robert Day	6,141,924	6,128,560
Peter Fitzwilliam	688,420	648,940
Christopher Goodwin	389,012	378,847
Giles Lee	749,790	732,058
David Morgan	6,144,018	6,089,533
Christopher Morris	1,025,009	1,015,009
Sue Mullen	1,084,054	1,081,154
Fiona Shepherd	1,270,073	1,264,773

The following unexercised options over shares were held by Directors:

Directors	At 1 January 2015 (or on appointment)	Lapsed in year	Exercised in year	Granted in year	At 31 December 2015	Date from which exercisable	Expiry date
Dylan Bogg	70,000	(52,500)	(17,500)	-	-	July 2015	July 2022
	30,000	-	-	-	30,000	July 2016	July 2023
	17,500	-	-	-	17,500	July 2017	July 2024
	-	-	-	52,000	52,000	April 2018	March 2025
James Clifton	56,000	-	-	-	56,000	July 2016	July 2023
	31,215	-	-	-	31,215	July 2017	July 2024
	-	-	-	52,000	52,000	April 2018	March 2025
Robert Day	96,667	(72,501)	(24,166)	-	-	July 2015	July 2022
	110,000	-	-	-	110,000	July 2016	July 2023
	60,000	-	-	-	60,000	July 2017	July 2024
	-	-	-	46,667	46,667	April 2018	March 2025
Peter Fitzwilliam	40,000	(30,000)	(10,000)	-	-	July 2015	July 2022
	50,000	-	-	-	50,000	July 2016	July 2023
	25,000	-	-	-	25,000	July 2017	July 2024
	-	-	-	25,000	25,000	April 2018	March 2025
Chris Goodwin	40,000	(30,000)	(10,000)	-	-	July 2015	July 2022
	35,000	-	-	-	35,000	July 2016	July 2023
	20,000	-	-	-	20,000	July 2017	July 2024
	-	-	-	17,500	17,500	April 2018	March 2025
Giles Lee	100,000	(75,000)	(25,000)	-	-	July 2015	July 2022
	70,000	-	-	-	70,000	July 2016	July 2023
	80,000	-	-	-	80,000	July 2017	July 2024
	-	-	-	72,000	72,000	April 2018	March 2025
Chris Morris	40,000	(30,000)	(10,000)	-	-	July 2015	July 2022
	50,000	-	-	-	50,000	July 2016	July 2023
	25,000	-	-	-	25,000	July 2017	July 2024
	-	-	-	25,000	25,000	April 2018	March 2025
David Morgan	40,000	(30,000)	(10,000)	-	-	July 2015	July 2022
	50,000	-	-	-	50,000	July 2016	July 2023
	25,000	-	-	-	25,000	July 2017	July 2024
	-	-	-	25,000	25,000	April 2018	March 2025
Sue Mullen	20,000	(15,000)	(5,000)	-	-	July 2015	July 2022
	22,500	-	-	-	22,500	July 2016	July 2023
	10,000	-	-	-	10,000	July 2017	July 2024
	-	-	-	10,000	10,000	April 2018	March 2025
Fiona Shepherd	40,000	(30,000)	(10,000)	-	-	July 2015	July 2022
	50,000	-	-	-	50,000	July 2016	July 2023
	20,000	-	-	-	20,000	July 2017	July 2024
	-	-	-	40,000	40,000	April 2018	March 2025

All share options in existence at 31 December 2015 are nil-cost options granted under the Company's Long Term Incentive Plan.

Options granted in 2015 are dependent upon the achievement of profit targets over the period ending 31 December 2017. In all cases, the vesting of share options is at the overriding discretion of the independent members of the Remuneration Committee.

report of the directors

Substantial Shareholdings

Other than the Directors' interests disclosed above, as at 22 March 2016, notification had been received of the following interests in 3% or more of the issued share capital of the Company:

	Number of shares	%
Herald Investment Management Ltd	4,500,000	5.38
Objectif Investissement Microcaps FCP	4,230,477	5.06
Polar Capital Forager Fund Ltd	3,995,000	4.78

Share Capital

The issued share capital of the Company at the date of this report is 83,608,331 Ordinary shares. The total number of voting rights in the Company is 83,608,331.

Directors' Indemnity Insurance

As permitted by Section 233 of the Companies Act 2006, the Company has purchased insurance cover on behalf of the Directors, indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union, and the Company financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

International Accounting Standard 1 requires that financial statements present fairly for each financial period the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the Preparation and Presentation of Financial Statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the Group and the Company and the profit or loss of the Group and the Company for that period. In preparing the financial statements of the Company under UK GAAP, the Directors are required to:

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position, performance, business model and strategy.

Auditors

Francis Clark LLP have indicated their willingness to continue in office and, in accordance with the provisions of the Companies Act 2006, it is proposed that they be re-appointed auditors to the Company for the ensuing year.

Disclosure of Information to Auditors

So far as the Directors are aware, there is no relevant audit information of which the Group's auditors are unaware. Each of the Directors has taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Financial Risk Exposure and Management

As a communications Agency Group, the main financial risks that arise from day-to-day activities are credit and currency risk. The Group's policy is to eliminate risk where it is cost-effective, including the use of credit insurance and currency hedges, and to mitigate it where not, including close monitoring of credit-worthiness and the use of Client payment plans if possible. The Group's policy is not to use any financial instruments for speculating.

In common with any business, the Group is exposed to cash flow risk if the capital structure is not balanced (relative proportions of debt and equity and the availability of cash resources). Several years ago, the Group had too much debt and its ability to continue as a going concern was seriously endangered, but has progressively reduced debt, increased equity and secured banking facilities which provide comfortable levels of headroom within the Group's covenants. The Group's policy is to maintain a balance of equity and debt financing to give shareholders the advantages of financial leverage but without placing the business at financial risk.

Further details on the Group's capital and financial risk management are set out in Note 27.

Post Balance Sheet Events

There were no material post balance sheet events.

Going Concern

The Directors have considered the financial projections for the Group, including cash flow forecasts and the availability of committed bank facilities for the coming 12 months. They are satisfied that, taking account of reasonably possible changes in trading performance, it is appropriate to adopt the going concern basis in preparing the financial statements.

Future Developments

An indication of likely future developments in the business of the Group is provided in the Chairman's Statement and Strategic Report.

The Environment

The business of the Group is delivering marketing and advertising related services to Clients. The direct and indirect impact of these services on the environment is negligible and considered low risk, however we continue to take action to reduce our environmental impact where viable.

Employee Policies

It is the Group's policy not to discriminate between employees or potential employees on any grounds. The Group is committed to full and fair consideration of all applications. Selection of employees for recruitment, training, development and promotion is based on their skills, abilities and relevant requirements for the job.

The Group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Group. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure their employment with the Group continues and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Dividends

The Group paid a dividend of 0.3 pence per share in December 2015 and the Board recommends the payment of a final dividend of 0.9 pence, subject to approval by shareholders at the Annual General Meeting.

Annual General Meeting

A notice convening the Annual General Meeting to be held on Monday 13 June 2016 at 12 noon is enclosed with this report. In relation to Resolution 16, shareholders should note that, to the extent that the Directors seek to use this power to allot equity securities in respect of more than 5 per cent of the issued share capital of the Company, such excess will only be used in connection with an acquisition or specified capital investment which is either announced at the same time as the issue, or which has taken place in the preceding six month period and is disclosed in the announcement of the issue.

On behalf of the Board, Peter Fitzwilliam
Finance Director - 22 March 2016

corporate governance

The Board of The Mission Marketing Group plc is collectively accountable to the Company's shareholders for good corporate governance. As an AIM-listed company, **the mission** is not required to comply with the UK Corporate Governance Code (September 2014) (the "Code") but has regard to it.

Board of Directors

Throughout the year, the Board consisted of the CEOs of the Group's seven principal Agencies, most of whom are the original founders of those Agencies, a Finance Director and two Non-Executive Directors (increasing to three during a three month transition period), under the Executive Chairmanship of David Morgan, the founder of the Group's largest Agency. This structure results in an operator-led and entrepreneurial organisation, but with a suitable balance of independent oversight and input. David Morgan is well regarded both within **the mission** and within the industry and the Board continues to believe that, although combining the roles of Chairman and Chief Executive does not meet "best practice" under the Code, his role as Executive Chairman remains appropriate and that introducing a separate Chief Executive would disturb the balance of the Board. Since the end of the financial year, Mike Rose, the CEO of recently-acquired Chapter Agency Ltd, joined the Board.

The Non-Executive Directors during the year were Stephen Boyd and Chris Morris, with the addition of Julian Hanson-Smith from 1 October 2015. Stephen stepped down from the Board with effect from 31 December 2015. Stephen has a broad range of business interests and experience, both in the UK and internationally, and was independent from management by virtue of having no other connection with the Group other than his Director's fees and his shareholding. Chris was one of the founders of Big Communications, now part of bigdog, but has not been actively involved in day-to-day management for some years. Although Chris is a recipient of share options and provides some consulting services to the Group, neither of which is significant in financial value, he is considered to be independent of management by virtue of his attitude. Julian is a private equity investor with significant experience in marketing services, having co-founded Financial Dynamics (now FTI Consulting) in 1986 and co-founded Iceni Capital, specialising in UK-based business services companies, in 2006. Julian is independent by virtue of having no other connection with the Group other than his Director's fees.

The Directors are collectively responsible for the strategic direction, investment decisions and effective control of the Group. The principal risks and uncertainties facing the Group are set out in more detail in the Strategic Report and the Non-Executive Directors periodically consider whether or not these remain up to date. Of these risks, primary responsibility for maintaining strong Client relationships and retaining key staff lies with the Agency CEOs and this is monitored both via written monthly reports and also Board attendance. Potential acquisitions and changes in incentive and rewards systems, designed to motivate and retain key staff, are considered by the full Board when it meets in person, most months, or via regular telephonic and electronic contact in between meetings.

The Board is satisfied that it receives information of a quality and to a timetable that permits it to discharge its duties.

All Directors are subject to election by Shareholders at the first opportunity after their appointment. They are required to retire every three years and may seek re-appointment.

The Board has established three committees to deal with specific aspects of the Group's affairs.

Audit Committee

The Audit Committee consists of the two independent Non-Executive Directors, with Stephen Boyd as Chairman during the year (now replaced by Julian Hanson-Smith). The Committee considers matters relating to the reporting of results, financial controls and the cost and effectiveness of the audit process. It aims to meet at least twice a year with the Group's external auditors in attendance. Other Directors attend as required. The terms of reference of the Committee are available on request.

The Audit Committee is satisfied that the Group's auditors, Francis Clark LLP, have been objective and independent of the Group. The Group's auditors performed non-audit services for the Group as outlined in Note 7 but the value of this work was neither significant in relation to the size of the audit fee nor carried out by the audit team and as a consequence the Audit Committee is satisfied that their objectivity and independence was not impaired by such work.

Remuneration Committee

The Board maintains a policy of providing executive remuneration packages that will attract, motivate and retain Directors of the calibre necessary to deliver the Group's growth strategy and to reward them for enhancing shareholder value. The Remuneration Committee consists of the two independent Non-Executive Directors, with Stephen Boyd as Chairman during the year (now replaced by Chris Morris). The Committee determines the remuneration of the Executive Directors and makes recommendations to the Board with regard to remuneration policy and related matters.

With regard to Executive Directors' remuneration, their packages consist of three elements:

- basic salary and benefit package
- performance-related bonus – the Group operates a performance-related bonus scheme, related to the delivery of profit targets
- share option incentives – details of share options granted to the Executive Directors at the discretion of the Remuneration Committee are shown in the Directors' report.

The Remuneration Committee reviews the components of each Executive Director's remuneration package annually.

With regard to remuneration policy, the Remuneration Committee gives specific consideration each year to the nature and quantum of incentive arrangements to ensure they remain relevant and effective for the retention of key staff, including not just Executive Directors but also senior staff within the Group's Agencies. Inter alia, this includes setting the profit targets which trigger annual performance-related cash bonuses, determining the amount of the Group's share capital to make available for annual share option awards, and approving the allocation of incentives to individuals.

The remuneration and terms and conditions of appointment of the Non-Executive Directors are determined by the Board. No Director is involved in setting his or her own remuneration. The Remuneration Committee meets as and when required. The terms of reference of the Committee are available on request.

Nomination Committee

The Nomination Committee consists of the Group's Executive Chairman, David Morgan, as the Committee Chairman, and the two Non-Executive Directors. The Committee is responsible for reviewing and making proposals to the Board on the appointment of Directors and meets as necessary. The terms of reference of the Committee are available on request.

Shareholder Communications

The Company believes in good communication with shareholders. The Board encourages shareholders to attend its Annual General Meeting. The Chairman and the Finance Director meet analysts and institutional shareholders periodically in order to ensure that the strategy and performance of the Group are clearly understood, and they provide the first point of contact for any queries raised by shareholders. In the event that these Directors fail to resolve any queries, or where a Non-Executive Director is more appropriate, the Senior Independent Director (Stephen Boyd until his resignation on 31 December 2015, subsequently Julian Hanson-Smith), is available to meet shareholders.

Internal Financial Control

The Board is responsible for ensuring that the Group maintains a system of internal financial controls. The objective of the system is to safeguard Group assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is timely and reliable. Any such system can only provide reasonable, but not absolute, assurance against material loss or misstatement.

The Board does not consider it would be appropriate to have its own internal audit function at the present time, given the Group's size and the nature of its business. At present the internal audit of internal financial controls forms part of the responsibilities of the Group's finance function.

All the day-to-day operational decisions are taken initially by the Executive Directors, in accordance with the Group's strategy. The Executive Directors are also responsible for initiating commercial transactions and approving payments, save for those relating to their own employment.

The key internal controls include the specific levels of delegated authority and the segregation of duties; the prior approval of all acquisitions; the review of pertinent commercial, financial and other information by the Board on a regular basis; the prior approval of all significant strategic decisions; and maintaining a formal strategy for business activities.

On behalf of the Board
Peter Fitzwilliam
Finance Director
22 March 2016

Summary of Directors' Attendance

	Board Meetings		Remuneration Committee		Audit Committee	
	Entitled to attend	Attended	Entitled to attend	Attended	Entitled to attend	Attended
Dylan Bogg	10	9	n/a	n/a	n/a	n/a
Stephen Boyd	10	9	2	2	3	2
James Clifton	10	10	n/a	n/a	n/a	n/a
Robert Day	10	9	n/a	n/a	n/a	n/a
Peter Fitzwilliam	10	10	n/a	n/a	n/a	n/a
Chris Goodwin	10	10	n/a	n/a	n/a	n/a
Julian Hanson-Smith	3	3	n/a	n/a	1	1
Giles Lee	10	9	n/a	n/a	n/a	n/a
David Morgan	10	8	n/a	n/a	n/a	n/a
Chris Morris	10	10	2	2	3	3
Sue Mullen	10	8	n/a	n/a	n/a	n/a
Fiona Shepherd	10	8	n/a	n/a	n/a	n/a

Independent Auditor's Report to the Members of The Mission Marketing Group plc

Report on the Group Financial Statements

Our opinion

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

We have audited the financial statements of The Mission Marketing Group plc for the year ended 31 December 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Our responsibilities and those of the Directors for the financial statements and the audit

As explained more fully in the Directors' Responsibilities Statement set out on page 33, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report is made solely to the Company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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.

We have no exceptions to report in respect of either of these matters.

Other matter

We have reported separately on the parent company financial statements of The Mission Marketing Group plc for the year ended 31 December 2015.

Christopher Hicks BA FCA (Senior Statutory Auditor)
For and on behalf of Francis Clark LLP, Chartered Accountants and Statutory Auditors
Sigma House, Oak View Close, Edginswell Park, Torquay, TQ2 7FF

22 March 2016

Consolidated Income Statement for the year ended 31 December 2015

	Note	Year to 31 December 2015 £'000	Year to 31 December 2014 £'000
TURNOVER	2	**132,246**	125,547
Cost of sales		**(71,209)**	(70,575)
OPERATING INCOME	2	**61,037**	54,972
Headline operating expenses		**(54,107)**	(48,895)
HEADLINE OPERATING PROFIT		**6,930**	6,077
Exceptional items	3	**(873)**	-
Acquisition adjustments	3	**(108)**	14
Start-up costs	3	**(343)**	-
OPERATING PROFIT		**5,606**	6,091
Net finance costs	6	**(469)**	(670)
PROFIT BEFORE TAXATION	7	**5,137**	5,421
Taxation	9	**(1,035)**	(1,179)
PROFIT FOR THE YEAR		**4,102**	4,242
Attributable to:			
Equity holders of the parent		**4,011**	4,197
Non-controlling interests		**91**	45
		4,102	4,242
Basic earnings per share (pence)	11	**4.86**	5.43
Diluted earnings per share (pence)	11	**4.68**	5.06
Headline basic earnings per share (pence)	11	**6.14**	5.50
Headline diluted earnings per share (pence)	11	**5.91**	5.13

The earnings per share figures derive from continuing and total operations.

Consolidated Statement of Comprehensive Income for the year ended 31 December 2015

	Note	Year to 31 December 2015 £'000	Year to 31 December 2014 £'000
PROFIT FOR THE YEAR		**4,102**	4,242
Other comprehensive income – items that may be reclassified separately to profit or loss:			
Exchange differences on translation of foreign operations		**21**	42
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,123**	4,284
Attributable to:		**4,032**	4,227
Equity holders of the parent		**91**	57
Non-controlling interests		**4,123**	4,284

Consolidated Balance Sheet as at 31 December 2015

	Note	As at 31 December 2015 £'000	As at 31 December 2014 £'000
FIXED ASSETS			
Intangible assets	12	82,102	77,176
Property, plant and equipment	14	4,526	4,366
Interests in joint ventures		7	-
Investments in associates	15	350	-
Deferred tax assets		146	60
		87,131	81,602
CURRENT ASSETS			
Stock and work in progress		461	361
Trade and other receivables	16	31,347	25,859
Cash and short term deposits	17	1,784	1,549
		33,592	27,769
CURRENT LIABILITIES			
Trade and other payables	18	(14,032)	(12,985)
Accruals		(10,833)	(8,958)
Corporation tax payable		(1,064)	(895)
Bank loans	19	(1,500)	(11,000)
Acquisition obligations	21.1	(3,203)	(1,219)
		(30,632)	(35,057)
NET CURRENT ASSETS/(LIABILITIES)		2,960	(7,288)
TOTAL ASSETS LESS CURRENT LIABILITIES		90,091	74,314
NON CURRENT LIABILITIES			
Bank loans	19	(11,210)	-
Obligations under finance leases	20	(298)	(11)
Acquisition obligations	21.1	(4,954)	(3,893)
Deferred tax liabilities		(264)	(26)
		(16,726)	(3,930)
NET ASSETS	2	73,365	70,384
CAPITAL AND RESERVES			
Called up share capital	23	8,361	8,340
Share premium account		42,268	42,203
Own shares	24	(455)	(260)
Share option reserve	25	298	264
Foreign currency translation reserve		51	30
Retained earnings		22,414	19,470
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		72,937	70,047
Non-controlling interests		428	337
TOTAL EQUITY		73,365	70,384

The financial statements were approved and authorised for issue on 22 March 2016 by the Board of Directors.
They were signed on its behalf by:

Peter Fitzwilliam
Finance Director

Company registration number: 05733632

Consolidated Cash Flow Statement for the year ended 31 December 2015

	Note	Year to 31 December 2015	Year to 31 December 2014
	Note	£'000	£'000
Operating profit		**5,606**	6,091
Depreciation and amortisation charges		**2,122**	1,815
Movements in the fair value of contingent consideration		**(618)**	(701)
Loss on disposal of property, plant and equipment		**6**	2
Non cash charge for share options and shares awarded		**37**	45
Increase in receivables		**(3,963)**	(2,916)
(Increase)/decrease in stock and work in progress		**(94)**	16
Increase in payables		**1,256**	1,825
OPERATING CASH FLOWS		**4,352**	6,177
Net finance costs		**(711)**	(314)
Tax paid		**(1,233)**	(892)
Net cash inflow from operating activities		**2,408**	4,971
INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		**74**	44
Purchase of property, plant and equipment		**(1,295)**	(2,186)
Acquisition of subsidiaries, joint ventures and associates during the year		**(2,086)**	(2,062)
Payment of obligations relating to acquisitions made in prior years		**(871)**	(815)
Cash acquired with subsidiaries		**1,431**	1,001
Net cash outflow from investing activities		**(2,747)**	(4,018)
FINANCING ACTIVITIES			
Dividends paid		**(948)**	(771)
Repayment of finance leases		**(57)**	(73)
Increase in/(repayment of) long term bank loans		**1,875**	(571)
Proceeds on issue of ordinary share capital		**-**	2,257
Cash settlement of equity warrants		**-**	(675)
Purchase of own shares held in EBT		**(317)**	(184)
Net cash outflow from financing activities		**553**	(17)
Increase in cash and cash equivalents		**214**	936
Exchange differences on translation of foreign subsidiaries		**21**	42
Cash and cash equivalents at beginning of year		**1,549**	571
Cash and cash equivalents at end of year		**1,784**	1,549

Consolidated Statement of Changes in Equity for the year ended 31 December 2015

	Share capital £'000	Share premium £'000	Own shares £'000	Share option reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total attributable to equity holders of parent £'000	Non-controlling interest £'000	Total equity £'000
At 1 January 2014	**7,699**	**40,288**	**(462)**	**614**	**-**	**16,710**	**64,849**	**-**	**64,849**
Profit for the year	-	-	-	-	-	4,197	4,197	45	4,242
Exchange differences on translation of foreign operations	-	-	-	-	30	-	30	12	42
Total comprehensive income for the year	-	-	-	-	30	4,197	4,227	57	4,284
Non-controlling interest of new acquisitions	-	-	-	-	-	-	-	280	280
New shares issued	641	1,915	-	-	-	-	2,556	-	2,556
Credit for share option scheme	-	-	-	45	-	-	45	-	45
Own shares purchased	-	-	(184)	-	-	-	(184)	-	(184)
Shares awarded to employees from own shares	-	-	386	-	-	(386)	-	-	-
Settlement of warrants	-	-	-	-	-	(675)	(675)	-	(675)
Transfer from share option reserve to retained earnings	-	-	-	(395)	-	395	-	-	-
Dividend paid	-	-	-	-		(771)	(771)	-	(771)
At 31 December 2014	**8,340**	**42,203**	**(260)**	**264**	**30**	**19,470**	**70,047**	**337**	**70,384**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**4,011**	**4,011**	**91**	**4,102**
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**-**	**21**	**-**	**21**	**-**	**21**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**21**	**4,011**	**4,032**	**91**	**4,123**
New shares issued	**21**	**65**	**-**	**-**	**-**	**-**	**86**	**-**	**86**
Credit for share option scheme	**-**	**-**	**-**	**34**	**-**	**-**	**34**	**-**	**34**
Own shares purchased	**-**	**-**	**(317)**	**-**	**-**	**-**	**(317)**	**-**	**(317)**
Shares awarded to employees from own shares	**-**	**-**	**122**	**-**	**-**	**(119)**	**3**	**-**	**3**
Dividend paid	**-**	**-**	**-**	**-**		**(948)**	**(948)**	**-**	**(948)**
At 31 December 2015	**8,361**	**42,268**	**(455)**	**298**	**51**	**22,414**	**72,937**	**428**	**73,365**

Notes to the Consolidated Financial Statements

1. Principal Accounting Policies

Basis of preparation

The Group's financial statements consolidate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. They have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union and on the historical cost basis.

Basis of consolidation

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Turnover and revenue recognition

The Group's operating subsidiaries carry out a range of different activities. The following policies apply consistently across subsidiaries and business segments.

Turnover represents fees, commissions, rechargeable expenses and sales of materials performed subject to specific contracts. Income is recognised on the following basis:

- Retainer fees are apportioned over the time period to which they relate
- Project income is recognised by apportioning the fees billed or billable to the time period for which those fees were earned by relationship to the percentage of completeness of the project to which they relate
- Media commission is recognised when the advertising has been satisfactorily aired or placed
- Unbilled costs relating to contracts for services are included at rechargeable value in accrued income.

Where recorded turnover exceeds amounts invoiced to Clients, the excess is classified as accrued income (within Trade and other receivables). Where amounts invoiced to Clients exceed recorded turnover, the excess is classified as deferred income (within Accruals).

Goodwill and other intangible assets

Goodwill

Goodwill arising from the purchase of subsidiary undertakings and trade acquisitions represents the excess of the total cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired. The total cost of acquisition represents both the unconditional payments made in cash and shares on acquisition and an estimate of future contingent consideration payments to vendors in respect of earn-outs.

Goodwill is not amortised, but is reviewed annually for impairment. Goodwill impairment is assessed by comparing the carrying value of goodwill for each cash-generating unit to the future cash flows, discounted to their net present value using an appropriate discount rate, derived from the relevant underlying assets. Where the net present value of future cash flows is below the carrying value of goodwill, an impairment adjustment is recognised in profit or loss and is not subsequently reversed.

Other intangible assets

Other intangible assets purchased separately, or separately identified as part of an acquisition, are amortised over periods of between 3 and 10 years, except certain brand names which are considered to have an indefinite useful life. The value of such brand names is not amortised, but rather an annual impairment test is applied and any shortfall in the present value of future cash flows derived from the brand name versus the carrying value is recognised in profit and loss.

Contingent consideration payments

The Directors manage the financial risk associated with making business acquisitions by structuring the terms of the acquisition, wherever possible, to include an element of the total consideration payable for the business which is contingent on its future profitability (ie earn-out). Contingent consideration is initially recognised at its estimated fair value based on a reasonable estimate of the amounts expected to be paid. Changes in the fair value of the contingent consideration that arise from additional information obtained during the first twelve months from the acquisition date, about facts and circumstances that existed at the acquisition date, are adjusted retrospectively, with corresponding adjustments against goodwill. The fair value of contingent consideration is reviewed annually and subsequent changes in the fair value are recognised in profit or loss, but excluded from headline profits.

1. Principal Accounting Policies (cont.)

Accounting estimates and judgements

The Group makes estimates and judgements concerning the future and the resulting estimates may, by definition, vary from the actual results. The Directors considered the critical accounting estimates and judgements used in the financial statements and concluded that the main areas of judgement are, in order of significance:

Potential impairment of goodwill

The potential impairment of goodwill is based on estimates of future cash flows derived from the financial projections of each cash-generating unit over an initial three year period and assumptions about growth thereafter, discussed in more detail in Note 12.

Contingent payments in respect of acquisitions

Contingent consideration, by definition, depends on uncertain future events. At the time of purchasing a business, the Directors use the financial projections obtained during due diligence as the basis for estimating contingent consideration. Subsequent estimates benefit from the greater insight gained in the post-acquisition period and the business' track record of financial performance.

Revenue recognition policies in respect of contracts which straddle the year end

Estimates of revenue to be recognised on contracts which straddle the year end are typically based on the amount of time so far committed to those contracts in relation to the total estimated time to complete them.

Valuation of intangible assets on acquisitions

When considering the valuation of intangible assets on acquisitions, a range of methods is undertaken both for identifying intangibles and placing valuations on them. Brand names, customer relationships and intellectual property rights are the most frequently identified intangible assets. The valuation of each element is assessed by reference to commonly used techniques, such as "relief from royalty" and "excess earnings" and to industry leaders and competitors. Estimating the length of customer retention is the principal uncertainty and draws on historic experience.

Share-based payment transactions

Equity-settled share-based payments, such as share options, are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest.

Fair value is measured by use of a Black Scholes model on the grounds that there are no market related vesting conditions. The expected life used in the model has been adjusted, based on the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Market price on any given day is obtained from external publicly available sources.

Foreign currencies

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 arising from normal trading activities are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are reflected in the profit or loss accordingly.

The income statements of overseas subsidiary undertakings are translated at average exchange rates and the year-end net assets of these companies are translated at year-end exchange rates. Exchange differences arising from retranslation of the opening net assets are reported in the Consolidated Statement of Comprehensive Income.

Property, plant and equipment

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful economic life, as follows:

Short leasehold property	Period of the lease
Motor vehicles	25% per annum
Fixtures, fittings and office equipment	10-33% per annum
Computer equipment	25-33% per annum

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

1. Principal Accounting Policies (cont.)

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Issue costs are offset against the proceeds of such instruments. Financial liabilities are released to income when the liability is extinguished.

Lease commitments

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Consolidated Income Statement over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the Consolidated Income Statement on a straight-line basis over the lease term. Lease incentives are spread over the term of the lease.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Where material intangible assets are recognised on acquisition which will be amortised over their useful lives, a deferred tax liability is also recognised and released against income over the corresponding period.

New standards, interpretations and amendments to existing standards

There are no material impacts arising from standards and interpretations applicable for the first time to these financial statements, as detailed in the prior year financial statements.

The Directors have considered all IFRS and IFRIC Interpretations issued but not yet in force, but most are either not applicable to the Group or are not expected to have a material impact. IFRS 15, Revenue from Contracts with Customers, will apply to the Group's 2018 financial statements but, at this stage, the Directors do not believe it will have a material impact.

2. Segmental Information

Business segmentation

For management purposes the Group had thirteen operating units during the year, each of which carries out a range of activities. These activities have been divided into four business and operating segments as defined by IFRS 8 which form the basis of the Group's primary reporting segments, namely: Branding, Advertising and Digital; Media; Events and Learning; and Public Relations.

Year to 31 December 2015	Branding, Advertising & Digital £'000	Media £'000	Events & Learning £'000	Public Relations £'000	Group £'000
Turnover	71,728	45,732	7,146	7,640	132,246
Operating income	47,715	4,210	2,765	6,347	61,037
Segmental operating profit ("trading profit")	6,228	1,245	265	768	8,506
Unallocated central costs					(1,576)
Headline operating profit					6,930
Investment income					1
Finance costs					(470)
Headline profit before tax					6,461
Profit adjustments (Note 3)					(1,324)
Reported profit before taxation					5,137
Taxation					(1,035)
Profit for period					4,102
Other Information					
Capital expenditure	1,599	28	80	11	1,718
Unallocated capital expenditure					-
Total capital expenditure					1,718
Depreciation and amortisation	1,665	114	104	137	2,020
Unallocated depreciation and amortisation					6
Total depreciation and amortisation					2,026
Balance Sheet					
Assets					
Segment assets	34,069	6,270	2,224	2,100	44,663
Unallocated corporate assets					76,060
Consolidated total assets					120,723
Liabilities					
Segment liabilities	18,194	6,303	1,056	1,555	27,108
Unallocated corporate liabilities					20,250
Consolidated total liabilities					47,358
Consolidated net assets / (liabilities)	15,875	(33)	1,168	545	73,365

2. Segmental Information (cont.)

Unallocated central costs include corporate administration expenses necessary for a quoted company. It is considered impractical to split the debt interest into segments.

The split of assets and liabilities has been estimated, as the businesses are integrated. Unallocated corporate assets and liabilities include unallocated IFRS assets and liabilities, corporate assets and liabilities, Group cash reserves and drawn debt liabilities.

Year to 31 December 2014	Branding, Advertising & Digital £'000	Media £'000	Events & Learning £'000	Public Relations £'000	Group £'000
Turnover	68,786	44,393	7,238	5,130	125,547
Operating income	44,036	4,036	2,769	4,131	54,972
Segmental operating profit ("trading profit")	6,014	949	89	632	7,684
Unallocated central costs					(1,607)
Headline operating profit					6,077
Investment income					34
Headline finance costs					(578)
Headline profit before tax					5,533
Profit adjustments (Note 3)					(112)
Reported profit before taxation					5,421
Taxation					(1,179)
Profit for period					4,242
Other Information					
Capital expenditure	1,942	25	131	85	2,183
Unallocated capital expenditure					3
Total capital expenditure					2,186
Depreciation and amortisation	1,432	94	82	125	1,733
Unallocated depreciation and amortisation					7
Total depreciation and amortisation					1,740
Balance Sheet					
Assets					
Segment assets	27,168	5,903	1,095	4,973	39,139
Unallocated corporate assets					70,232
Consolidated total assets					109,371
Liabilities					
Segment liabilities	14,763	5,575	557	2,365	23,260
Unallocated corporate liabilities					15,727
Consolidated total liabilities					38,987
Consolidated net assets	12,405	328	538	2,608	70,384

Geographical segmentation

With the acquisition of Splash Interactive Pte. Ltd, trading in five territories in Asia, and the growth in April Six's San Francisco operations, the Group's activities outside the UK continue to increase, but substantially all the Group's business remains based and executed in the UK, with less than 10% of operating income attributed to territories outside of the UK.

3. Reconciliation of Headline Profit to Reported Profit

The Board believes that headline profits, which eliminate certain amounts from the reported figures, provide a better understanding of the underlying trading of the Group. The adjustments to reported profits fall into three categories: exceptional items, acquisition-related items and start-up costs.

	Year to 31 December 2015		Year to 31 December 2014	
	PBT £'000	**PAT £'000**	PBT £'000	PAT £'000
Headline profit	**6,461**	**5,157**	5,533	4,301
Exceptional items (Note 4)	**(873)**	**(694)**	(126)	(98)
Acquisition adjustments (Note 5)	**(108)**	**(89)**	14	39
Start-up costs	**(343)**	**(272)**	-	-
Reported profit	**5,137**	**4,102**	5,421	4,242

Start-up costs derive from organically started businesses and comprise the trading losses of such entities until the earlier of two years from commencement or when they show evidence of becoming sustainably profitable. Start-up costs in 2015 relate to the launch of new venture Mongoose Sports & Entertainment and April Six's new operations in Singapore.

4. Exceptional Items

	Year to 31 December 2015 £'000	Year to 31 December 2014 £'000
Restructuring costs	**(873)**	-
Exceptional items affecting reported operating profit	**(873)**	-
Accelerated amortisation of debt arrangement fees	**-**	(126)
Exceptional items affecting reported profit before tax	**(873)**	(126)

Exceptional items represent revenue or costs that, either by their size or nature, require separate disclosure in order to give a fuller understanding of the Group's financial performance.

Exceptional costs in 2015 comprise amounts payable for loss of office and other costs incurred relating to the restructuring of certain operations in order to streamline activities and underpin the Board's growth expectations. In 2014 the exceptional item related to the accelerated write off of arrangement fees attached to banking facilities which were replaced by the signing of new banking facilities.

5. Acquisition Adjustments

	Year to 31 December 2015 £'000	Year to 31 December 2014 £'000
Movement in fair value of contingent consideration	**618**	701
Amortisation of other intangibles recognised on acquisitions	**(574)**	(436)
Acquisition transaction costs expensed	**(152)**	(251)
	(108)	14

The movement in fair value of contingent consideration relates to a net downward revision in the estimate payable to vendors of businesses acquired in prior years. Acquisition transaction costs relate to the acquisitions made during the year as detailed in Note 21.

6. Net Finance Costs

	Year to 31 December 2015 £'000	Year to 31 December 2014 £'000
Interest income:		
Interest on bank deposits	**1**	34
Finance costs:		
Interest on bank loans and overdrafts	**(391)**	(415)
Amortisation of bank debt arrangement fees	**(65)**	(159)
Interest on finance leases	**(14)**	(4)
Headline finance costs	**(470)**	(578)
Headline net finance costs	**(469)**	(544)
Accelerated amortisation of debt arrangement fees (Note 4)	**-**	(126)
Net Finance Costs	**(469)**	(670)

7. Profit on Ordinary Activities before Tax

	Year to 31 December 2015 £'000	Year to 31 December 2014 £'000
Profit on ordinary activities before taxation is stated after charging:-		
Depreciation of owned tangible fixed assets	**1,476**	1,375
Depreciation of tangible fixed assets held under finance leases	**72**	4
Amortisation of intangible assets	**574**	436
Operating lease rentals – Land and buildings	**2,090**	1,897
Operating lease rentals – Plant and equipment	**292**	330
Operating lease rentals – Other assets	**129**	188
Staff costs (see Note 8)	**41,004**	37,046
Auditors' remuneration	**224**	186
Loss on foreign exchange	**43**	6
Auditor's remuneration may be analysed by:		
Audit of Group's annual report and financial statements	**36**	35
Audit of subsidiaries	**126**	103
Audit related assurance services	**4**	4
Tax compliance services	**21**	18
Tax advisory services	**2**	-
Corporate Finance	**35**	23
Other non audit services	**-**	3
	224	186

8. Employee Information

The average number of Directors and staff employed by the Group during the year analysed by segment, was as follows:

	Year to 31 December 2015	Year to 31 December 2014
Branding, Advertising & Digital	**760**	671
Media	**43**	36
Events and Learning	**64**	74
Public Relations	**98**	67
Central	**4**	4
	969	852

The aggregate employee costs of these persons were as follows:

	Year to 31 December 2015 £'000	Year to 31 December 2014 £'000
Wages and salaries	**35,697**	32,355
Social security costs	**3,645**	3,504
Pension costs	**1,628**	1,142
Share based payment expense	**34**	45
	41,004	37,046

The Group operates twenty one defined contributions pension schemes. The pension cost charge for the year represents contributions payable by the Group to the schemes. At the end of the financial year outstanding contributions amounted to £95,000 (2014: £91,000).

8. Employee Information (cont.)

Directors' Remuneration

Directors' remuneration and other benefits for the year were as follows (all amounts in £s):

	Salary / Fees	Performance-related payments	Benefits	Pension	Gain on exercise of share options*	Total 31 December 2015	Total 31 December 2014
Current Directors							
Dylan Bogg	135,734	-	6,266	9,750	7,263	159,013	216,223
James Clifton	144,810	-	2,297	22,002	-	169,109	179,928
Robert Day	136,250	50,000	-	-	10,029	196,279	149,570
Peter Fitzwilliam	133,200	25,000	328	33,275	4,150	195,953	196,719
Chris Goodwin	116,835	-	15,875	10,867	4,150	147,727	147,977
Julian Hanson-Smith (Note 2) (from 1 October 2015)	8,751	-	-	-	-	8,751	-
Giles Lee	151,146	44,000	20,600	14,758	10,375	240,879	199,909
David Morgan	129,020	20,000	42,800	-	4,150	195,970	149,970
Chris Morris (Note 3)	61,389	-	2,405	46,153	4,150	114,097	126,999
Sue Mullen	143,750	-	4,353	13,125	2,075	163,303	181,347
Fiona Shepherd	162,500	52,000	3,070	2,000	4,150	223,720	219,997
Former Directors							
Stephen Boyd (Note 4) (to 31 December 2015)	37,500	-	-	-	-	37,500	37,500
	1,360,885	**191,000**	**97,994**	**151,930**	**50,492**	**1,852,301**	**1,806,139**

Notes:

* The gain on exercise of share options is calculated as the difference between the market price of the shares on the date of exercise and the price paid for the shares.

1. Dylan Bogg, James Clifton, Robert Day, Chris Goodwin, Giles Lee, Sue Mullen and Fiona Shepherd were paid £12,500 as TMMG plc Directors, with the balance of their remuneration paid as Directors and employees of subsidiary companies for services rendered there.
2. Julian Hanson-Smith was paid £1,875 as a TMMG plc Director during the year. In addition he was paid £6,876 for his services through a consultancy practice owned by him, HS Consultancy Services.
3. Chris Morris was paid £65,542 as a TMMG plc Director during the year (2014: £42,500). In addition, he was paid for his consulting services through a consultancy practice owned by him, Morris Marketing Consultancy.
4. Stephen Boyd was paid £7,500 as a TMMG plc Director during the year (2014: £7,500). In addition he was paid £30,000 for his services through Stephen Boyd Ltd, a company controlled by him.

9. Taxation

	Year to 31 December 2015 £'000	Year to 31 December 2014 £'000
Current tax:-		
UK corporation tax at 20.25% (2014: 21.5%)	**907**	1,120
Adjustment for prior periods	**(49)**	(13)
Foreign tax on profits of the period	**289**	51
	1,147	1,158
Deferred tax:-		
Current year reversing/(originating) temporary differences	**(64)**	21
Adjustment for prior periods	**(52)**	-
Foreign deferred tax on overseas subsidiaries	**4**	-
Tax charge for the year	**1,035**	1,179

Factors affecting the tax charge for the current year:

The tax assessed for the year is marginally lower (2014: higher) than the standard rate of corporation tax in the UK. The differences are:

	Year to 31 December 2015 £'000	Year to 31 December 2014 £'000
Profit before taxation	**5,137**	5,421
Profit on ordinary activities before tax at the standard rate of corporation tax of 20.25% (2014: 21.5%)	**1,040**	1,165
Effect of:		
Non-deductible expenses / income not taxable	**121**	136
Timing differences relating to deductibility of share options	**(23)**	(68)
Movement in fair value of contingent consideration, not taxable	**(125)**	(151)
Adjustments to prior periods	**(101)**	(13)
Higher tax rates on overseas earnings	**81**	-
Depreciation in excess of capital allowances	**32**	100
Other differences	**10**	10
Actual tax charge for the year	**1,035**	1,179

10. Dividends

	Year to 31 December 2015 £'000	Year to 31 December 2014 £'000
Amounts recognised as distributions to equity holders in the year:		
Interim dividend of 0.30 pence (2014: 0.25 pence) per share	**247**	205
Final dividend of 0.85 pence (2014: 0.75 pence) per share	**701**	566
	948	771

A final dividend of 0.9 pence per share is to be paid in July 2016. In accordance with IFRS this final dividend will be recognised in the 2016 accounts, should it be approved by shareholders at the AGM.

11. Earnings Per Share

The calculation of the basic and diluted earnings per share is based on the following data, determined in accordance with the provisions of IAS 33: Earnings per Share.

	Year to 31 December 2015 £'000	Year to 31 December 2014 £'000
Earnings		
Reported profit for the year	**4,102**	4,242
Attributable to:		
Equity holders of the parent	**4,011**	4,197
Non-controlling interests	**91**	45
	4,102	4,242
Headline earnings (Note 3)	**5,157**	4,301
Attributable to:		
Equity holders of the parent	**5,066**	4,256
Non-controlling interests	**91**	45
	5,157	4,301
Number of shares		
Weighted average number of Ordinary shares for the purpose of basic earnings per share	**82,479,427**	77,333,357
Dilutive effect of securities:		
Employee share options	**3,269,681**	3,711,804
Bank warrants	**-**	1,927,758
Weighted average number of Ordinary shares for the purpose of diluted earnings per share	**85,749,108**	82,972,919
Reported basis:		
Basic earnings per share (pence)	**4.86**	5.43
Diluted earnings per share (pence)	**4.68**	5.06
Headline basis:		
Basic earnings per share (pence)	**6.14**	5.50
Diluted earnings per share (pence)	**5.91**	5.13

Basic earnings per share includes shares to be issued subject only to time as if they had been issued at the beginning of the period.

A reconciliation of the profit after tax on a reported basis and the headline basis is given in Note 3.

12. Intangible Assets

Goodwill	Year to 31 December 2015 £'000	Year to 31 December 2014 £'000
Cost		
At 1 January	**79,326**	75,278
Recognised on acquisition of subsidiaries	**4,315**	4,048
Adjustment to consideration	**(35)**	-
At 31 December	**83,606**	79,326
Impairment adjustment		
At 1 January	**4,273**	4,273
Impairment during the year	**-**	-
At 31 December	**4,273**	4,273
Net book value at 31 December	**79,333**	75,053

In accordance with the Group's accounting policies, an annual impairment test is applied to the carrying value of goodwill. The review performed assesses whether the carrying value of goodwill is supported by the net present value of projected cash flows derived from the underlying assets for each cash-generating unit ("CGU"). The initial projection period of three years includes the annual budget for each CGU, based on insight into Clients' planned marketing expenditure and targets for net new business growth derived from historical experience, and extrapolations of the budget in subsequent years based on known factors and estimated trends. The key assumptions used by each CGU concern revenue growth and staffing levels and different assumptions are made by different CGUs based on their individual circumstances. After the initial projection period, an annual growth rate of 2.5% was assumed for all units and the resulting pre-tax cash flow forecasts were discounted using the Group's estimated pre-tax weighted average cost of capital, which is 8.0%. For all CGUs, the Directors assessed the sensitivity of the impairment test results to changes in key assumptions (in particular expectations of future growth) and concluded that a reasonably possible change to the key assumptions would not cause the carrying value of goodwill to exceed the net present value of its projected cash flows.

Goodwill arose from the acquisition of the following subsidiary companies and trade assets and is comprised of the following substantial components:

	31 December 2015 £'000	31 December 2014 £'000
April Six Ltd	**9,411**	9,411
Big Communications Ltd*	**-**	8,125
Big Dog Agency Ltd*	**9,639**	-
Bray Leino Ltd	**27,761**	27,761
Chapter Agency Ltd	**3,440**	-
Fox Murphy Ltd (trading as balloon dog)*	**-**	1,514
Proof Communication Ltd	**576**	576
Speed Communications Agency Ltd	**3,686**	3,686
RLA Group Ltd	**6,572**	6,572
Solaris Healthcare Network Ltd	**1,058**	1,058
Splash Interactive Pte. Ltd	**2,356**	2,391
Story UK Ltd	**6,969**	6,969
The Weather Digital and Print Communications Ltd	**547**	-
ThinkBDW Ltd	**6,283**	6,283
Other smaller acquisitions	**1,035**	707
	79,333	75,053

*In 2015, Fox Murphy Ltd was renamed Big Dog Agency Ltd and the business of Big Communications Ltd was transferred across into this entity. The goodwill of both Fox Murphy Ltd and Big Communications Ltd has therefore been combined in Big Dog Agency Ltd.

12. Intangible Assets (cont.)

Other intangible assets	Year to 31 December 2015 £'000	Year to 31 December 2014 £'000
Cost		
At 1 January	**3,381**	2,079
Additions	**1,220**	1,302
At 31 December	**4,601**	3,381
Amortisation and impairment		
At 1 January	**1,258**	559
Amortisation charge for the year	**574**	436
Impairment charge for the year	**-**	263
At 31 December	**1,832**	1,258
Net book value	**2,769**	2,123

Additions of £1,220,000 in the year include Client relationships and trade names acquired relating to the Chapter acquisition, all of which are being amortised over finite useful lives (2014: £1,302,000 includes Client relationships and trade names acquired relating to the Proof, Speed and Splash acquisitions, of which £346,000 relates to trade names deemed to have an indefinite useful life).

Included within the value of intangible assets is an amount of £649,000 (2014: £649,000) relating to trade names of businesses acquired, which are deemed to have indefinite useful lives. These trade names have attained recognition in the market place and the companies acquired will continue to operate under the relevant trade names, which will play a role in developing and sustaining customer relationships for the foreseeable future. As such, it is the Directors' judgement that the useful life of these trade names is considered to be indefinite.

13. Subsidiaries

The Group's principal trading subsidiaries are listed below. All subsidiaries are 100% owned and all are incorporated in the United Kingdom, except for Splash Interactive Pte. Ltd, which is 70% owned and incorporated in Singapore. A list of all other Group companies at 31 December 2015 can be found in Note 35 to the Company Financial Statements.

Subsidiary undertaking	Nature of business
April Six Ltd	Marketing communications, specialising in the technology sector
Big Dog Agency Ltd	Marketing communications
Bray Leino Ltd	Advertising, media buying, digital marketing, events and training
Chapter Agency Ltd	Marketing communications
Proof Communication Ltd *	Public relations, specialising in science, engineering and technology
Speed Communications Agency Ltd	Public relations
RLA Group Ltd	Marketing communications
Solaris Healthcare Network Ltd	Marketing communications, specialising in the medical sector
Splash Interactive Pte. Ltd *	Digital marketing
Story UK Ltd	Brand development and creative direct communication
ThinkBDW Ltd	Property marketing, providing advertising, media, brochures, signage, exhibitions, CGI, animation, intranet, photography

* All subsidiaries are held directly by The Mission Marketing Group plc except where indicated by an asterisk.

14. Property, Plant and Equipment

	Short leasehold property £'000	Fixtures & fittings & office equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation					
At 1 January 2014	**1,674**	**3,575**	**4,560**	**240**	**10,049**
Acquisition of subsidiaries	16	251	359	-	626
Additions	369	983	813	21	2,186
Disposals	(72)	(513)	(1,344)	(52)	(1,981)
At 31 December 2014	**1,987**	**4,296**	**4,388**	**209**	**10,880**
Reclassification	220	(220)	-	-	-
Acquisition of subsidiaries	14	54	64	10	142
Additions	58	824	826	10	1,718
Disposals	-	(344)	(275)	(33)	(652)
At 31 December 2015	**2,279**	**4,610**	**5,003**	**196**	**12,088**
Depreciation					
At 1 January 2014	**1,207**	**2,124**	**3,098**	**141**	**6,570**
Acquisition of subsidiaries	3	182	316	-	501
Charge for the year	112	489	735	43	1,379
Disposals	(61)	(503)	(1,344)	(28)	(1,936)
At 31 December 2014	**1,261**	**2,292**	**2,805**	**156**	**6,514**
Reclassification	17	(17)	-	-	-
Acquisition of subsidiaries	4	40	22	6	72
Charge for the year	159	544	820	25	1,548
Disposals	-	(270)	(272)	(30)	(572)
At 31 December 2015	**1,441**	**2,589**	**3,375**	**157**	**7,562**
Net book value at 31 December 2015	**838**	**2,021**	**1,628**	**39**	**4,526**
Net book value at 31 December 2014	**726**	**2,004**	**1,583**	**53**	**4,366**

The net book amount includes £416,000 (2014: £18,000) in respect of assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £72,000 (2014: £4,000).

15. Investments in Associates

	Year to 31 December 2015 £'000	Year to 31 December 2014 £'000
Cost		
At 1 January	**-**	-
Additions	**350**	-
At 31 December	**350**	-

Towards the end of 2015 The Mission acquired a 25% shareholding in Watchable Limited, a film and video content company, based in London.

16. Trade and Other Receivables

	Year to 31 December 2015 £'000	Year to 31 December 2014 £'000
Gross trade receivables	**23,661**	19,073
Less: Provision for doubtful debts	**(201)**	(133)
	23,460	18,940
Other receivables	**718**	689
Prepayments	**1,257**	1,568
Accrued income	**5,912**	4,662
	31,347	25,859

An allowance has been made for estimated irrecoverable amounts from the provision of services of £201,000 (2014: £133,000). The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables and investments, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables. In order to mitigate this risk, the Group has arranged credit insurance on certain of its trade receivables as deemed appropriate. Where credit insurance is not considered cost effective, the Group monitors credit-worthiness closely and mitigates risk, where appropriate, through payment plans.

The credit risk on cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

17. Cash and Short Term Deposits

Cash and short term deposits comprise cash held by the Group and short term bank deposits.

18. Trade and Other Payables

	31 December 2015 £'000	31 December 2014 £'000
Trade creditors	**9,999**	9,258
Finance leases	**91**	12
Other creditors	**244**	439
Other tax and social security payable	**3,698**	3,276
	14,032	12,985

Trade and other creditors principally comprise amounts outstanding for trade purchases and on-going costs. The Directors consider that the carrying amount of trade payables approximates their fair value.

19. Bank Overdrafts, Loans and Net Debt

	31 December 2015 £'000	31 December 2014 £'000
Bank loan outstanding	**12,875**	11,000
Unamortised bank debt arrangement fees	**(165)**	-
Carrying value of loan outstanding	**12,710**	11,000
Less: Cash and short term deposits	**(1,784)**	(1,549)
Net bank debt	**10,926**	9,451
The borrowings are repayable as follows:		
Less than one year	**1,500**	11,000
In one to two years	**2,250**	-
In more than two years but less than three years	**2,500**	-
In more than three years but less than four years	**6,625**	
	12,875	11,000
Unamortised bank debt arrangement fees	**(165)**	-
	12,710	11,000
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(1,500)**	(11,000)
Amount due for settlement after 12 months	**11,210**	-

Bank debt arrangement fees, where they can be amortised over the life of the loan facility, are included in finance costs. The unamortised portion is reported as a reduction in bank loans outstanding.

At 31 December 2015, the Group had a term loan facility of £6.9m due for repayment by February 2019 on a quarterly basis, and a revolving credit facility of up to £7.0m (£6.0m drawn at 31 December 2015), expiring on 3 February 2019.

Interest on both the term loan and revolving credit facilities is based on 3 month LIBOR plus 2.25%, payable in cash on loan rollover dates.

In addition to its committed facilities, the Group had available an overdraft facility of up to £3.0m with interest payable by reference to National Westminster Bank plc Base Rate plus 2.5%.

At 31 December 2015, there was a cross guarantee structure in place with the Group's bankers by means of a fixed and floating charge over all of the assets of the Group companies in favour of Royal Bank of Scotland plc.

All borrowings are in sterling.

20. Obligations under Finance Leases

Obligations under finance leases are as follows:

	31 December 2015 £'000	31 December 2014 £'000
In one year or less	**91**	12
Between two and five years	**298**	11
	389	23

Assets held under finance leases consist of office equipment. The fair values of the Group's lease obligations approximate their carrying amount.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

21. Acquisitions

21.1 Acquisition obligations

The terms of an acquisition may provide that the value of the purchase consideration, which may be payable in cash or shares or other securities at a future date, depends on uncertain future events such as the future performance of the acquired company. The Directors estimate that the liability for contingent consideration payments that may be due is as follows:

	31 December 2015			31 December 2014		
	Cash £'000	**Shares £'000**	**Total £'000**	Cash £'000	Shares £'000	Total £'000
Less than one year	**2,902**	**301**	**3,203**	1,219	-	1,219
Between one and two years	**2,009**	**-**	**2,009**	1,368	40	1,408
In more than two years but less than three years	**1,715**	**-**	**1,715**	1,113	-	1,113
In more than three years but less than four years	**710**	**-**	**710**	277	-	277
In more than four years but less than five years	**520**	**-**	**520**	548	-	548
In more than five years	**-**	**-**	**-**	547	-	547
	7,856	**301**	**8,157**	5,072	40	5,112

21.2 Acquisition of Chapter Agency Ltd

On 26 November 2015, the Group acquired the whole issued share capital of Chapter Agency Ltd ("Chapter"), a full service marketing communications agency. The fair value of the consideration given for the acquisition was £5,394,000, comprising initial cash consideration and deferred contingent cash and share consideration. Costs relating to the acquisition amounted to £19,000 and were expensed.

Maximum contingent consideration of £3,700,000 is dependent on Chapter achieving a profit target over the period 1 January 2015 to 31 December 2018. The Group has provided for contingent consideration of £3,630,000 to date.

The fair value of the net identifiable assets acquired was £978,000 resulting in goodwill and other intangible assets of £4,416,000. Goodwill arises on consolidation and is not tax-deductible. Management carried out a review to assess whether any other intangible assets were acquired as part of the transaction. Management concluded that both a brand name and customer relationships were acquired and attributed a value to each of these by applying commonly accepted valuation methodologies. The goodwill arising on the acquisition is attributable to the anticipated profitability of the Company.

21. Acquisitions (cont.)

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Net assets acquired:			
Fixed assets	51	-	51
Stock and work in progress	6	-	6
Trade and other receivables	1,202	-	1,202
Cash and cash equivalents	1,122	-	1,122
Trade and other payables	(1,396)	-	(1,396)
Deferred tax liability	(7)	-	(7)
	978	-	978
Other intangibles recognised at acquisition	-	1,220	1,220
Deferred tax liability adjustment	-	(244)	(244)
	978	1,220	1,954
Goodwill			3,440
Total consideration			5,394
Satisfied by:			
Cash			1,550
Deferred initial consideration			214
Deferred contingent consideration			3,630
			5,394

Chapter contributed turnover of £385,000, operating income of £256,000 and headline operating profit of £112,000 to the results of the Group since acquisition.

21.3 Acquisition of The Weather Digital and Print Communications Ltd

On 13 February 2015, the Group acquired the whole issued share capital of The Weather Digital and Print Communications Ltd ("The Weather"), one of Scotland's leading full service digital agencies. The fair value of the consideration given for the acquisition was £688,000, comprising initial cash and share consideration and deferred contingent cash and share consideration. 210,136 ordinary shares were issued as part of the initial consideration. Costs relating to the acquisition amounted to £19,000 and were expensed.

Maximum contingent consideration of £540,000 is dependent on The Weather achieving various profit targets over the period November 2014 to December 2015. The Group has provided for contingent consideration of £315,000.

The fair value of the net identifiable assets acquired was £141,000 resulting in goodwill and other intangible assets of £547,000. Goodwill arises on consolidation and is not tax-deductible. Management carried out a review to assess whether any other intangible assets were acquired as part of the transaction and concluded that the value of the business lies in its workforce and as such no other intangible assets were acquired. The goodwill arising on the acquisition is attributable to the anticipated profitability of the Company.

21. Acquisitions (cont.)

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Net assets acquired:			
Fixed assets	10	-	10
Trade and other receivables	145	-	145
Cash and cash equivalents	253	-	253
Trade and other payables	(267)	-	(267)
	141	-	141
Goodwill			547
Total consideration			688
Satisfied by:			
Cash			255
Shares			85
Deferred initial consideration			33
Deferred contingent consideration			315
			688

Weather contributed turnover of £782,000, operating income of £722,000 and a headline operating profit of £222,000 to the results of the Group in 2015.

21.4 Other acquisitions

A total of £272,000 was invested in other acquisitions during the year, comprising initial cash consideration of £99,000 and deferred contingent consideration of £173,000.

21.5 Pro-forma results including acquisitions

The Directors estimate that the turnover, operating income and headline operating profit of the Group would have been approximately £136.5m, £63.8m and £7.7m had the Group consolidated the results of Chapter, The Weather and the other smaller acquisitions made during the year, from the beginning of the year.

22. Financial Commitments

Operating lease commitments

As at 31 December the Group had commitments under non-cancellable operating leases as follows:

	31 December 2015		31 December 2014	
	Land and buildings £'000	**Other £'000**	Land and buildings £'000	Other £'000
Within one year	**1,996**	**465**	1,435	415
Between two and five years	**5,297**	**434**	2,936	519
After more than 5 years	**561**	**1**	740	70
	7,854	**900**	5,111	1,004

23. Share Capital

	31 December 2015 £'000	31 December 2014 £'000
Allotted and called up:		
83,608,331 Ordinary shares of 10p each (2014: 83,398,195 Ordinary shares of 10p each)	**8,361**	8,340

Options

The Group has the following options in issue:

	At start of year	**Granted**	**Waived/lapsed**	**Exercised**	**At end of year**
TMMG Long Term Incentive Plan	3,466,400	1,015,000	(1,200,627)	(297,273)	2,983,500

The TMMG Long Term Incentive Plan ("LTIP") was created to incentivise senior employees across the Group. Nil cost options are awarded at the discretion of the Remuneration Committee of the Board and vest three years later only if the profit performance of the Group in the intervening period is sufficient to meet predetermined criteria (always subject to Remuneration Committee discretion). During the year, 297,273 of these options were exercised at a weighted average share price of 41.8p and at the end of the year none of the outstanding options are exercisable.

Shares held in an Employee Benefit Trust (see Note 24) will be used to satisfy share options exercised under The Mission Marketing Group Long Term Incentive Plan.

24. Own Shares

	No. of shares	£'000
At 31 December 2013	1,315,595	462
Own shares purchased during the year	155,644	58
Awarded to employees during the year	(560,255)	(260)
At 31 December 2014	**910,984**	**260**
Own shares purchased during the year	**551,373**	**317**
Awarded to employees during the year	**(183,433)**	**(122)**
At 31 December 2015	**1,278,924**	**455**

Shares are held in an Employee Benefit Trust to meet certain requirements of The Mission Marketing Group Long Term Incentive Plan.

25. Share Option Reserve

The share option reserve represents charges to the profit or loss required by IFRS 2 to reflect the cost of the options issued to the Directors and employees.

26. Share-Based Payments

Options

Fair value on grant date is measured by use of a Black Scholes model. The valuation methodology is applied at each year end and the valuation revised to take account of any changes in estimate of the likely number of shares expected to vest. Details of the relevant option schemes are given in Note 23. The key inputs are:

	2015	**2014**
Share price	**44.0p**	47.75p
Risk free rate	**0.7%**	1.5%
Dividend yield	**2.4%**	1.0%

Volatility is based on the historical volatility of the share price over a 3 year trading period although, for nil-cost options issued under the Group's Long Term Incentive Scheme, volatility does not impact the calculation of fair value. The weighted average share price over the three years ending 31 December 2015 was 36.6p.

The Group recognised an expense of £34,000 in 2015 (2014: £45,000).

27. Financial Assets and Liabilities

Capital management

The Group defines "capital" as being debt plus equity. Net bank debt comprises short and long term borrowings net of cash, cash equivalents and the unamortised balance of bank renegotiation fees as analysed in Note 19. In addition, the Group treats its commitment to future consideration payments under acquisition agreements as another component of debt. Equity comprises issued share capital, reserves and retained earnings as disclosed in the Balance Sheet and in the Consolidated Statement of Changes in Equity.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and maintain an appropriate capital structure to balance the needs of the Group to grow, whilst operating with sufficient headroom within its bank covenants. The principal measures by which the Directors monitor capital risk are the ratios of net bank debt to EBITDA and total debt (including both net bank debt and estimated acquisition consideration payable) to EBITDA. (Note that, since acquisition consideration is dependent on future levels of profitability in the acquired business, which are inevitably uncertain, the Directors calculate this ratio by reference to the amount of consideration which would be payable if the acquired business were to maintain its current level of profitability.) The Directors have set targets of remaining below x2 and x2.5 for these ratios respectively.

Financial risk management

The Group's financial instruments comprise cash and various forms of borrowings. Short-term debtors and creditors have been excluded.

Substantially all the Group's activities take place in the United Kingdom, although April Six's expansion into the US and the acquisition of Splash in 2014, have started to expand the Group's exposure to foreign currencies. Where revenue is generated in one currency and costs are incurred in another, the Group aims to agree pricing at the outset of a piece of work and then hedge its foreign currency exposure, if considered significant, through the use of forward exchange contracts. There was no material foreign currency exposure at the year end.

The main purpose of the Group's use of financial instruments is for day-to-day working capital and as part of the funding for past acquisitions. The Group's financial policy and risk management objective is to achieve the best interest rates available whilst maintaining flexibility and minimising risk. The main risks arising from the Group's use of financial instruments are interest rate risk and liquidity risk.

Interest rate risk

The operations of the Group generate cash and it funds acquisitions through a combination of retained profits, equity issues and borrowings. The Group's financial liabilities comprise floating rate instruments. The bank loan's interest rate is reset from time to time and accordingly is not deemed a fixed rate financial liability.

Interest on both the Group's revolving credit facility and its term loan is payable by reference to 3 month LIBOR, subject to downward or upward ratchets depending on certain ratios of debt to EBITDA on a quarterly basis. The Directors have considered again the relative merits of the use of hedging instruments to limit the exposure to interest rate risk. The interest rate cap taken out in December 2012 which limited the Group's exposure to 3 month LIBOR to 1.0% matured on 30 June 2015. Given the Group's very significant levels of interest cover (ratio of EBITDA to net finance costs), the Directors have decided not to enter into any new hedging instrument and the cap arrangement was not renewed

Liquidity risk

The Group's financial instruments include a mixture of short and long-term borrowings. The Group seeks to ensure sufficient liquidity is available to meet working capital needs and the repayment terms of the Group's financial instruments as they mature.

Financial assets	31 December 2015 £'000
Cash at bank maturing in less than one year or on demand	**1,784**

27. Financial Assets and Liabilities (cont.)

Financial liabilities	Bank loan and overdraft £'000	Finance leases £'000	Acquisition obligations £'000	Total £'000
Interest analysis:				
Subject to floating rates	12,875	-	-	12,875
Subject to fixed rates	-	389	8,157	8,546
	12,875	389	8,157	21,421
Maturity analysis:				
One year or less, or on demand	1,500	91	3,203	4,794
In one to two years	2,250	86	2,009	4,345
In two to three years	2,500	89	1,715	4,304
In three to four years	6,625	92	710	7,427
In four to five years	-	31	520	551
	12,875	389	8,157	21,421

The Group's bank loans and overdraft facility are floating rate borrowings and all facilities are secured by a fixed and floating charge over the assets of all Group companies.

The fair value of the Group's financial assets and liabilities is not considered to be materially different from their book values.

28. Leave Pay Accrual

No liability or expense has been recognised relating to untaken leave for any of the periods presented. The Group has a policy of not allowing days to be carried forward from one year to the next, unless in exceptional circumstances. In addition, no payment is made in lieu of untaken leave which is not carried forward. As a result, there is no material liability relating to untaken leave at year end.

29. Post Balance Sheet Events

There have been no material post balance sheet events.

30. Related Party Transactions

The Directors consider that the Directors of the Company represent the Group's key management personnel for the purposes of disclosing related party transactions. Directors' remuneration is disclosed in detail in Note 8. The total compensation payable to key management personnel is detailed below.

	Year to 31 December 2015 £'000	Year to 31 December 2014 £'000
Short-term employee benefits	**1,650**	1,582
Post-employment benefits	**152**	90
Share based payments	**50**	134
	1,852	1,806

Bray Leino Ltd rents property from entities under the control of Mr D W Morgan, Chairman of The Mission Marketing Group plc, and members of his close family. During the year the Company paid annual rental and property fees totalling £158,000 (2014: £158,000). There were no amounts owed at the balance sheet date to these entities.

ThinkBDW Ltd is contracted to pay annual rent to Robert Day Associates Ltd, a company controlled by Mrs K Day (wife of Robert Day, Executive Director) and Mrs A Day (wife of Mr A Day, brother of Robert Day, Executive Director). The lease commenced on 2 May 2014 with an amendment in January 2015. Rent payable in the year was £175,000 (2014: £154,315) and was set at market value.

During the year ThinkBDW Ltd rented additional land from Robert Day Associates Ltd on an ad hoc basis at a cost of £20,000 for storage and a Client demonstration area (2014: Nil). Service charges of £25,000 for the management of the site were also levied (2014: Nil). ThinkBDW Ltd purchases energy generated by a photovoltaic array owned by Robert Day Associates Ltd at a discounted commercial rate. The cost to ThinkBDW Ltd of this purchase in 2015 was £10,741.

Big Communications Ltd was contracted to pay annual rent to four individuals, including Dylan Bogg (Executive Director) and Chris Morris (Non-Executive Director). On 2 March 2015, this lease agreement was assigned to Big Dog Agency Limited. During the year, total rental of £74,000 (2014: £74,000) was paid.

31. Availability of Annual Report

Copies of the Annual Report for the year ended 31 December 2015 will be circulated to shareholders at least 21 days ahead of the Annual General Meeting ("AGM") on 13 June 2016 and, after approval at the AGM, will be delivered to the Registrar of Companies. Further copies will be available from the Company's registered office and on the Group's website, www.themission.co.uk.

Independent Auditor's Report to the Members of The Mission Marketing Group plc

Report on the parent company financial statements

Our opinion

In our opinion the parent company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

We have audited the parent company financial statements of The Mission Marketing Group plc for the year ended 31 December 2015 which comprise the Parent Company Balance Sheet, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

Our responsibilities and those of the Directors for the financial statements and the audit

As explained more fully in the Directors' Responsibilities Statement set out on page 33 the Directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company 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 (APB's) Ethical Standards for Auditors.

This report is made solely to the Company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have no exceptions to report in respect of any of these matters.

Other matter

We have reported separately on the consolidated financial statements of The Mission Marketing Group plc for the year ended 31 December 2015.

Christopher Hicks BA FCA (Senior Statutory Auditor)
For and on behalf of Francis Clark LLP, Chartered Accountants and Statutory Auditors
Sigma House, Oak View Close, Edginswell Park, Torquay, TQ2 7FF

22 March 2016

Company Balance Sheet as at 31 December 2015

	Note	As at 31 December 2015 £'000	As at 31 December 2014 £'000
NON-CURRENT ASSETS			
Intangible assets	33	25	31
Tangible assets	34	-	3
Investments	35	96,925	91,741
		96,950	91,775
CURRENT ASSETS			
Debtors	36	2,619	2,313
Cash at bank		558	4
		3,177	2,317
CREDITORS: Amounts falling due within one year	37	(7,660)	((16,860)
NET CURRENT LIABILITIES		(4,483)	(14,543)
TOTAL ASSETS LESS CURRENT LIABILITIES		92,467	77,232
CREDITORS: Amounts falling due after more than one year	38	(14,070)	(803)
NET ASSETS		78,397	76,429
CAPITAL AND RESERVES			
Called up share capital	41	8,361	8,340
Share premium account	41	42,268	42,203
Own shares	41	(455)	(260)
Share option reserve		298	264
Profit and loss account		27,925	25,882
SHAREHOLDER'S FUNDS		78,397	76,429

The financial statements were approved and authorised for issue on 22 March 2016 by the Board of Directors. They were signed on its behalf by:

Peter Fitzwilliam
Finance Director

Company registration number: 05733632

Company Statement of Changes in Equity for the year ended 31 December 2015

	Share capital £'000	Share premium £'000	Own shares £'000	Share option reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2014	**7,699**	**40,288**	**(462)**	**614**	**30,134**	**78,273**
Loss for the year	-	-	-	-	(1,925)	(1,925)
New shares issued	641	1,915	-	-	-	2,556
Credit for share option scheme	-	-	-	45	-	45
Own shares purchased	-	-	(184)	-	-	(184)
Shares awarded to employees from own shares	-	-	386	-	(363)	23
Settlement of warrants	-	-	-	-	(675)	(675)
Loan to Employee Benefit Trust converted into capital contribution	-	-	-	-	(912)	(912)
Transfer from share option reserve to retained earnings	-	-	-	(395)	(395)	-
Dividend paid	-	-	-	-	(772)	(772)
At 31 December 2014	**8,340**	**42,203**	**(260)**	**264**	**25,882**	**76,429**
Profit for the year	-	-	-	-	3,111	3,111
New shares issued	21	65	-	-	-	86
Credit for share option scheme	-	-	-	34	-	34
Own shares purchased	-	-	(317)	-	-	(317)
Shares awarded to employees from own shares	-	-	122	-	(120)	2
Dividend paid	-	-	-	-	(948)	(948)
At 31 December 2015	**8,361**	**42,268**	**(455)**	**298**	**27,925**	**78,397**

Notes to the Company Financial Statements

32. Principal Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

The Mission Marketing Group plc is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 77. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 27 to 30.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

No adjustments were required to the prior year financial statements following the adoption of FRS 102 in the current year.

The Mission Marketing Group Plc does not trade as an entity in its own right. The majority of its cash flows are specifically shown in the consolidated cash flow statement, being investing activities in the form of payments to acquire equity in subsidiaries, and financing activities in the form of payment of dividends and receipt/(repayment) of bank loans. The only investing activity cash flow which is not already disclosed in the Consolidated Cash Flow Statement is the receipt by the Company of dividends from its subsidiaries. The Directors consider that the cost of preparing and presenting a formal cash flow statement when the only additional information that would be presented relates to intra Group dividends outweighs the benefits to users of the financial statements of receiving the information.

Going concern

The Company's available banking facilities provide comfortable levels of headroom against the Company's projected cash flows and the Directors accordingly consider that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

Deferred taxation

Deferred taxation is recognised on all timing differences where the transactions or event that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recoverable. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Property, plant and equipment

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful economic life, as follows:

Short leasehold property	Period of the lease
Motor vehicles	25% per annum
Fixtures, fittings and office equipment	10-33% per annum
Computer equipment	25-33% per annum

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as fair value through profit and loss, which are initially measured at fair value.

Financial assets and liabilities are only offset in the statement of financial position when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions to be classified as basic instruments are subsequently measured at amortised cost using the effective interest method.

Basic debt instruments that are classified as payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial liabilities are released to the profit and loss account when the liability is extinguished.

32. Principal Accounting Policies (cont.)

Contingent consideration payments

The terms of an acquisition may provide that the value of the purchase consideration, which may be payable in cash or shares at a future date, depends on uncertain future events such as the future performance of the acquired company. The amounts recognised in the financial statements represent a reasonable estimate at the balance sheet date of the amounts expected to be paid and has been classified in the balance sheet in accordance with the substance of the transaction. Where the agreement gives rise to an obligation that may be settled by the delivery of a variable number of shares to meet a defined monetary liability, these amounts are disclosed as debt.

Investments

In the Company's financial statements, investments in subsidiary and associate undertakings are stated at cost less provision for any impairment in value.

Accounting estimates and judgements

The Company makes estimates and judgements concerning the future and the resulting estimates may, by definition, vary from the actual results. The Directors considered the critical accounting estimates and judgements used in the financial statements and concluded that the main areas of judgement are, in order of significance:

Potential impairment of investments

The potential impairment of investments is based on estimates of future cash flows derived from the financial projections of each cash-generating unit over an initial three year period and assumptions about growth thereafter.

Contingent payments in respect of acquisitions

Contingent consideration, by definition, depends on uncertain future events. At the time of purchasing a business, the Directors use the financial projections obtained during due diligence as the basis for estimating contingent consideration. Subsequent estimates benefit from the greater insight gained in the post-acquisition period and the business' track record of financial performance.

Lease commitments

Rental costs under operating leases are charged against profits as incurred.

Profit of parent company

As permitted under Section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these accounts.

33. Intangible Assets

	31 December 2015 £'000	31 December 2014 £'000
Cost	**61**	61
Accumulated amortisation	**(36)**	(30)
Net book value	**25**	31

Intangible assets consist of intellectual property rights which are amortised over 10 years. The amortisation charge for the year was £6,000 (2014: £6,000).

34. Tangible Fixed Assets

	Fixtures & fittings £'000	Office equipment £'000	Total £'000
Cost			
At 1 January 2015	**58**	**36**	**94**
Additions	-	-	-
Disposals	(58)	(35)	(93)
At 31 December 2015	**-**	**1**	**1**
Depreciation			
At 1 January 2015	**58**	**33**	**91**
Charge for the year	-	-	-
Disposals	(58)	(32)	(90)
At 31 December 2015	**-**	**1**	**1**
Net book value at 31 December 2015	**-**	**-**	**-**
Net book value at 31 December 2014	**-**	**3**	**3**

35. Investments

	Shares in subsidiary undertakings £'000
Cost	
At 1 January 2014	**100,394**
Additions	745
Adjustment to purchase consideration	(955)
At 31 December 2014	**100,184**
Additions	5,768
Adjustment to purchase consideration	(584)
At 31 December 2015	**105,368**
Impairment	
At 1 January 2014	**(4,443)**
Impairment	(4,000)
At 31 December 2014	**(8,443)**
Impairment	-
At 31 December 2015	**(8,443)**
Net book amount at 31 December 2015	**96,925**
Net book amount at 31 December 2014	**91,741**

35. Investments (cont.)

A list of the principal trading companies in the Group at 31 December 2015 can be found in Note 13 to the Consolidated Financial Statements. Below is a list of all other companies in the Group. All subsidiaries are 100% owned and incorporated in the United Kingdom unless otherwise indicated. In addition, the Company holds a 25% investment in Watchable Ltd, treated as an associated company, and 60% in European Exhibit Services SRO, incorporated in the Czech Republic, treated as a joint venture.

Subsidiary undertaking	Country incorporated
April Six Inc. *	USA
April Six Pte. Ltd *	Singapore
Balloon Dog Ltd *	
Bell and Watson Ltd *	
Big Communications Ltd	
Brandon Hill Communications Ltd *	
Bray Leino Sdn. Bhd. **	Malaysia
Bray Leino Singapore Pte. Ltd *	Singapore
Destination CMS Ltd * (50% owned)	
Friars 573 Ltd	
Fox Murphy Ltd *	
Fuse Digital Ltd	
Gingernut Creative Ltd *	
Jellyfish Ltd *	
Mission Studios Ltd *	
Mongoose Sports & Entertainment Ltd (75% owned)	
Quorum Advertising Ltd *	
Robson Brown Ltd	
Splash Interactive Ltd **	China
Splash Interactive Company Ltd **	Vietnam
Splash Interactive Ltd **	Hong Kong
Splash Interactive Sdn. Bhd. **	Malaysia
The Weather Digital and Print Communications Ltd *	

* All subsidiaries are held directly by The Mission Marketing Group plc except where indicated by an asterisk.

** These subsidiaries are 100% owned by Splash Interactive Pte. Ltd, which is 70% owned by The Mission Marketing Group plc.

36. Debtors

	31 December 2015 £'000	31 December 2014 £'000
Amounts due from subsidiary undertakings	**2,099**	1,631
Corporation tax	**415**	526
Prepayments	**58**	60
Other debtors	**47**	96
	2,619	2,313

37. Creditors: Amounts Falling Due Within One Year

	31 December 2015 £'000	31 December 2014 £'000
Bank overdraft	-	818
Amounts due to subsidiary undertakings	4,489	4,468
Accruals	193	256
Acquisition obligations (see Note 40)	1,399	249
Bank loan (see Note 39)	1,500	11,000
Other creditors	79	69
	7,660	16,860

38. Creditors: Amounts Falling Due After More Than One Year

	31 December 2015 £'000	31 December 2014 £'000
Bank loan (see Note 39)	11,210	-
Acquisition obligations (see Note 40)	2,860	803
	14,070	803

39. Borrowings

	31 December 2015 £'000	31 December 2014 £'000
Bank loan outstanding	12,875	11,000
Adjustment to amortised cost	(165)	-
Carrying value of loan outstanding	12,710	11,000
The borrowings are repayable as follows:		
Less than one year	1,500	11,000
In one to two years	2,250	-
In more than two years but less than three years	2,500	-
In more than three years but less than four years	6,625	
	12,875	11,000
Adjustment to amortised cost	(165)	-
	12,710	11,000
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,500)	(11,000)
Amount due for settlement after 12 months	11,210	-

Details of the Company's borrowing facilities and interest rates are set out in Note 19 and not therefore repeated here. All borrowings are in sterling.

As at 31 December 2015, net assets of the Group were £73,365,000 (2014: £70,384,000) and net borrowings under this Group arrangement amounted to £10,926,000 (2014: £9,451,000).

40. Acquisition Obligations

The terms of an acquisition may provide that the value of the purchase consideration, which may be payable in cash or shares or other securities at a future date, depends on uncertain future events such as the future performance of the acquired company. The Directors estimate that the liability for payments that may be due are as follows:

	Cash £'000	Shares £'000	Total £'000
Less than one year	1,184	215	1,399
Between one and two years	1,340	-	1,340
In more than two years but less than three years	1,331	-	1,331
In more than three years but less than four years	189	-	189
	4,044	**215**	**4,259**

41. Share Capital and Own Shares

The movements on these items are disclosed within the consolidated financial statements.

A description of Own Shares is disclosed in Note 24. During the year, the Company issued 210,136 Ordinary shares of 10p each and at 31 December 2015 the number of shares in issue was 83,608,331 (2014: 83,398,195).

42. Operating Lease Commitments

As at 31 December the Company had commitments under non-cancellable operating leases as follows:

	31 December 2015 Land and buildings £'000	31 December 2014 Land and buildings £'000
Within one year	**210**	-
Between two and five years	**805**	-
After more than 5 years	**-**	-
	1,015	-

43. Related party transactions

Details of related party transactions are disclosed in Note 30 of the consolidated financial statements.

notice of annual general meeting

NOTICE is hereby given that the Annual General Meeting of The Mission Marketing Group plc (the **"Company"**) will be held at 12 noon on Monday 13 June 2016 at the offices of finnCap Limited, 60 New Broad Street, London, EC2M 1JJ to transact the following business:

The following resolutions will be proposed as ordinary resolutions:

Report and Accounts

1. To receive the financial statements and the reports of the Directors and the auditors for the year ended 31 December 2015.

Dividend

2. To approve a final dividend of 0.9 pence per share for the year ended 31 December 2015 to shareholders on the register at the close of business on 8 July 2016.

Directors

3. To elect Julian Hanson-Smith as a Director.
4. To elect Mike Rose as a Director.
5. To re-elect Dylan Bogg as a Director.
6. To re-elect James Clifton as a Director.
7. To re-elect Robert Day as a Director.
8. To re-elect Giles Lee as a Director.
9. To re-elect David Morgan as a Director.
10. To re-elect Chris Morris as a Director.
11. To re-elect Sue Mullen as a Director.
12. To re-elect Fiona Shepherd as a Director

Auditors

13. To re-appoint Francis Clark LLP as auditors of the Company.
14. To authorise the Directors to fix the remuneration of Francis Clark LLP.

Authority to allot shares

15. THAT the Directors be and are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the **"Act"**) to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal value of £2,786,944 being 33% of the issued share capital of the Company, provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company shall be entitled to make an offer or agreement before the expiry of such authority which would or might require shares to be allotted or any such rights to be granted, after such expiry and the Directors shall be entitled to allot shares or grant any such rights pursuant to any such offer or agreement as if this authority had not expired and all unexercised authorities previously granted to the Directors to allot shares or grant any such rights be and are hereby revoked provided that the resolution shall not affect the right of the Directors to allot shares or grant any such rights in pursuance of any offer or agreement entered into prior to the date of this resolution.

The following resolutions will be proposed as special resolutions:

Authority to dis-apply pre-emption rights

16. THAT (subject to the passing of the resolution numbered 15 above) the Directors be and are hereby empowered pursuant to Section 570, Section 571 and Section 573 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred by resolution 15 above as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

    i. the allotment of equity securities in connection with a rights issue, open offer or other offer of securities in favour of the holders of ordinary shares on the register of members at such record date(s) as the Directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them on any such record date(s), subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatever; and

ii. the allotment (other than pursuant to sub-paragraph (i) above) to any person or persons of equity securities up to an aggregate nominal value of £836,083.31 being 10% of the issued share capital of the Company.

This power shall expire upon the expiry of the general authority conferred by resolution 15 above, save that the Company shall be entitled to make an offer or agreement before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired and all unexercised authorities previously granted to the Directors to allot equity securities be and are hereby revoked provided that the resolution shall not affect the right of the Directors to allot equity securities in pursuance of any offer or agreement entered into prior to the date of this resolution.

Authority to purchase own shares

17. THAT pursuant to section 701 of the Act and subject to, and in accordance with the Company's Articles of Association, the Company be generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4)of the Act) of ordinary shares of the Company provided that:

i. the maximum number of ordinary shares hereby authorised to be acquired is 12,541,249 being 15% of the issued share capital; and

ii. the minimum price which may be paid for an ordinary share is the nominal value of such share; and

iii. the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share in the Company as derived from The London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which such ordinary share is contracted to be purchased; and

iv. the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company held in 2017 or 18 months from the date of this resolution (whichever is earlier); and

v. the Company may make any purchase of its ordinary shares pursuant to a contract concluded before the authority hereby conferred expires and which will or may be executed wholly or partly after the expiry of such authority; and

vi. all ordinary shares purchased pursuant to the authority conferred by this resolution 17 shall be cancelled immediately on completion of the purchase or held in treasury (provided that the aggregate nominal value of shares held as treasury shares shall not at any time exceed 10 per cent of the issued share capital of the Company at any time).

On behalf of the Board
Peter Fitzwilliam
Finance Director
22 March 2016

Note to the Notice of Annual General Meeting

A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies (who need not be a member of the Company) to attend, speak and vote on his or her behalf. To appoint as your proxy a person other than the chairman of the meeting, insert their full name in the box on the Form of Proxy accompanying the annual report. If you sign and return the proxy form with no name inserted in the box, the chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any commitments on your behalf, you will need to appoint someone other the chairman, and give them relevant instructions directly. In order to be valid an appointment of proxy must be completed, signed and returned in hard copy form by post, by courier or by hand to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA by no later than 48 hours before the time of the meeting.

advisors

Company Registration Number:	05733632
Registered Office:	36 Percy Street, London, W1T 2DH
Nominated Advisor and Broker:	finnCap Limited, 60 New Broad Street London, EC2M 1JJ
Auditors:	Francis Clark LLP, Sigma House, Oak View Close Edginswell Park, Torquay, TQ2 7FF
Solicitors:	Lewis Silkin LLP, 5 Chancery Lane, Clifford's Inn London, EC4A 1BL
	Blake Morgan LLP, Apex Plaza, Forbury Road Reading, RG1 1AX
Registrars:	Neville Registrars, Neville House, 18 Laurel Lane Halesowen, West Midlands, B63 3DA
Company Secretary:	Peter Fitzwilliam, The Mission Marketing Group plc 36 Percy Street, London, W1T 2DH
Bankers:	Royal Bank of Scotland plc, Corporate Banking, 9th Floor, 280 Bishopsgate, London, EC2M 4RB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