Mirriad Advertising Limited

Annual report and financial statements for the period ended 31 December 2015

Company registration number: 09550311

MIRRIAD ADVERTISING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

Contents

MIRRIAD ADVERTISING LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors
Roger Faxon (Chairman)
Mark Popkiewicz
David Glick
IP2IPO Services Limited
Park Walk Advisors Limited

Registered office
6th Floor, One London Wall
London
EC2Y 5EB

Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

MIRRIAD ADVERTISING LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2015

The directors present their report and audited consolidated financial statements of the Company and its subsidiaries ("the Group") from incorporation on 20 April 2015 to 31 December 2015. The Group comprises Mirriad Advertising Limited and its overseas subsidiaries Mirriad Advertising Private Limited (India), Mirriad Inc. (USA) and Mirriad (Singapore) Pte. Ltd (Singapore).

Principal activities
Mirriad Advertising Limited is engaged in the provision of Native In Video Advertising (NIVA), which can also be more narrowly described as digital product placement. The principal activity of the Group comprised the development of the various, unique technologies required to provide such Native In Video Advertising into premium highly viewed content around the world and the use of these technologies to provide services to broadcasters, digital content distributors, advertisers/brand owners and their agencies. The Group uses its proprietary technologies to create advertising inventory from eligible video content and then digitally embedding branded advertising packaged into ad units into such multi-title content at scale. This content is then delivered to the target audience on any platform (such as TV and digital distribution over the internet). The process is managed online using Mirriad's platform including transactions via its marketplace applications. Mirriad Advertising Private Limited, Mirriad (Singapore) Pte Limited and Mirriad Inc. also provide Native In Video Advertising to their respective markets but no technology development is carried out by them.

Business review and future developments
On 19 May 2015 the Company acquired the trade and assets of a company owned by the majority of its shareholders, Mirriad Limited for the consideration of it's own shares (please see note 28 for more details). Since May it has secured approximately £10m in equity based financing including an investment from a major brand and other specialist investors.

The Group has continued to secure major content and advertising agency partners globally and has invested further into its proprietary technologies and platform. It has made good progress in protecting its core intellectual property portfolio with the award of an important patent in the United States, thus raising the barriers to entry with potential competition. The group has continued to win important research and development grant funding in collaboration with other consortium partners thus improving its ability to maintain a diverse technology advantage in the market.

Over the period the group secured a further global advertising agency contract and several major content owner/distributor partnerships including the leading digital content distributor in China, a very large and globally respected content producer with several globally renowned content brands and has made further inroads into the substantial (by views) music video market amongst other developments.

The group has also evolved its management team to include a new global Head of Content Partnerships, Head of Brand Partnerships, Chief Technology Officer, Chief Financial Officer and also appointed an industry renowned non-executive Chairman. The group enhanced its operational capabilities with the migration to cloud based technologies, a new integrated CRM solution and further refined operating procedures leveraged by newer technologies developed through its own R&D efforts.

The group will continue to focus on increasing scalability, simplifying the user experience making it easy to sell NIVA and developing and ever larger and more diverse inventory.

The company is now well positioned to resume growth in a very attractive and large market for non-skippable, respectful advertising in popular entertainment video content.

Results and dividends
The Group results for the period are shown in the consolidated Profit and Loss account on page 8. The loss after tax for the financial period ending 31 December 2015 was £3,228,364. There were no dividends in the period.

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2015

Going concern

The financial statements have been prepared on the going concern basis which assumes that the Group will continue in operational existence in the foreseeable future.

The Group has successfully raised over £10m of funding from new and existing investors during the period, with a further £0.4m received in February 2016. A number of outside investors have also expressed an interest in investing in the company. The amount of funding required in the future will be dependent upon the opportunities presented by the market, as the Company develops its distribution platform and the speed at which it gains traction, but it is expected that further funding will be necessary. Further funding has not been committed and without such funding the Company and the Group would not be able to continue as a going concern. This indicates the existence of a material uncertainty that may cast significant doubt over the Company's ability to continue in operational existence for the long-term foreseeable future. However based on the Group cash flow forecasts and the funding expected to be available to the Company, the Directors are confident that the Company will have sufficient working capital for at least 12 months from the date of approval of these financial statements. Accordingly they believe that it is appropriate for the financial statements to be prepared on a going concern basis.

The financial statements do not contain any adjustments that would arise if the financial statements were not drawn up on a going concern basis. If required, these adjustments would be made to the balance sheet of the company to increase or reduce the balance sheet values of assets to their recoverable amounts, to provide for future liabilities that might arise and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

Directors

Directors who served during the period and up to the date of signing the financial statements (unless otherwise noted) were as follows:

Roger Faxon (appointed 1 June 2015)
Mark Popkiewicz (appointed 20 May 2015)
David Glick (appointed 20 May 2015)
IP2IPO Services Limited (appointed 20 May 2015)
Park Walk Advisors Limited (appointed 20 May 2015)
Alasdair George (appointed 20 April 2015, resigned 20 May 2015)

MIRRIAD ADVERTISING LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2015

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (FRS 102), and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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 are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

MIRRIAD ADVERTISING LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2015

Independent Auditors

The auditors, PricewaterhouseCoopers LLP were appointed on 15 January 2016 and have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting.

On behalf of the board

Mark Popkiewicz

Director

11/8/2016

MIRRIAD ADVERTISING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIRRIAD ADVERTISING LIMITED

Report on the financial statements

Our opinion

In our opinion, Mirriad Advertising Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2015 and of the group's loss and cash flows for the 8 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Group - Going concern

In forming our opinion on the group financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the group's ability to continue as a going concern. The financial statements have been prepared on a going concern basis, the validity of which depends on future funds being made available from Group's investors and other potential sources of finance. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The group financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

Emphasis of matter - Company - Going concern

In forming our opinion on the company financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis, the validity of which depends on future funds being made available from Group's investors and other potential sources of finance. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The company financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the consolidated and company balance sheets as at 31 December 2015;
- the consolidated profit and loss account for the period then ended;
- the consolidated statement of cash flows for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements 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 Republic of Ireland".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' Report for the period ended 31 December 2015 for the financial period for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

MIRRIAD ADVERTISING LIMITED

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2015

	Note	**Period ended 31 December 2015 £**
Turnover		514,141
Cost of sales	4	(125,260)
Gross profit		**388,881**
Administrative expenses		(3,656,965)
Operating loss	5	(3,268,084)
Loss on ordinary activities before interest and taxation		(3,268,084)
Interest payable and similar charges	8	(1,634)
Net interest income/(expense)		
Loss on ordinary activities before taxation		(3,269,718)
Tax on loss on ordinary activities	9	41,354
Loss for the financial year		**(3,228,364)**

The company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account. The loss for the company for the financial period was £3,477,130.

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report for the period ended 31 December 2015; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.

Alex Crompton

Alex Crompton (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
11 August 2016

MIRRIAD ADVERTISING LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2015

	Note	Period ended 31 December 2015 £
Loss for the financial period		(3,228,364)
Other comprehensive income:		
Cumulative translation losses		(43,127)
Total comprehensive expense for the period		(3,271,491)

MIRRIAD ADVERTISING LIMITED

CONSOLIDATED AND COMPANY BALANCE SHEETS AS AT 31 DECEMBER 2015

	Note	As at 31 December 2015 Group £	Company £
Fixed assets			
Intangible assets	10, 11	1,700,539	1,700,539
Tangible assets	12,13	59,240	49,572
Investments	14	-	-
		1,759,779	1,750,111
Current assets			
Debtors	15	586,777	432,842
Cash at bank and in hand		5,824,952	5,651,351
		6,411,729	6,084,193
Creditors - amounts falling due within one year	16	(540,710)	(409,145)
Net current assets		5,871,019	5,675,048
Net assets		7,630,798	7,425,159
Capital and reserves			
Called-up share capital	20	363	363
Share premium account		10,901,926	10,901,926
Other reserves		(43,127)	-
Profit and loss account		(3,228,364)	(3,477,130)
Total equity		7,630,798	7,425,159

The notes on pages 13 to 37 are an integral part of these financial statements.

The financial statements on pages 8 to 37 were authorised for issue by the board of directors on 11th August 2016 and were signed on its behalf

Mark Popkiewicz
Director
Mirriad Advertising Limited

Company registration number: 09550311

MIRRIAD ADVERTISING LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2015

Group

		Period Ended 31 December 2015				
	Note	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total £
Balance as at 20 April 2015		-	-	-	-	-
Loss for the financial period		-	-	-	(3,228,364)	(3,228,364)
Shares issued in lieu of consideration	27	22	655,891	-	-	655,913
Translation loss for the period		-	-	(43,127)	-	(43,127)
Proceeds from shares issued	20	341	10,246,035	-	-	10,246,376
Total transactions with shareholders recognised directly in equity		363	10,901,926	(43,127)	(3,228,364)	7,630,798
Balance as at 31 December 2015		363	10,901,926	(43,127)	(3,228,364)	7,630,798

Company

		Period Ended 31 December 2015			
	Note	Called-up share capital £	Share premium Account £	Profit and loss account £	Total £
Balance as at 20 April 2015		-	-	-	-
Loss for the financial period		-	-	(3,477,130)	(3,477,130)
Shares issued in lieu of consideration	27	22	655,891	-	655,913
Proceeds from shares issued	20	341	10,246,035	-	10,246,376
Total transactions with shareholders recognised directly in equity		363	10,901,926	(3,477,130)	7,425,159
Balance as at 31 December 2015		363	10,901,926	(3,477,130)	7,425,159

MIRRIAD ADVERTISING LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2015

	Note	2015 £
Net cash from operating activities	21	(4,431,261)
Taxation paid		-
Net cash used in operating activities		
Cash flow from investing activities		
Purchase of trade and assets (net of cash acquired)		16,022
Purchase of tangible assets		(5,890)
Proceeds from disposal of tangible assets		1,338
Net cash generated from investing activities		11,470
Cash flow from financing activities		
Interest paid		(1,634)
Proceeds from issue of ordinary share capital (net of costs of issue)		10,246,377
Net cash generated from financing activities		10,244,743
Net increase in cash and cash equivalents		
Cash flow for period		5,824,952
Cash and cash equivalents at the end of the period		5,824,952

Cash and cash equivalents consists of:	
Cash at bank and in hand	5,824,952
Cash and cash equivalents	5,824,952

MIRRIAD ADVERTISING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

1. General Information

Mirriad Advertising Limited ('the company') is a private limited company which was incorporated in the United Kingdom on 20 April 2015. The company and its' subsidiaries (together "the Group") is engaged in the provision of Native In Video Advertising (NIVA), which can also be more narrowly described as digital product placement. This comprises the development of the various, unique technologies required to provide such digital brand integration and the use of these technologies to provide embedded advertising services to broadcasters, advertisers and brand owners, and their agencies.

The address of its' registered office is 6th Floor, One London Wall, London EC2Y 5EB

Statement of compliance

The individual financial statements of Mirriad Advertising Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The company has adopted FRS 102 since incorporation.

Basis of preparation

These financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through profit and loss account in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its' individual profit and loss account.

Going concern

The financial statements have been prepared on the going concern basis which assumes that the Group and Company will continue in operational existence in the foreseeable future.

The Group has successfully raised over £10m of funding from new and existing investors during the period, with a further £0.4m received in February 2016. A number of outside investors have also expressed an interest in investing in the company. The amount of funding required in the future will be dependent upon the opportunities presented by the market, as the Company develops its distribution platform and the speed at which it gains traction, but it is expected that further funding will be necessary. Further funding has not been committed and without such funding the Company and the Group would not be able to continue as a going concern. This indicates the existence of a material uncertainty that may cast significant doubt over the Company's ability to continue in operational existence for the long-term foreseeable future. However based on the Group cash flow forecasts and the funding expected to be available to the Company, the Directors are confident that the Company will have sufficient working capital for at least 12 months from the date of approval of these financial statements. Accordingly they believe that it is appropriate for the financial statements to be prepared on a going concern basis.

2. Summary of significant accounting policies (continued)

Going concern (continued)

The financial statements do not contain any adjustments that would arise if the financial statements were not drawn up on a going concern basis. If required, these adjustments would be made to the balance sheet of the company to increase or reduce the balance sheet values of assets to their recoverable amounts, to provide for future liabilities that might arise and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions.

The company has taken advantage of the following exemptions:

(i) From disclosing the Company key management personnel compensation as required by FRS 102 paragraph 33.7.

(ii) Disclosure requirements of Section 26 in respect of share based payments

(iii) Exemption in section 408 of the Companies Act from disclosing it's individual profit and loss

(iv) Small companies exemption from preparing a Strategic Report

Consolidated financial statements

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 31 December 2015.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated income statement. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

2. Summary of significant accounting policies (continued)

Foreign currency

(i) Functional and presentation currency

The company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transactions is included as an exchange gain or loss in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Non-monetary items measured at historical costs are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'Finance (expense) / income'. All other foreign exchange gains and losses are presented in the profit and loss account within 'Other operating (losses) / gains'.

Revenue recognition

Turnover represents the value (excluding value added tax) of fees for the services provided. The company provides advertising services consisting of monthly retainers, CPS (cost per second) revenues where there is an agreed fee payable or profit share arrangement in place with customers based on the seconds aired or delivered. Revenues relating to these advertising services are recognised when the services are delivered, provided to customers in accordance with contractual terms and conditions and there are no further significant obligations attached.

Grants

Grant income represents amounts received from the government to assist with the funding of research and development activities carried out by the Group. Grant income is recognised at fair value in the profit and loss account at the point that there is reasonable assurance that the Group has complied with the conditions attaching to them and the grants will be received.

Interest income

Interest income is recognised using the effective interest rate method.

Exceptional items

The company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and payments into personal defined benefit contribution plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

2. Summary of significant accounting policies (continued)

Employee benefits (continued)

(ii) Pension contributions

The company makes contributions in to employees own personal pension schemes.

(iii) Annual bonus plan

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Share-based payments

The Group provides share based payment arrangements to certain employees.

Equity-settled arrangements are measured at fair value (excluding the effect on non-market based vesting conditions) at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognized as an expense is adjusted to reflect the actual number of share or option that will vest.

Where equity-settled arrangements are modified and are of benefit to the employee, the incremental fair value is recognized over the period from the date of modification to date of vesting.
The Group has no cash-settled arrangements.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

2. Summary of significant accounting policies (continued)

Taxation (continued)

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life being 5 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Technology valuation	4 years
Intellectual property	4 years

Amortisation is charged to administrative expenses in the profit and loss account.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Patents

Patents are stated at cost, and are amortised over their useful economic life of between 1 and 5 years.

2. **Summary of significant accounting policies (continued)**

Tangible assets

Tangible fixed assets are stated at historic purchase cost, net of accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and costs attributable to bringing the asset into its working condition for its intended use.

Land and buildings

Land and buildings include freehold and leasehold factories, retail outlets and offices. Land and buildings are stated at cost (or deemed cost for land and buildings held at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses.

The company previously adopted a policy of revaluing freehold land and buildings and they were stated at their revalued amount less any subsequent depreciation and accumulated impairment losses. The company has adopted the transition exemption under FRS 102 paragraph 35.10(d) and has elected to use the previous revaluation as deemed cost.

The difference between depreciation based on the deemed cost charged in the profit and loss account and the asset's original cost is transferred from revaluation reserve to retained earnings.

Plant and machinery and fixtures, fittings, tools and equipment

Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation and residual values

The fixed assets have been depreciated on a straight line basis at rates calculated to reduce the net book value of each asset to its estimated residual value by the end of its expected useful economic life in the company's business, and the rates are as follows:

Fixtures, fittings and computer equipment	- 3 years
Leasehold improvements	- over the minimum lease term

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. **Summary of significant accounting policies (continued)**

Leased assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

Investments

Investments in subsidiary companies are held at cost less accumulated impairment losses.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand.

Provisions and contingencies

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

In particular:

Provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (continued)

Provisions and contingencies (continued)

Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned with the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements. It does not disclose transactions with members of the same group that are wholly owned.

3 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Provisions

Provision is made for onerous leases, holiday pay, dilapidations and contingencies. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

(ii) Useful economic lives of goodwill and other intangible assets

Goodwill is amortised over its expected useful life being 5 years. The assessment of the useful life requires management judgement. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement

(iii) Fair value of intangible assets acquired

Intangible assets are being amortised over their expected useful life being 4 years. The assessment of the useful life requires management judgement. Intangible assets are assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement.

(iv) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 12 and 13 for the carrying amount of the property plant and equipment, and note 1 for the useful economic lives for each class of assets.

(v) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of the debtors and associated impairment provision.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

4 Turnover

	Period Ended 31 December 2015
	£
Turnover by category	
Rendering of services	343,531
Grant income	170,610
	514,141

5 Operating loss

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

	Note	Period Ended 31 December 2015 £
Wages and salaries		1,679,989
Social security costs		128,675
Other pension costs		1,504
Total staff costs		1,810,168
Amortisation of intangible assets (included in administrative expenses)	10	340,108
Write back of negative goodwill	27	(401,506)
Depreciation of tangible fixed assets (included in administrative expenses)	12	
- Owned assets		194,144
Foreign exchange (gain) on trade receivable		(15,555)
Audit fees payable to the company's auditor		26,000
Audit related assurance services		6,500
Tax compliance and advisory services		28,850
Research and development		407,186

£1,504 has been recognised in the profit and loss within administrative expenses for pension contributions of one employee under a defined contribution plan.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

6 Employees and directors

By activity	Period Ended 31 December 2015 Number
Average monthly numbers of persons employed (including directors) by the company during the period was:	
Sales and Account Management	7
Ad Operations & Delivery	38
Research and development	9
Management & Administration	7
	62

Directors

The directors emoluments were as follows:

	Period Ended 31 December 2015 £
Aggregate emoluments	152,202

Highest paid director

	Period Ending 31 December 2015 £
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	93,868

7 Share-based payments

a) Key employee share scheme

Certain employees participate in the Key-employee share option scheme which provides additional remuneration for those employees who are key to the operations of the Group. The options are granted with an exercise price of £0.30 per share which is equal to the market value of the shares, one third of which are exercisable on the first anniversary of the grant, a further third exercisable on the second anniversary of the grant and the remainder exercisable three years after the date of grant, and expire ten years after the date of grant. Employees are not entitled to dividends until the shares are exercised. Vesting of the options is subject to continued employment within the Group.

A reconciliation of share option movements over the period to 31 December 2015 is shown below:

	Period Ending 31 December 2015	
	No	**Weighted average exercise price £**
As at 20 April 2015	-	-
Granted	3,294,438	0.3
Forfeited	(221,038)	
Exercised	-	-
Expired	-	-
Outstanding at 31 December 2015	3,073,400	0.3
Exercisable at 31 December 2015	-	-

The total charge for the period was nil.

8 Net interest expense

Interest payable and similar charges

	Period ended 31 December 2015
	£
Interest payable on overdrafts and bank loans	884
Interest payable on other loans	750
Total interest payable and similar charges	1,634

8 Net interest expense (continued)

Net interest expense	Period Ended 31 December 2015 £
Total interest payable and similar charges	(1,634)
	(1,634)
Net interest expense	

9 Tax on loss on ordinary activities

Tax expense included in profit and loss

	Period ended 31 December 2015 £
Current tax	
UK corporation tax credit on losses of the period	(41,354)
Adjustments in respect of previous period	-
Total current tax	(41,354)
Deferred tax	
Origination and reversal of timing differences	-
Total deferred tax (note 19)	-
Tax credit on loss on ordinary activities	**(41,354)**

MIRRIAD ADVERTISING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

9 Tax on loss on ordinary activities (continued)

Reconciliation of tax charge:

The tax assessed for the period is based on the standard rate of corporation tax in the UK 20%. The differences are outlined below:

	Period Ended 31 December 2015
	£
Loss on ordinary activities before taxation	**(3,269,718)**
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK 20.25%	(662,118)
Effects of:	
Expenses not deductible for tax purposes	50,216
Enhanced R&D deduction	(32,240)
R&D tax credit payable	(41,354)
Surrender of losses for R&D tax credit	57,040
Deferred tax not provided	587,102
Total tax for the period	**(41,354)**

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 20.25%

Factors that may affect future tax charges:

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes had not been substantively enacted at the balance sheet date their effects are not included in these statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

10 Intangible assets: Group

	Patents £	Other £	Total £
Cost			
At 20 April 2015	-	-	-
Acquisitions	1,688,712	351,935	1,554,971
Additions	-	-	-
Disposals	-	-	-
At 31 December 2015	**1,688,712**	**351,935**	**2,040,647**
Accumulated amortisation			
At 20 April 2015	-	-	-
Charge for the period	(281,452)	(58,656)	(340,108)
At 31 December 2015	**(281,452)**	**(58,656)**	**(340,108)**
Net book value	**1,407,260**	**293,279**	**1,700,539**
At 31 December 2015			

11 Intangible assets: Company

	Patents £	Other £	Total £
Cost			
At 20 April 2015	-	-	-
Acquisitions	1,688,712	351,935	1,554,971
Additions	-	-	-
Disposals	-	-	-
At 31 December 2015	**1,688,712**	**351,935**	**2,040,647**
Accumulated amortisation			
At 20 April 2015	-	-	-
Charge for the period	(281,452)	(58,656)	(340,108)
At 31 December 2015	**(281,452)**	**(58,656)**	**(340,108)**
Net book value	**1,407,260**	**293,279**	**1,700,539**
At 31 December 2015			

12 Tangible assets: Group

	Fixtures, fittings and computer equipment £	Total £
Cost		
At 20 April 2015	-	-
Additions	5,890	5,890
Acquisitions	248,832	248,832
Disposals	(3,391)	(3,391)
At 31 December 2015	**251,331**	**251,331**
Accumulated depreciation		
At 20 April 2015		
Charge for the period	(194,144)	(194,144)
Disposals	2,053	2,053
At 31 December 2015	**(192,091)**	**(192,091)**
Net book value		
At 31 December 2015	**59,240**	**59,240**

13 Tangible assets: Company

	Fixtures, fittings and computer equipment £	Total £
Cost		
At 20 April 2015	-	
Additions	4,207	4,207
Acquisitions	129,979	129,979
Disposals	(3,391)	(3,391)
At 31 December 2015	**130,795**	**130,795**
Accumulated depreciation		
At 20 April 2015	-	-
Charge for the period	(83,276)	(83,276)
Disposals	2,053	2,053
At 31 December 2015	**(81,223)**	**(81,223)**
Net book value		
At 31 December 2015	**49,572**	**49,572**

14 Investments

	Subsidiary undertakings £
Net book value	
As at 20 April 2015	-
Additions	-
Disposals	-
As at 31 December 2015	-

The carrying investment values acquired from Mirriad Limited were deemed to have no value and were written down to zero as a fair value adjustment.

During the period the Company had interests in the following investments, all of which are consolidated in the Group financial statements

Name of subsidiary or group undertaking	Nature of business	Country of registration and operation	Proportion of nominal value of shares and voting rights held
Mirriad Advertising Private Limited	Provision of embedded advertising into video	India	100%
Mirriad Inc.	Provision of embedded advertising into video	U.S.A.	100%
Mirriad (Singapore) Pte. Ltd.	Provision of embedded advertising into video	Singapore	100%

15 Debtors: amounts falling due within one year

	Group 2015 £	Company 2015 £
Trade debtors	131,295	85,283
Other debtors	292,232	237,700
Prepayments and accrued income	121,896	68,505
R&D Tax Credit receivable	41,354	41,354
	586,777	432,842

16 Creditors: amounts falling due within one year

	Group	Company
	2015	2015
	£	£
Trade creditors	132,732	132,732
Other taxation and social security	56,409	55,516
Accruals and deferred income	351,569	220,897
	540,710	409,145

17 Provisions for liabilities

	Dilapidations	Total
	£	£
At 20 April 2015	-	-
	25,299	25,299
Acquisitions		
Additions dealt with in profit and loss account		
Additions dealt with in other comprehensive expense		
Utilised during the period	(25,299)	(25,299)
Unwind of discount		
At 31 December 2015	-	-

The dilapidation provision related to the obligation to restore the previous UK office property to its original state at the end of the lease. This has now been fully resolved and the current lease does not contain such a provision.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

18 Deferred taxes

	2015
	£
Accelerated capital allowances	-
Pension timing differences	-
Other timing differences	-
Deferred tax	-

	Deferred taxes
Provision for deferred taxation	
	£'000
At 20 April 2015	-
Charge to profit and loss account	-
Impact of rate change	-
At 31 December 2015	-

There are £19.55m of tax losses carried forward at 31 December 2015, which have not been recognised in the accounts.

There is no deferred tax asset expected to reverse in 2016.

19 Financial Instruments

The group has the following financial instruments:

	Note	£
Financial assets at fair value through profit or loss		-
Financial assets that are debt instruments measured at amortised cost		
– Trade debtors		131,295
– Other debtors		292,232
		423,527
Financial assets that are equity instruments measured at cost less impairment		
Financial liabilities measured at fair value through profit or loss		
– Derivative financial instruments		-
Financial liabilities measured at amortised cost		
– Trade creditors		132,732
– Other taxation and social security		56,409
		189,141

Derivative financial instruments

The group has no interest rate derivate financial instruments.

Interest on bank loans and overdrafts are disclosed in note 8.

The company has the following financial instruments:

	Note	£
Financial assets at fair value through profit or loss		-
Financial assets that are debt instruments measured at amortised cost		
– Trade debtors		85,283
– Other debtors		237,700
		322,983
Financial assets that are equity instruments measured at cost less impairment		
Financial liabilities measured at fair value through profit or loss		
– Derivative financial instruments		-
Financial liabilities measured at amortised cost		
– Trade creditors		132,732
– Other taxation and social security		55,516
		188,248

Derivative financial instruments

The company has no interest rate derivate financial instruments.

Interest on bank loans and overdrafts are disclosed in note 8.

20 Called up share capital

Ordinary shares of £0.00001 each

	Group and Company	
Allotted and fully paid	**Number**	**£**
At 20 April 2015		1
Issued during the period		36,340,965
At 31 December 2015		36,340,966

20 Called up share capital (continued)

On 19th May 2015, 1,521,489 shares were issued for 30p per share as consideration for the trade and assets of Mirriad Limited.
On 20th May 2015, 664,887 shares were issued for 30p per share as part of the business transfer agreement with Mirriad Limited.
On 20th May 2015, 10,733,332 shares were issued for 30p per share as part of a £3.2m fund raise from new and existing investors.
On 21st May 2015, 1,050,000 shares were issued for 30p per share as part of a £0.3m fund raise from existing investors.
On 26th June, 3,333,333 shares were issued for 30p per share as part of a £1m fund raise from new investors.
On 1st July 2015, 216,667 shares were issued for 30p per share as part of a £0.1m fund raise from existing investors.
On 7th & 10th December 2015, 18,821,257 shares were issued for 30p per share as part of a £5.6m fund raise from existing investors.

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

The share capital reserve consists of shares issued to the Group's investors

The share premium reserve consists of amounts paid in addition to the nominal value of the ordinary

The profit and loss account consists of accumulated losses

21 Notes to the cash flow statement

	Note	2015 £
Loss for the financial period		(3,228,364)
Adjustments for:		
Tax on loss on ordinary activities		(41,354)
Net interest expense		1,634
Operating loss:		(3,268,084)
Amortisation of intangible		340,108
Negative goodwill credited to income statement		(401,506)
Depreciation of tangible assets		194,144
- (Increase)/decrease in debtors		62,146
- (Decrease)/increase in creditors		(1,358,069)
Cash flow used in operating activities		(4,431,261)

22 Analysis of changes in net debt

	At 20 April 2015	Cash flows	At 31 December 2015
	£	£	£
Cash at bank and in hand	-	5,824,952	5,824,952
Short term deposits			
Cash and cash equivalents			
Total	**-**	**5,824,952**	**5,824,952**

23 Capital and other commitments

The Group had no capital and other commitments as at 31 December 2015.

24 Related party transactions

See note 6 for disclosure of the directors' remuneration and key management compensation.

During the period the company had the following significant related party transactions which were carried out at arms length:

Party	Relationship	Transaction details
IP2IPO Limited	Has the same parent company as IP2IPO Services Limited, one of the company directors	1. Purchase of 5,000,000 shares at £0.30 per share in £3.5m fund raise. 2. Purchase of £10,000 of executive search services. 3. Purchase of 10,000,000 shares at £0.30 per share in £6m fund raise.
IP2IPO Nominees Limited	Has the same parent company as IP2IPO Services Limited, one of the company directors	Purchase of 317,500 shares at £0.30 per share in £6m fund raise.
Park Walk Advisors Limited	Non-executive director	1. Purchase of 1,666,667 shares at £0.30 per share in £3.5m fund raise. 2. Purchase of 5,666,667 shares at £0.30 per share in £6m fund raise.
Edge Performance VCT plc	Have a common director in David Glick	1. Purchase of 1,033,333 shares at £0.30 per share in £3.5m fund raise. 2. Purchase of 532,720 shares at £0.30 per share in £6m fund raise.
Edge Investment Management Limited	Have a common director in David Glick	Purchase of 24,194 shares at £0.30 per share in £6m fund raise.

Other than the transactions disclosed above and in note 6, the company's other related party transactions were with wholly owned subsidiaries and so have not been disclosed.

25 Controlling party

The company is owned by a number of investors the largest being IP2IPO Limited who owns 40% of the share capital of the Company. Accordingly there is no ultimate controlling party.

26 Events after the end of the reporting period

On 2nd February 2016 1,178,743 shares were issued for 30p per share as part of a £0.4m fund raise from new investors.

27 Business combinations

Group

On 19th May 2015, the Group acquired the entire trade and assets of Mirriad Limited in exchange for shares in the company.

The intangible assets of £2,040,647 arising from the acquisition is attributable to the acquired intellectual property, patents and technology.
Management have estimated the useful life of the intangible assets to be 4 years.
Also arising from the transaction was a negative goodwill balance of £485,676, which was subsequently written off during the period.

The following table summarises the consideration paid by the Group, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

Consideration

Equity instruments (2,186,376 ordinary shares)	655,913
Directly attributable costs	-
Total consideration	**655,913**

For cashflow disclosure purposes the amounts are disclosed as follows:

Cash consideration	-
Directly attributable costs	-
Less	
Cash and cash equivalents acquired	16,022
Net cash inflow	16,022

27 Business combinations (continued)

Recognised amounts of identifiable assets acquired and liabilities assumed

Group

	Note	Book values £	Adjustments £	Fair value £
Property, plant and equipment		250,771	-	250,771
Intangible assets		-	2,040,647	2,040,647
Cash and cash equivalents		16,022	-	16,022
Trade and other receivables	(a)	607,569	(193,365)	414,204
Trade and other payables	(b)	(1,925,524)	261,299	(1,664,225)
Total identifiable net assets acquired		**(1,051,162)**	**2,108,581**	**1,057,419**
Total consideration				(655,913)
Negative goodwill implied				**401,506**

The adjustments arising on acquisition were in respect of the following:

(a) Impairment in respect of the carrying value of investments in subsidiary offices.
(b) An impairment charge in respect of the acquired receivable balances

Company

	Note	Book values £	Adjustments £	Fair value £
Property, plant and equipment		129,978	-	129,978
Intangible assets		-	2,040,647	2,040,647
Investments	(a)	13,389	(13,389)	-
Cash and cash equivalents		9,315	-	9,315
Trade and other receivables	(b)	499,097	(193,365)	305,732
Trade and other payables	(c)	(1,605,382)	261,299	(1,344,083)
Intercompany Balances	(d)	2,333,299	(2,333,299)	-
Total identifiable net assets acquired		**1,379,696**	**(238,107)**	**1,141,589**
Total consideration				(655,913)
Negative goodwill implied				**485,676**

The adjustments arising on acquisition were in respect of the following:

(a) Impairment in respect of the carrying value of investments in subsidiary offices.
(b) An impairment charge in respect of the acquired receivable balances
(c) An increase in the provision for dilapidation and impairment charges in respect of payable balances.
(d) Impairment charges in respect of the carrying value of intercompany balances with subsidiary offices at the point of transfer.