

**MIRRIAD LIMITED**

**DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE 15 MONTHS ENDED 31 DECEMBER 2014**

**REGISTERED NUMBER: 5879899**

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# Mirriad Limited

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**COMPANY INFORMATION**

**Directors**

Roger Faxon (Chairman)  
Sir Peter Bazalgette  
Stephen Bullock  
Michael Penington  
Mark Popkiewicz  
David Glick  
Martyn Holman

**Company Secretary**

Nick Charlton

**Registered office**

Mirriad Limited  
22 Great James Street  
London  
WC1N 3ES

**Independent Auditor**

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

# Mirriad Limited

## DIRECTORS' REPORT FOR THE 15 MONTHS ENDED 31 DECEMBER 2014

The directors present their report and audited consolidated financial statements of the Company and its subsidiaries ("the Group") for the 15 months ended 31 December 2014. The Group comprises Mirriad Limited and its overseas subsidiaries Mirriad Advertising Private Limited (India), Mirriad Inc. (USA) and Mirriad (Singapore) Pte. Ltd.

### Principal activities

During the period Mirriad Limited was 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 digital brand integration and the use of these technologies to provide embedded advertising services to broadcasters, advertisers and brand owners, and their agencies. The Group assists in the sourcing of eligible video content inventory (using its proprietary sales catalogue) as well as digitally embedding branded advertising into such content. This content is then delivered to the target audience on any platform (such as TV and internet). The process is managed online using Mirriad's sales platform. Mirriad Advertising Private Limited, Mirriad (Singapore) Pte Limited and Mirriad Inc also provide digital product placement services to their respective markets but no technology development is carried out by them.

On 19th May 2015 the Company transferred its trade and assets (including the investments in its subsidiary companies) to Mirriad Advertising Limited (MAL) consideration being the issue of shares in MAL to the shareholders of the Company pro rata to their existing shareholdings in the Company. As a result the Company ceased to trade and is expected to be liquidated during 2016.

### Business review and future developments

The company made good commercial progress having announced a global agreement with a leading music video producer in the autumn of 2014 and began executing its global agency strategy culminating with the signing of a global agreement with a large media agency group in January 2015. The company began raising capital in the autumn of 2014 in preparation for the media agency opportunity that was in the planning stage for initially eleven of the media agency key markets around the world rising to twenty-seven by the end of 2016. The company appointed US headquartered advisors to manage the raise process.

The company received an investment term sheet in December 2014 having successfully secured two large new US investor groups and having passed rigorous due diligence and albeit completed the process culminating in the requisite supporting documents including a new Shareholder Agreement and Articles. The substantive new acceleration investment due to close end of March 2014, in lockstep with the commercial plan.

However the company was unable to complete the raise as at the last minute a shareholder decided not to accede to the amended Shareholder Agreement. As the cash resources of the company were extremely limited the Board decided it was prudent to file notice of Intention to Appoint an Administrator.

In May 2015, during the pendency of the Intention to Appoint an Administrator the company was approached by a group led by a new investor and certain of the existing shareholders with an offer to acquire all of the assets and liabilities of the company. To effectuate that transaction and after approval by the company's shareholders the business of Mirriad Ltd was demerged and all shareholders in Mirriad Ltd received shares in the new company pro rate to their shareholdings in Mirriad Ltd. The new lead investor and other investors then invested – at £0.30 per share, despite the efforts of existing investors to obtain a higher valuation.

### Results and dividends

The Group results for the year are shown in the Profit and Loss account on page 7. The loss after tax for the 15 months ended 31 December 2014 was £6,798,015 (year ended 30 September 2013: loss £3,209,951). There were no dividends in the period (2013: £nil).

# Mirriad Limited

## DIRECTORS' REPORT FOR THE 15 MONTHS ENDED 31 DECEMBER 2014 (continued)

### Going concern

As a consequence of the transfer of the trade and assets of the Company as noted above during 2015 the Directors have expressed their intention to liquidate the Company during 2016. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1 to the financial statements. Adjustments have been made in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

### Directors

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

Roger Faxon (Chairman- resigned 21 May 2015)

Sir Peter Bazalgette (resigned 1 May 2015)

Stephen Bullock (resigned 2 October 2015)

Nick Charlton (resigned 13 August 2014)

David Pattison (resigned 5 June 2014)

Michael Penington (resigned 2 October 2015)

Mark Popkiewicz

Bruce Smith (resigned 13 August 2014)

George Watt (resigned 13 August 2014)

Parul Goel (resigned 13 August 2014)

David Glick (appointed 22 July 2014, resigned 2 October 2015)

Martyn Holman (appointed 13 March 2014, resigned 13 August 2014, appointed 23 October 2014, resigned 1 May 2015)

Jason Rolf (appointed 13 March 2014, resigned 13 August 2014)

### Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the company and group 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 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

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

# Mirriad Limited

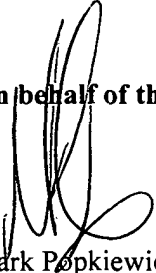
## DIRECTORS' REPORT FOR THE 15 MONTHS ENDED 31 DECEMBER 2014 (continued)

### Statement as to disclosure of information to auditors

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

(b) they have taken all the 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 company's auditors are aware of that information.

**On behalf of the Board**



Mark Popkiewicz  
**Director**  
18<sup>th</sup> December 2015

# **Mirriad Limited**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIRRIAD LIMITED**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Mirriad 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 2014 and of the group's loss for the 15 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 - Basis of preparation**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the basis of preparation. Following the period end, the company ceased trading and the Directors have expressed their intention to liquidate the Company during 2016. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1 to the financial statements. Adjustments have been made in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

#### **What we have audited**

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

- the group and company balance sheets as at 31 December 2014;
- the consolidated profit and loss account for the period then ended;
- the consolidated profit and loss accounts 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).

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 financial period for which the financial statements are prepared is consistent with the financial statements.

# **Mirriad Limited**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIRRIAD LIMITED (continued)**

### **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:

- 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 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 3, 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.



## Mirriad Limited

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIRRIAD LIMITED (continued)

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 (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Uxbridge  
18 December 2015

# Mirriad Limited

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE 15 MONTHS ENDED 31 DECEMBER 2014

	Note	15 months ended 31 December 2014 £	Year ended 30 September 2013 £
<b>TURNOVER</b>		<b>676,678</b>	537,506
Cost of sales		(529,674)	(287,525)
<b>GROSS PROFIT</b>		<b>147,004</b>	249,981
Administrative expenses		(7,094,944)	(3,577,565)
Loss relating to adjustments made to report assets and liabilities on a break up basis		(79,309)	-
<b>OPERATING LOSS</b>	2	<b>(7,027,249)</b>	(3,327,584)
Other operating income		313,247	152,349
Interest payable and similar charges	5	(84,013)	(131,016)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(6,798,015)</b>	(3,306,251)
Tax on loss on ordinary activities	6	-	96,300
<b>LOSS FOR THE FINANCIAL PERIOD</b>	14	<b>(6,798,015)</b>	(3,209,951)

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial period stated here and their historical cost equivalents.

The results shown above are derived wholly from discontinued operations. There were no recognised gains or losses in either the current period or prior year except as shown above. Consequently, a statement of total recognised gains and losses has not been prepared.

# Mirriad Limited

## GROUP AND COMPANY BALANCE SHEETS AS AT 31 DECEMBER 2014

	Note	Group		Company	
		2014	2013	2014	2013
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	8	-	313,341	-	286,954
Investments	9	-	-	-	1,200
		-	313,341	-	288,154
<b>CURRENT ASSETS</b>					
Assets held for resale		263,015	-	175,233	-
Debtors	10	508,758	808,963	409,999	776,017
Cash at bank and in hand		229,934	1,645,941	177,871	1,526,515
<b>TOTAL CURRENT ASSETS</b>		<b>1,001,707</b>	<b>2,454,904</b>	<b>763,103</b>	<b>2,302,532</b>
<b>CREDITORS</b>					
Amounts falling due within one year	11	(1,001,707)	(1,251,557)	(966,238)	(1,206,113)
<b>NET CURRENT (LIABILITIES) / ASSETS</b>		<b>-</b>	<b>1,203,347</b>	<b>(203,135)</b>	<b>1,096,419</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>-</b>	<b>1,516,688</b>	<b>(203,135)</b>	<b>1,384,573</b>
<b>CREDITORS Amounts falling due after more than one year</b>	12	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>		<b>-</b>	<b>1,516,688</b>	<b>(203,135)</b>	<b>1,384,573</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13	14,249,048	10,576,284	14,249,048	10,576,284
Share premium account	14	8,022,740	6,414,177	8,022,740	6,414,177
Profit and loss account	14	(22,271,788)	(15,473,773)	(22,474,923)	(15,605,888)
<b>TOTAL SHAREHOLDERS' FUNDS / DEFICIT</b>	15	<b>-</b>	<b>1,516,688</b>	<b>(203,135)</b>	<b>1,384,573</b>

The financial statements on pages 8 to 23 were approved by the Board of directors on 18<sup>th</sup> December 2015 and were signed on behalf of the Board of Directors

.....  
 Mark Popkiewicz  
 Director

# Mirriad Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

### 1. Accounting policies

#### Basis of accounting

These financial statements are prepared on basis other than Going Concern as described below, under the historical cost convention, and in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standards for Smaller Entities (effective April 2008). The principal accounting policies, which have been applied consistently throughout the year, are set out below.

#### Going concern

Following the year end the Directors have expressed their intention to liquidate the Company during 2016. Accordingly, the going concern basis of preparation is no longer appropriate and the Group and Company financial statements have been prepared on a basis other than going concern.

Adjustments have been made in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

Since the trade and assets were transferred to Mirriad Advertising Limited on 19 May 2015, the fixed assets have been classified as assets held for resale, assets not transferred have been written down to nil and the liabilities have been adjusted to include additional liabilities such as lease dilapidations incurred post year end but crystallised as a result of the transaction. An adjustment to assets held for resale has been made to reduce the net assets to nil at the year end date in the group balance sheet to reflect the nil proceeds received.

#### Basis of consolidation

The consolidated financial statements include the results and balance sheet of Mirriad Limited and its subsidiary undertakings Mirriad Advertising Private Limited, Mirriad Inc. and Mirriad (Singapore) Pte. Ltd. All the subsidiaries have uniform accounting policies. Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation.

As a small company, Mirriad Limited is not required to prepare consolidated financial statements but have voluntarily prepared a consolidated balance sheet and related notes.

The company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the parent company profit and loss account. The loss for the financial period of the company was £6,869,035 (2013: loss of £3,275,951).

#### Turnover and 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, Campaign or 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, and hub related revenues which consists of revenues related to option fees, set up or mobilisation fees (including use of, and access to, the company's technology) and exclusivity or market

# **Mirriad Limited**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 (CONTINUED)**

### **1. Accounting policies (continued)**

entrance fees. 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.

#### **Deferred Revenue**

Where there are amounts invoiced to customers and/or cash advances received from customers and the related services have not yet been delivered or significant obligations remain, the relevant portion of income will be recorded as deferred revenue.

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at original cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bring the asset to its working condition and location for its intended use. Depreciation is calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life at the following rates:

Furniture, fitting and computer equipment – three years

Leasehold improvements – over the minimum lease term

#### **Intangible fixed assets and amortisation**

Purchased intangible fixed assets are capitalised and amortised over their useful economical lives on a straight-line basis. Useful economic lives are reviewed at the end of each reporting period and revised if necessary. The company evaluates the carrying value of goodwill in each financial year to determine if there has been impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account. The intangible asset relating to licensed intellectual property was fully written off in 2010 after the Board reviewed the remaining useful economic life.

#### **Investment in subsidiary undertakings**

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Investments are reviewed for impairment indicators by the directors, on an annual basis and provisions are made where required.

#### **Share based payments, equity warrants and premium on conversion of preferred shares**

As permitted under FRSSE (2008) the company is not required to account for share-based payments.

#### **Research and Development**

Research and Development costs are written off in the profit and loss account in the period in which they are incurred.

#### **Foreign currencies**

The results and financial position of all group entities that have a functional currency difference from the presentation currency are translated in to the presentation currency as follows:

# Mirriad Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (CONTINUED)

### 1. Accounting policies (continued)

- i. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- ii. Income and expenses for each income statement are translated at average exchange rates
- iii. All resulting exchange difference are recognised in the profit and loss account

### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

### Grant income

Government grants are recognised in the profit and loss account when the conditions for receipt have been complied with and there is reasonable assurance that the grant will be received so as to match such receipt with the expenditure toward which they are intended to contribute.

### Cash flow from operating activities

The company, as a small reporting entity, is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard for Smaller Entities (effective April 2008). Consequently the company has taken advantage of the exemption from preparing a cash flow statement.

# Mirriad Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 (CONTINUED)

### 2. Operating Loss

	15 Months ended 31 December 2014 £	Year ended 30 September 2013 £
Research and development costs	1,470,480	831,816
Depreciation on tangible fixed assets (note 8)	239,504	174,585
Auditors remuneration – audit services	18,750	16,800
Auditors remuneration – non-audit fees	12,107	-
Adjustments made to reduce assets to recoverable value and include liabilities arising as a result of transfer of trade and assets (note 2a)	79,309	-

2(a) Adjustments made to reduce assets to receivable value and include liabilities arising as a result of transfer of trade and assets

	15 Months ended 31 December 2014 £	Year ended 30 September 2013 £
Assets held for resale impaired	54,009	-
Dilapidation provision	25,300	-
	79,309	-

Research and development costs contains £1,159,689 (2013: £661,083) also included as wages & salaries in note 3 below.

### 3. Staff costs

	15 Months ended 31 December 2014 £	Year ended 30 September 2013 £
Wages and salaries	3,795,478	2,003,825
Social security costs	352,073	217,051
Other pension costs	67,602	31,215
	4,215,153	2,252,091

The number of employees at the end of period / year amounted to as follows:

#### By Activity

	15 Months ended 31 December 2014	Year ended 30 September 2013
General and administrative	9	6
Sales, marketing and delivery	57	58
Research and development	19	14
	85	78

# Mirriad Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 (CONTINUED)

The average number of persons, excluding directors, employed by the Group during the period was 86 (2013: 64).

### 4. Directors' emoluments

	15 Months ended 31 December 2014 £	Year ended 30 September 2013 £
Aggregate emoluments	<u>487,517</u>	<u>370,029</u>

The Group and Company had thirteen directors during the period (2013: eleven). The emoluments include monitoring fees payable to the director in person or payable to funds over which they have a controlling interest. The emoluments relating to the highest paid director amounted to £176,222.10 (2013: £148,472.90). No other remuneration was paid to directors during the period.

### 5. Interest payable and similar charges

	15 Months ended 31 December 2014 £	Year ended 30 September 2013 £
Interest Payable	(9,467)	(5,386)
Foreign Exchange losses	(74,546)	(125,630)
	<u>(84,013)</u>	<u>(131,016)</u>

### 6. Tax on loss on ordinary activities

	15 Months ended 31 December 2014 £	Year ended 30 September 2013 £
Current tax		
Corporation tax on the losses of the period / year tax in the UK of 21.8% (2013:20.0%)	-	-
Taxation paid by US subsidiary	-	-
Research and development tax credit	-	96,300
	<u>-</u>	<u>96,300</u>



## Mirriad Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 (CONTINUED)

#### 6. Tax on loss on ordinary activities (continued)

##### Factors affecting tax credit for period / year

The tax for the period differs from the standard rate of corporation tax in the United Kingdom of 20.0% (2013:20.0%). The differences are explained below:

	15 Months ended 31 December 2014 £	Year ended 30 September 2013 £
Loss on ordinary activities before tax	(6,798,015)	(3,306,251)
Loss on ordinary activities multiplied by rate of corporation tax in the UK of 21.8% (2013:20.0%)	(1,481,967)	(661,250)
Effects of:		
Expenses not deductible	445,543	133,747
Accelerated capital allowances	46,494	32,410
Income not taxable for tax purposes	-	(175,090)
Tax losses not recognised/utilisation of losses	992,377	683,041
Short term timing differences	(2,447)	-
Research and development tax credit	-	(96,300)
<b>Tax charge/ Tax (credit) for year</b>	<b>-</b>	<b>(96,300)</b>

#### Factors that may affect future tax charges

The deferred tax asset at 31 December 2014 not recognised in the financial statements of ££3,308,832 (2013: £2,292,756) consists of £123,170 (2013: £82,749) excess of capital allowances over depreciation and tax losses of ££3,185,662 (2013: £2,210,007). The deferred tax asset has not been recognised due to uncertainty regarding sustainable future profits.

#### 7. Intangible fixed assets

Group and company	Intellectual Property £
<b>Cost</b>	
At 1 October 2013 and 31 December 2014	1,052,737
<b>Accumulated amortisation</b>	
At 1 October 2013 and 31 December 2014	(1,052,737)
<b>Net Book Value</b>	
At 30 September 2013	-
<b>At 31 December 2014</b>	<b>-</b>

The intangible asset was being amortised over a period of seven years, however as a result of a review of the economic useful life the Board determined that it was appropriate to write off the intangible fixed asset in full in 2010.

# Mirriad Limited

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 (CONTINUED)

### 8. Tangible fixed assets

<b>Group</b>	<b>Furniture and fixtures and Computer equipment £</b>
<b>Cost</b>	
At 1 October 2013	842,496
Additions during the period	244,629
Disposals during the period	(2,675)
<b>At 31 December 2014</b>	<b>1,084,450</b>
<b>Accumulated depreciation</b>	
At 1 October 2013	(529,155)
Charged during the period	(239,504)
Charge on disposals	1,235
Transfer to assets held for resale	(317,026)
<b>At 31 December 2013</b>	<b>(1,084,450)</b>
<b>Net Book Value</b>	
At 30 September 2013	313,341
<b>At 31 December 2014</b>	<b>-</b>
<b>Company</b>	
<b>Furniture and fixtures and Computer equipment £</b>	
<b>Cost</b>	
At 1 October 2013	714,898
Additions during the period	102,374
Disposals during the period	(2,675)
<b>At 31 December 2014</b>	<b>814,597</b>
<b>Accumulated depreciation</b>	
At 1 October 2013	(427,942)
Charged during the period	(212,657)
Charge on disposals	1,235
Transfer to assets held for resale	(175,233)
<b>At 31 December 2013</b>	<b>(814,597)</b>
<b>Net Book Value</b>	
At 30 September 2013	286,954
<b>At 31 December 2014</b>	<b>-</b>

Included in the total net book value of furniture and fixtures and computer equipment is £38,345 (2013: £70,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the period on these leases was £43,346 (2013: £24,000).

## Mirriad Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 (CONTINUED)

#### 9. Fixed Asset Investments

Company – investments in subsidiary companies	£
<b>Cost</b>	
At 1 October 2013	1,200
Additions during the period	12,189
Impairment of investments	(13,389)
At 31 December 2014	-

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%

All of the above shares held are ordinary share capital.

#### 10. Debtors

	Group At 31 December 2014	Group At 30 September 2013	Company At 31 December 2014	Company At 30 September 2013
	£	£	£	£
Assets held for resale	263,015	-	175,233	-
Trade Debtors	201,926	375,269	190,476	296,025
Amounts owed by subsidiary undertakings	-	-	-	98,224
Other debtors	197,659	39,000	110,350	39,000
Prepayments and accrued income	85,909	142,304	85,909	90,378
Research and development tax credit	-	166,405	-	166,405
Other tax receivable	23,264	85,985	23,264	85,985
	<b>771,773</b>	<b>808,963</b>	<b>585,232</b>	<b>776,017</b>

The assets held for resale have been impaired by £54,009 to reduce the net assets of the group to nil which is the amount at which the assets were transferred to MAL.

## Mirriad Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 (CONTINUED)

#### 11. Creditors – Amounts falling due within one year

	Group At 31 December 2014 £	Group At 30 September 2013 £	Company At 31 December 2014 £	Company At 30 September 2013 £
Trade creditors	175,174	122,760	175,174	110,234
Accruals and deferred income	826,533	628,533	791,064	595,615
Deferred consideration for purchase of intellectual property (see note 12)	-	500,264	-	500,264
	<b>1,001,707</b>	<b>1,251,557</b>	<b>966,238</b>	<b>1,206,113</b>

#### 12. Creditors – Amounts falling due after more than one year

	Group At 31 December 2014 £	Group At 30 September 2013 £	Company At 31 December 2014 £	Company At 30 September 2013 £
Deferred consideration for purchase of intellectual property	-	-	-	-
Other creditors	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Deferred consideration

The deferred consideration related to the purchase of intellectual property in February 2007. The company purchased licensed software from Imagineer Systems Limited. The purchase consideration agreed pursuant to a sale and purchase agreement and intellectual property licence agreement amounted to £1,052,737. The consideration of £1m was deferred and is payable on an annual basis at the rate of 3.75% of the company's annual gross revenue subject to a maximum period of seven years.

The amount was reduced by £200,000 in 2013 as the Company was negotiated a reduction to £500,000, and this was the amount paid in March 2014 to settle this matter.

#### 13. Called up share capital

	At 31 December 2014 £	At 30 September 2013 £
<b>Issued, allotted and fully paid</b>		
638,430 (2013: 638,430) Deferred shares of £0.01 each	6,384	6,384
1,424,266,387 (2013: 1,056,989,943) Ordinary shares of £0.01 each	14,242,664	10,569,899
	<b>14,249,048</b>	<b>10,576,284</b>

The deferred shares were unchanged following the recapitalisation post year end

## Mirriad Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 (CONTINUED)

#### 13. Called up share capital (continued)

New funding was received during the period as follows;

- In December 2013, via a £3m fund raise from existing investors, resulting in the issue of 136,137,466 ordinary shares in total at 2.20p per share.
- In February 2014 via a £0.7m fund raise from a new investor Amati Global Investors Limited, resulting in the issue of 28,040,000 ordinary shares at 2.50p per share.
- In May 2014 via an employee who exercised share options over 650,000 ordinary shares as par value.
- In September and October 2014 via a £1.7m fund raise from existing investors resulting in the issue of 202,448,978 ordinary shares at 2.50p per share with two bonus shares for each share purchased.

#### 14. Reserves

Group	Share premium account £	Profit and loss account £
At 1 October 2013	6,414,177	(15,473,773)
Loss for the financial period	-	(6,798,015)
Premium on shares issues during the period	2,958,223	
Transfer to share capital to fund bonus shares	(1,349,660)	
<b>At 31 December 2014</b>	<b>8,022,740</b>	<b>(22,271,788)</b>

Company	Share premium account £	Profit and loss account £
At 1 October 2013	6,414,177	(15,605,888)
Loss for the financial period	-	(6,869,035)
Premium on shares issues during the period	2,958,223	-
Transfer to share capital to fund bonus shares	(1,349,660)	-
<b>At 31 December 2014</b>	<b>8,022,740</b>	<b>(22,474,923)</b>

#### 15. Reconciliation of movements in equity shareholders' funds

Group	2014 £	2013 £
Loss for the financial period	(6,798,015)	(3,209,951)
Increase in called up share capital	3,672,764	2,232,536
Increase in share premium	1,608,563	1,648,131
Opening equity shareholders' funds	1,516,688	845,972
Closing equity shareholders' funds	-	1,516,688

## Mirriad Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 (CONTINUED)

#### 15. Reconciliation of movements in equity shareholders' funds (continued)

	2014	2013
	£	£
<b>Company</b>		
Loss for the financial period	(6,869,035)	(3,275,951)
Increase in called up share capital	3,672,764	2,232,536
Increase in share premium	1,608,563	1,648,131
Opening equity shareholders' funds	1,384,573	779,857
Closing equity shareholders' funds	<u>(203,135)</u>	<u>1,384,573</u>

#### 16. Share Based Payments

The existing share option plan was continued during the year. Major awards under this plan are generally reserved for employees at senior management level or above although UK employees are currently eligible to participate. The company made no grants under the plan during the year (2014: nil). Options granted under the plan are annually over three years and are generally exercisable on vesting subject to continued employment. All options are to vest on an exit. No performance conditions were included in the fair value calculations and the options were equity settled. 163,889 options were outstanding as at the balance sheet date (2013: 65,403,812). As at 31 December 2014 there were 17 employees holding options (2013: 14). The options lapsed following the transfer of trade and assets to Mirriad Advertising Limited in May 2015.

#### 17. Financial Commitments

<b>Finance Leases are payable as follows:</b>	2014	2013
	£	£
Within one year	3,660	42,113
	<u>3,660</u>	<u>42,113</u>

## Mirriad Limited

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 (CONTINUED)

#### 18. Related party transactions

During the 15 months ended 31 December 2014, the company had the following significant related party transactions which were carried out at arms length:

Party	Relationship	Transaction details
Sir Peter Bazalgette	Non-executive director	<ol style="list-style-type: none"> <li>1. Purchase of 2,363,843 shares at 2.20p per share in £3m fund raise.</li> <li>2. Payment of a 1.5% transaction fee was waived.</li> <li>3. Purchase of 2,777,031 shares at 2.50p per share in £1.35m fund raise.</li> <li>4. Payment of a 1.5% transaction fee was waived.</li> </ol>
Stephen Bullock	Non-executive director	<ol style="list-style-type: none"> <li>1. Purchase of 2,272,726 shares at 2.20p per share in £3m fund raise.</li> <li>2. Payment of 1.5% transaction fee of £750.00 relating to the amount invested (and consistent with other, major shareholders).</li> <li>3. Purchase of 14,400,000 shares at 2.50p per share in a £1.35m fund raise.</li> <li>4. Payment of 1.5% transaction fee of £1,800.00 relating to the amount invested (and consistent with other, major shareholders).</li> </ol>
Michael Penington	Non-Executive Director, Director with controlling interest in Oxford Technology ECF LP (OTEFCF) an investor in the company	<ol style="list-style-type: none"> <li>1. Purchase of 2,272,728 shares at 2.20p per share in £3m fund raise.</li> <li>2. Payment of 1.5% transaction fee of £750.00 relating to the amount invested (and consistent with other, major shareholders).</li> <li>3. Purchase of 25,058,172 shares at 2.50p per share in £0.3m fund raise.</li> <li>4. Payment of 1.5% transaction fee of £3,132.27 relating to the amount invested (and consistent with other, major shareholders).</li> </ol>
Bruce Smith	Non-executive director	<ol style="list-style-type: none"> <li>1. Purchase of 2,272,728 shares at 2.20p per share in £3m fund raise.</li> <li>2. Payment of 1.5% transaction fee of £750.00 relating to the amount invested (and consistent with other, major shareholders).</li> <li>3. Purchase of 14,317,566 shares at 2.50p per share in £1.35m fund raise.</li> <li>4. Payment of 1.5% transaction fee of £1,789.70 relating to the amount invested (and consistent with other, major shareholders).</li> </ol>
Parul Goel	Non-Executive Director, Representative of Asia Today Limited an investor in the company	<ol style="list-style-type: none"> <li>1. Purchase of 30,480,312 shares at 2.50p per share in £1.35m fund raise.</li> <li>2. Payment of 1.5% transaction fee of £3,810.04 relating to the amount invested (and consistent with other, major shareholders).</li> </ol>
Jason Rolf	Non-executive director, representative of Amati Global Investors Limited, an investor in the company	<ol style="list-style-type: none"> <li>1. Purchase of 28,000,000 shares at 2.50p per share in £0.7m fund raise.</li> <li>2. Payment of £15,000 professional services in relation to the investment.</li> <li>3. Payment of 1.5% transaction fee of £8,766.78 relating to the amount invested (and consistent with</li> </ol>

## Mirriad Limited

		<p>other, major shareholders).</p> <ol style="list-style-type: none"> <li>Purchase of 4,124,997 shares at 2.50p per share in £1.35m fund raise.</li> <li>Payment of 1.5% transaction fee of £128.91 relating to the amount invested (and consistent with other, major shareholders).</li> </ol>
David Glick	Non-executive director, representative of Edge Performance VCT an investor in the company	<ol style="list-style-type: none"> <li>Purchase of 15,909,090 shares at 2.20p per share in £3m fund raise.</li> <li>Payment of 1.5% transaction fee of £5,250.00 relating to the amount invested (and consistent with other, major shareholders).</li> <li>Purchase of 40,000 shares at 2.50p per share in £0.7m fund raise.</li> <li>Payment of 1.5% transaction fee of £15.00 relating to the amount invested (and consistent with other, major shareholders).</li> <li>Purchase of 23,139,780 shares at 2.50p per share in £1.35m fund raise.</li> <li>Payment of 1.5% transaction fee of £2,892.47 relating to the amount invested (and consistent with other, major shareholders).</li> </ol>
Roger Faxon	Director & Chairman	<ol style="list-style-type: none"> <li>Purchase of 4,545,454 shares at 2.20p per share in £3m fund raise.</li> <li>Payment of a 1.5% transaction fee was waived.</li> <li>Purchase of 1,200,000 shares at 2.50p per share in £1.35m fund raise.</li> <li>Payment of a 1.5% transaction fee was waived.</li> </ol>
Martyn Holman	Non-executive director, representative of Oxford Capital Partners, an investor in the company	<ol style="list-style-type: none"> <li>Purchase of 90,022,735 shares at 2.20p per share in £3m fund raise.</li> <li>Payment of 1.5% transaction fee of £29,707.50 relating to the amount invested (and consistent with other, major shareholders).</li> <li>Purchase of 36,482,162 shares at 2.50p per share in £1.35m fund raise.</li> <li>Payment of 1.5% transaction fee of £4,560.27 relating to the amount invested (and consistent with other, major shareholders).</li> </ol>
George Watt	Non-executive director, Director of STV plc. an investor in the company	<ol style="list-style-type: none"> <li>Purchase of 6,819,735 shares at 2.20p per share in £3m fund raise.</li> <li>Payment of 1.5% transaction fee of £2,250.51 relating to the amount invested (and consistent with other, major shareholders).</li> <li>Purchase of 8,867,247 shares at 2.50p per share in £0.3m fund raise.</li> <li>Payment of 1.5% transaction fee of £1,108.41 relating to the amount invested (and consistent with other, major shareholders).</li> </ol>

Monitoring fees relating to directors have been included in directors emoluments consistent with prior years (see note 4)

### 19. Controlling party

No single shareholder has a controlling interest and no single party is considered as a controlling party of the Group or Company.



## **Mirriad Limited**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014 (CONTINUED)**

#### **20. Post balance sheet events**

On 19th May 2015 the Company resolved to reduce the issued share capital from £15,221,285 to £1.52 by cancelling and extinguishing £0.009999999 of the amount paid up on each of the 1,521,490,054 ordinary shares of £0.01 each in the capital of the Company, and cancelling and extinguishing £0.009999999 of the amount paid up on each of the 638,430 deferred shares of £0.01 each in the capital of the Company and cancelling and extinguishing the sum of £7,810,901 being the entire balance of the sum standing to the credit of the share premium account of the Company.

On 19<sup>th</sup> May 2015 the company transferred its trade and assets to Mirriad Advertising Limited for nil proceeds and ceased to trade.