

# OMiP OWN

## Annual Report and Accounts

One Media iP Group PLC

For the year ended 31 October 2019



# Annual Reports

OMiP, a year in review. *Year ended 31 October 2019*

## Financial Highlights



One Media iP Group PLC **Revenue** increased

**30%** to **£3,508,891**

**EBITDA** increased **39%** to **£1,076,724**



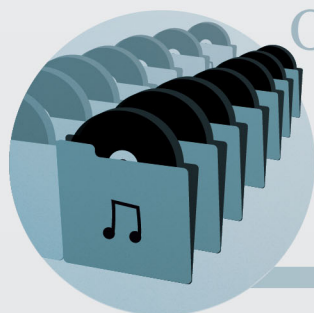
**Operating Profit** increased  
**38%** to **£878,914**



**Cash** at 31 October 2019  
of **£860,611**



## Operation & Post-Period Highlights



Board re-constitution with the appointments of  
**Claire Blunt, Brian Berg, Alice Dyson-Jones and Steven Gunning**

Completed five acquisitions  
totalling US **\$6,865,000**



Appointment of **Cenkos Securities plc**  
as Sole Broker



# ONE MEDIA <sup>iP</sup> Group Plc

## Company Information

### Directors

Michael Antony Infante  
Alice Dyson-Jones  
Steven Gunning  
Claire Blunt  
Brian Berg

### Secretary

Steven Gunning

### Registered Office

Pinewood Studios  
623 East Props Building  
Pinewood Road, Iver Heath  
Buckinghamshire SL0 0NH

### Nomads

Cairn Financial Advisers LLP  
61 Cheapside  
London EC2V 6AX

### Brokers

Cenkos Securities Plc  
6 7 8 Tokenhouse Yard  
London EC2R 7AS

### Solicitors

Reed Smith LLP  
The Broadgate Tower  
20 Primrose Street  
London EC2A 2RS

Orrick, Herrington & Sutcliffe LLP  
107 Cheapside  
London EC2V 6DN

### Bankers

Coutts & Co  
440 Strand  
London WC2R 0QS

Barclays Bank Plc  
Level 27, 1 Churchill Place  
London E14 5HP

### Registrars

Share Registrars Ltd  
9 Lion and Lamb Yard  
Farnham  
Surrey GU9 7LL

### Auditors

James Cowper Kreston  
Reading Bridge House  
George Street  
Reading, Berkshire RG1 8LS

# ONE MEDIA <sup>iP</sup> Group Plc

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**Chairman's Statement**  
**For the year ended 31 October 2019**

The Group achieved strong financial results in 2019 delivering double digit growth in revenues, operating profit and EBITDA and made considerable progress in delivering on its strategy by expanding and diversifying its music library with five catalogue acquisitions. These acquisitions were completed between February 2019 and September 2019 and the Board is very pleased with their post-acquisition performance. New music rights contributed £515,530 and organic revenues grew by 23.4% in the period.

Having demonstrated its ability to successfully execute these types of transactions, the Group has now decided to focus on enhancing the value of its existing catalogue and on leveraging its in-house technical capabilities to build additional value and profitable revenue streams for the business. Having already made an impressive start to 2020 and with a solid pipeline of opportunities ahead, the Group will continue to focus on growth and will look to maximise its potential in 2020.

Following the recent COVID-19 developments, the Group is confident that business will continue as normal, subject to ongoing market forces dynamics, and that our services will continue uninterrupted with our team working remotely. The safety and well-being of our employees is paramount and we will adhere to government and Public Health England guidance at all times. The business is now successfully operating remote working and sharing regular communications whilst liaising with customers and suppliers to ensure business continuity.



**Claire Blunt**  
**Non-Executive Chair**

30 March 2020

# ONE MEDIA <sup>IP</sup> Group Plc

## Chief Executive's Statement For the year ended 31 October 2019

The Company made significant progress and built further value in 2019. Using the funds raised in September 2018, One Media completed five acquisitions totalling US\$6.865 million. These acquisitions have considerably grown the Company's list of music catalogues and have the potential to increase their streaming revenue due to their popularity and longevity.

Whilst the Company has demonstrated its ability to execute transactions, One Media has recently begun to reassess its longer-term strategy and debt position and how best to capitalise on the rapidly evolving music streaming market. The Board remains unanimous in its view that One Media's global business environment has changed, and therefore it should adapt the Company's business model to embrace and maximise the opportunities available, to protect and grow shareholder value.

Significant advancements were made over the course of 2019 in streamlining our proprietary copyright technology, Technical Copyright Analysis Tool ("TCAT"). Increased interest in TCAT's features from some of the major players in the music industry has led the Company to explore various opportunities to enable further investment in the technology and scale the platform. By leveraging our technology for wider use across the industry, the Board believes the increase in recurring revenues will add value to the Group. At the period end, the carrying value for research and development in TCAT was £610,943.

One Media is also looking at possibilities to grant music rights holders' advanced access to the future earnings of their intellectual property (IP) by purchasing a portion of their rights upfront. 'Harmony IP' will look at offering the industry a form of 'asset release' in music IP. This would allow the Group to spread its investment across many more catalogues and partnering with artists and composers, while using its expertise and TCAT to expand the earnings for all parties.

Enhancing the value of our existing catalogue remains core to our business. We are committed to improving the capabilities of our Creative Technicians to ensure our tracks have the metadata required to maximise discoverability. Whilst TCAT optimises the distribution of our content across global markets, synchronisation deals also offer a further avenue from which to generate income. In 2019, we licensed songs for synchronisation deals with a number of TV series, such as NBC show 'Empire', and films, including American thriller 'Ready or Not'.

### Acquisitions

In February 2019, the Company acquired the catalogue of Locomotive Records for US \$750,000. This collection of contemporary Spanish progressive rock music features a number of tracks from the acclaimed band Mägo de Oz, which is expected to enhance the Group's growth of streaming in territories including Spain, Latin America and the USA.

In April 2019, the Company acquired the publishing and songwriter's rights to 93 songs written by Grammy nominated country music songwriter, Michael Dulaney, for US \$850,000, who has had major hit songs performed by the likes of Faith Hill and Jason Aldean.

In May 2019, One Media purchased the songwriter's share of a number of songs written by Cole Taylor, a country singer-songwriter for a total consideration of US \$260,000 at completion, and a maximum deferred consideration based on financial performance of US \$30,000 within 24 months. The catalogue includes some of his major hits including two that reached No.1 in the *Billboard* Country charts.

In July 2019, One Media announced the acquisition of the income from the publishing and songwriter's share of the song 'God's not Dead' by Daniel Bashta for US \$725,000. The song has become the signature tune to the films of the same name 'God's Not Dead', 'God's Not Dead 2' and 'God's Not Dead: A Light in Darkness'. The films have grossed close to US \$100m. The song was first released as a single on 12 October 2011, peaking at No. 2 on 9 June 2012 after spending 22 weeks on the *Billboard* Hot Christian Songs chart and then charting again when the film of the same name was released in 2014.

In September 2019, One Media completed its largest IP deal to date, acquiring the publishing and master rights of the entire catalogue of award-winning American composer and solo piano artist, Philip Wesley, for a total cash consideration of US \$4.15m. An additional US \$100,000 cash consideration will be payable on the date falling one year from the date of execution of the agreement, subject to certain deliverables contained within the agreement.



# ONE MEDIA <sup>IP</sup> Group Plc

## Chief Executive's Statement For the year ended 31 October 2019

### Acquisitions (continued)

To date, the five catalogues, acquired for a total of US \$6.865 million, represent a blended historical net publisher share multiple of circa 8.7x. With these acquisitions the Company has now broadened the breadth and depth of content in the One Media library to include Spanish, Country and New Age music, areas which are seeing tremendous growth in global consumption. Latin America has seen the highest rate of music revenue growth globally for four consecutive years according to research by the International Federation of the Phonographic Industry, and Country music amassed almost 51 billion streams in 2018, a 46% growth over the 2017 numbers according to Nielsen Music.

### Board and Management

One Media was delighted to welcome Alice Dyson-Jones and Steven Gunning to the Board as Executive Director and Finance Director, respectively, in October 2019. Prior to joining the Board, both Alice and Steve had been instrumental in the development of the business in their respective roles as Managing Director and Finance Director. Their wealth of industry experience will serve to strengthen the Board as we execute our strategy going forwards.

Post period end, in November 2019, Ivan Dunleavy and Lord Michael Grade resigned as Directors of the Company, whilst Philip Miles also stepped down from his Board position, but remains committed to the Group in his technical role. Claire Blunt, COO & CFO of Hearst UK, and Brian Berg, Chairman of Eclipse Global Entertainment and former President of Universal Music Enterprises, were immediately appointed to the Board as Non-Executive Chair and Non-Executive Director, respectively. With their extensive industry and financial experience, the appointments of Claire and Brian have significantly strengthened the Board, and we now have the perfect blend of skills to take the business forward.

### Financial Overview

The year under review has seen revenues grow by 30% up to £3,508,891 and our EBITDA up by 39% to £1,076,724 (2018: £773,071), driven by increased consumer demand on streaming platforms and other revenue distributions from digital platforms. Our operating profit is up to £878,913, a notable increase over our 2018 figure of £638,738. At the end of the period, our cash balance was £860,611 (2018: £5,576,379). Our Gross margin remains robust at 50% and overheads for the year are reported at £1,016,010 (2018: £853,229).

A profit after tax attributable to equity shareholders of £458,444 (2018: £405,016) is reported for the financial year, reflecting an increase in revenues and the maintenance of strong margins. The corporation tax expense of £88,778 in the period (2018: £81,488) includes Research and Development allowances available to the Group. At the end of the year our cash position is reported at £860,611 (2018: £5,576,379).

The board continues to review its dividend policy. Given the current economic climate, the board believes any future strategy should be reviewed following a more settled global economic environment.

### Outlook

One Media has had a history of acquiring music content, either outright or under licence. We have acquired over 200 catalogues of music. When we first initiated this campaign in 2005 the digital music market was less than 2% of the market.

We are now witnessing the demise of the digital download (MP3 model) and we are benefiting from the rise of streaming. In a very short period of time, streaming has begun to globalise how we consume our entertainment in both video and music, whether on the move or at home. In 2018, the current global spend for the music industry was USD \$19.1 billion. Goldman Sachs now predicts that, by 2030, the global recorded music industry will be pulling in \$45 billion annually. It also believes that paid streaming will generate \$27.5 billion for labels and artists in that year and that the overall annual global trade streaming revenues (including ad-funded) will reach \$37.2 billion. One Media, with its various new initiatives, is now coming of age. Its cautious, risk averse policies, reoccurring revenue model and cash generation will continue to serve its shareholders as it meets new challenges within this growth market.

**Chief Executive's Statement  
For the year ended 31 October 2019  
Review of Activities – continued**

One Media enters H1 2020 positively and continues to capitalise on the evolving music streaming market. We look forward to updating shareholders on progress in due course as we head into another year of global digital growth.

The COVID-19 virus presents us all with an unprecedented challenge. Our entire team are now working from home under government guidelines for the duration. We have a robust reoccurring income model that lends itself to remote working and our major partners have the same. Whilst none of us can predict whether digital music consumption will be affected, all our business operations continue to operate.

A handwritten signature in black ink, appearing to read 'Michael Infante', written over a light grey horizontal line.

**Michael Infante  
Chief Executive and Founder**

30 March 2020



**Strategic Report  
For the year ended 31 October 2019**

**Business review and future developments**

The results of the Group are shown within the financial statements and a detailed review of the business for the year and future developments is given on pages 1 to 4.

Whilst the Group focus is primarily on the digital market place, traditional routes to market are not being ignored.

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

No dividend (2018: £nil) was paid in the year.

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

**Financial and non-financial key performance indicators**

**Cost of catalogue acquisition and number of tracks "ingested"**

Management are continually searching to acquire additional music, video, spoken word and digital book catalogues to exploit through the digital medium and other routes to market. The costs of catalogue acquisition "ingestion" are constantly monitored to ensure that a safe and adequate return on investment is made. During the year £5,667,100 (2018: £48,511) was spent on catalogue and intangible asset additions.

**Rate of commercialisation of licences and intellectual property**

Measured by the growth in value and volume of digital revenues, license deals and sales contracts signed. During the year revenue rose to £3,508,891 (2018: £2,702,374) a 29.8% year on year increase which included additional income of £nil (2018: £276,160) generated by the Group's continued relationship with its key distribution partners. Progress assessment includes regular updates on key partners, distribution outlets and market segments.

**Overhead**

Management closely monitors overheads, carefully balancing the need to reward people properly based on both performance and external market factors, and other overhead expenditure. Where a step change in overheads is predicted this must be justified in both financial and strategic terms. During the year overheads increased to £1,016,010 (2018: £853,229) a 19% increase.

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

The Board constantly review share price movements both for the impact of Regulated News Service announcements and trading in shares on the AIM Market. Share price as at 31 October 2019 was 4.80p (2018: 6.26p).

**Management of capital**

The Group's dividend policy is determined by the availability of profit and reserves from which to pay dividends, the Group's policy and cost of acquiring additional music catalogues and the desire to reward shareholders for their investment in the Group.

**Financial reporting**

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

**Strategic Report**  
**For the year ended 31 October 2019 - continued**

**Business risks**

**Reliance on key personnel**

The Group is dependent on the knowledge, expertise and experience of its key personnel. In total, the Group employs 11 people. In the event that a key member of the team was to leave the employment of the Group this could lead to significant disruption and could have a material impact on the future profitability of the Group.

**Reliance on The Orchard – concentration of distribution risk**

In the financial year ending 31 October 2019 approximately 70% (2018: 73%) of the Group's turnover was channeled via The Orchard, the distribution aggregator that the Group uses to distribute its content to end-user download and streaming sites such as Apple Music and Spotify. In the event that The Orchard agreement was terminated or that The Orchard ceased to operate, this could have a material impact on the Group's operations and profitability, whilst the Group changed its systems to work either with a new aggregator or trade directly with the end-user distribution sites.

**Rights acquired may not be wholly exclusive**

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

**Sales of digital content**

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

**Piracy**

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

**Currency – revenues received in US\$**

In the financial year to 31 October 2019 approximately 86% (2018: 83%) of the Group's revenue was generated in US dollars, whilst the majority of the Group's costs are denominated in Sterling. The Group is therefore exposed to the US\$/£ exchange rate and so any material adverse movement in this exchange rate can have a material financial impact on the Group.

**Market dominance of Big 3**

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

**Digital retailers' terms of business**

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

**Bad Debts**

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

## **Strategic Report** **For the year ended 31 October 2019 - continued**

### **Coronavirus (COVID-19)**

Following the recent developments with regard to Covid-19 the Group is confident that business will continue as normal and that our services will remain uninterrupted. The business has a robust recurring income model that lends itself to remote working, much like its major partners. As a result of a planned disaster recovery process all of the Group's business operations are expected to continue as normal. However, the Group understands that it cannot control the effects on third parties and their business operations. In the

event of a material drop in revenue the Group has significant cash reserves that enables it to continue to operate during this period without any adverse impact on the business. The directors have reviewed the Group's assets and believe this current event will not require any impairment, this is based on a review of the performance of the Group's historical catalogue as well as the detailed due diligence on the income profile of recent acquisitions.

### **Digital route to market**

The digital market place has its own challenges with a reliance on consumers becoming internet literate and homes achieving a decent broadband connection. OMiP is a B2B and B2C supplier. We have no digital site of our own but supply over 600 legitimate digital stores worldwide through our key business partner. We are not dependent on any one store's marketing strengths as we supply our content to all.

### **Financial risk management objectives and policies**

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

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

#### **Currency risk**

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

#### **Credit risk**

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

#### **Liquidity risk**

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

### **Significant shareholding**

Apart from the Directors' shareholdings above the Company has been notified that there are four holdings in excess of 3% of the issued share capital of the Company at 30 March 2020. Canaccord Genuity Group Inc is holding 18.92% (25,577,862 ordinary shares of 0.5p each), BGF Investment Management Limited is holding 7.37% (10,000,000 ordinary shares of 0.5p each), Helium Special Situations Fund is holding 6.72% (9,111,108 ordinary shares of 0.5p each) and Gresham House Plc 3.63% (4,925,000 ordinary shares of 0.5p each).

### **Employee involvement**

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

**Strategic Report**  
**For the year ended 31 October 2019 - continued**

**Disabled employees**

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

**Technology**

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

**Research and development**

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

**Key accounting policies**

Principal accounting policies are included on pages 31 to 37, including critical accounting estimates and judgements on pages 35 and 36.

**Cash flows**

Full details of cash flows generated by the business are disclosed within the Consolidated Cash Flow Statement on page 29. The group generates sufficient cash flows through its ordinary operations, in combination with funds generated by company's listing on AIM, to achieve its objectives set out in the Chairman's Report on page 1.

**On behalf of the Board**



**Michael Infante**  
**Director**  
**30 March 2020**

# ONE MEDIA <sup>IP</sup> Group Plc

## Report of the Directors For the year ended 31 October 2019

The Directors present their annual report together with the audited Consolidated financial statements of the Group for the year ended 31 October 2019.

### Principal activities

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

### Directors

The following Directors held office during the year:

Michael Antony Infante  
Philip Miles (resigned 20 November 2019)  
Scott Cohen (resigned 8 April 2019)  
Ivan Dunleavy (resigned 20 November 2019)  
Lord Michael Grade (resigned 20 November 2019)  
Alice Dyson-Jones (appointed 21 October 2019)  
Steven Gunning (appointed 21 October 2019)

### Directors and their interests

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

	Ordinary shares of 0.5p each	
	At 31 October 2019	At 31 October 2018
	Nos	Nos
Michael Antony Infante	25,577,862	25,577,862
Ivan Dunleavy	8,125,000	8,125,000
Lord Michael Grade	8,125,000	8,125,000
Scott Cohen	-	1,000,000
Philip Miles	438,340	438,340
Alice Dyson-Jones	132,023	132,023
Steven Gunning	-	-
	Share Options in Ordinary shares of 0.5p each	
	At 31 October 2019	At 31 October 2018
	at 2.75p each	at 2.75p each
	Nos	Nos
Michael Antony Infante	500,000	500,000

The options are exercisable at 2.75p per share on or by 6 March 2021.

# ONE MEDIA <sup>IP</sup> Group Plc

## Report of the Directors For the year ended 31 October 2019 – continued

### Directors and their interests - continued

	Options in Ordinary shares of 0.5p each	
	At 31 October 2019	At 31 October 2018
	at 9p each Nos	at 9p each Nos
Michael Antony Infante	500,000	500,000
Philip Miles	500,000	500,000

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

	Options in Ordinary shares of 0.5p each	
	At 31 October 2019	At 31 October 2018
	at 14.5p each Nos	at 14.5p each Nos
Philip Miles	100,000	100,000

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

	Share Options in Ordinary shares of 0.5p each	
	At 31 October 2019	At 31 October 2018
	at 9p each Nos	at 9p each Nos
Michael Antony Infante	500,000	500,000
Philip Miles	500,000	500,000

The options are exercisable at 9p per share on or by 21 December 2022.

	Share Options in Ordinary shares of 0.5p each	
	At 31 October 2019	At 31 October 2018
	at 6p each Nos	at 6p each Nos
Michael Antony Infante	1,000,000	-
Philip Miles	1,000,000	-
Alice Dyson-Jones	1,000,000	-
Steven Gunning	500,000	-

The options are exercisable at 6p per share on or by 30 October 2026.

**Report of the Directors  
For the year ended 31 October 2019 - continued**

**Statement of Directors' Responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. Under company law the

Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the Profit or Loss of the Group for that period. In preparing these financial statements, the Directors are required to:

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

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

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

So far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

**Auditors**

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

**On behalf of the Board**



**Michael Infante  
Director**

30 March 2020



## **Corporate Governance Report For the year ended 31 October 2019**

All members of the board believe strongly in the value and importance of good corporate governance and in our accountability to all of OMIP's stakeholders, including shareholders, staff, clients and suppliers. In the statement below, we explain our approach to governance, and how the board and its committees operate.

The corporate governance framework which the group operates, including board leadership and effectiveness, board remuneration, and internal control is based upon practices which the Board believes are proportional to the size, risks, complexity and operations of the business and is reflective of the group's values. Of the two widely recognised formal codes, we have therefore decided to adhere to the Quoted Companies Alliance's (QCA) Corporate Governance Code for small and mid-size quoted companies (revised in April 2018 to meet the new requirements of AIM Rule 26).

The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. We have considered how we apply each principle to the extent that the board judges these to be appropriate in the circumstances, and below we provide an explanation of the approach taken in relation to each. The Board considers that it does not depart from any of the principles of the QCA Code. The information below was last updated on 6 January 2020.

### **Board composition and compliance**

The QCA Code requires that the boards of AIM companies have an appropriate balance between executive and non-executive directors. During the period under review we have strengthened the board following the appointment of Claire Blunt and Brian Berg as Independent Non-Executive Directors of the Company, with Claire as Non-Executive Chair. Claire is currently the Chief Operating Officer and Chief Financial Officer of Hearst UK and Brian is Chairman of Eclipse Global Entertainment. He is also a former president of Universal Music.

### **Board evaluation**

For many years we have supported the QCA Code's principle to review regularly the effectiveness of the board's performance as a unit, as well as that of its committees and individual directors. The most recent review was in January 2020.

### **Shareholder engagement**

We have made significant efforts to ensure effective engagement with both institutional and private shareholders. In addition to the usual roadshows following the release of full year and interim results, each of which was expanded to include a greater number of existing and potential new investors, we have actively promoted our AGM as a forum to present to and meet with shareholders.

The board has ultimate responsibility for reviewing and approving the Annual Report and Accounts and it has considered and endorsed the arrangements for their preparation, under the guidance of its audit committee. The directors confirm that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

The following paragraphs set out OMIP's compliance with the ten principles of the QCA Code.

**Corporate Governance Report - continued  
For the year ended 31 October 2019**

**1. Establish a strategy and business model which promotes long-term value for shareholders**

The Group is a B2B and B2C digital content provider, exploiting intellectual property rights around music and video. The Group specialises in acquiring and repackaging nostalgic music and TV programmes from recordings made over the last 90 years. The Group delivers digital music and video content via aggregators to over 600 online digital stores such as Apple Music, Spotify, Amazon and YouTube. Consumers download or stream the content via PCs, smart phones, internet-enabled radios and music players and Smart TVs. The Group was founded in 2005 by Michael Infante, the Group's Chief Executive Officer, with a strategy to acquire mixed media content and digitise this media to exploit the shift from physical to digital formats.

The Group is listed on the Alternative Investment Market (AIM) of the London Stock Exchange (ticker OMIP).

The key challenges we face include:

**Maintaining consistently high levels of quality** – The digital ingestion and exploitation of music and video has evolved over the last 10 years. New standards and objectives are required on a regular basis and our internal team are trained and appraised to meet these exacting standards. Cross checking and regular self-assessment forms a regular part of our systems to ensure that all data is kept in its most precise form for our customers to either ingest into their own system or for audit purposes.

**Ensuring security of client assets** – All of our (and that of our customers) music and video data and metadata is secured on the safest of cloud based servers with all the latest safeguards that meet our industry's standards. The cloud based systems hosted by Amazon are regularly tested and are of the best available in our opinion for our service and use. Appraisals of their security are undertaken by our technical department in conjunction with our key customers' approval.

**Delivering continuous availability** – All of the group's data and day to day functionality is backed up across multi-platform, cross territorial servers that allow for catastrophic failures in localized systems. The Group's disaster recovery program is appraised annually together with the Group's insurance policies to ensure continuation of service.

**Recruiting and retaining suitable staff** – the Group's ability to execute its strategy is dependent on the skills and abilities of its staff. We undertake ongoing initiatives to foster good staff engagement and ensure that remuneration packages are competitive in the market. The Group has a small team of professional individuals trained for the Group's requirements in sales, technology and administration. New staff are sought via trusted agencies or are promoted through the ranks. We believe in recognising the skill sets of long term staff and reward via a share option scheme as well as competitive salary rates.

We believe we have the right strategy and service in place to deliver growth in sales over the medium to long term which will enable us to deliver sustainable shareholder value.

Departure and Reason - None

**2. Seek to understand and meet shareholder needs and expectations**

Responsibility for investor relations rests with the Chair, supported by the CEO.

The Group is committed to communicating openly with its shareholders to ensure that its strategy and performance are clearly understood. We communicate with shareholders through the Annual Report and Accounts, full-year and half-year announcements, trading updates and the annual general meeting (AGM), and we encourage shareholders' participation in face-to-face meetings.

A range of corporate information (including all OMIP announcements) is also available to shareholders, investors and the public on our website.

**Corporate Governance Report - continued  
For the year ended 31 October 2019**

The AGM is the principal forum for dialogue with shareholders, and we encourage all shareholders to attend and participate.

The Notice of Meeting is sent to shareholders at least 21 days before the meeting. The chairs of the board and all committees, together with all other directors whenever possible, attend the AGM and are available to answer questions raised by shareholders.

Shareholders vote on each resolution, by way of a poll. For each resolution we announce the number of votes received for, against and withheld and subsequently publish them on our website.

The directors actively seek to build a mutual understanding of objectives with institutional shareholders. The Chair and CEO make presentations to institutional shareholders and analysts immediately following the release of the full-year and half-year results. We communicate with institutional investors frequently through a combination of formal meetings, roadshows and briefings with management.

The majority of meetings with shareholders and potential investors are arranged by the Company's broker. Following meetings, the broker provides feedback to the Board from all fund managers met.

In addition, we review analysts' notes to achieve a wider understanding of investors' views.

Departure and Reason – None

**3. Take into account wider stakeholder and social responsibilities and their implications for long-term success**

**Staff**

Our ability to fulfil client services and develop and enhance our audio and visual content relies on having talented and motivated staff. Good two-way communication with staff is a key requirement for high levels of engagement, fostering a culture of innovation. Six monthly updates occur with the invitation to staff to ask questions of management that are answered in the meetings.

All staff are encouraged to contribute to the intra-net (Podio) which provides industry and company insights as well as technical updates.

**Clients**

Our success and competitive advantage are dependent upon fulfilling client requirements, particularly in relation to quality of service, its speed of delivery and security. Understanding current and emerging requirements of clients enables us to develop new and enhanced services, together with software to support the fulfilment of those services.

**Shareholders**

As a public company we provide transparent, easy-to-understand and balanced information to ensure support and confidence.

Departure and Reason - None

**4. Embed effective risk management, considering both opportunities and threats, throughout the organisation**

Within the scope of the annual reporting, specific financial risks are evaluated in detail, including in relation to foreign currency, interest rates, liquidity and credit.

The key risks of the Company are set out in the Annual Report & Accounts.

In terms of risk management and the Group's financial systems, the Audit Committee prepares a report following the completion of each audit as to the quality and robustness of the systems and a copy of this is

**Corporate Governance Report - continued  
For the year ended 31 October 2019**

provided to the board which will consider the report at the board meeting held next following the completion of the report and acts on any recommendations contained in the report.

Staff are reminded on a regular basis to report, anonymously or otherwise, any security risks or threat they perceive in the operations of the business. On receipt of any such notification, a security incident team is assembled to assess and take remedial action as appropriate in the circumstances.

Staff are reminded on a regular basis that they should seek approval from the CEO if they, or their families, plan to trade in the Group's equities.

Departure and Reason - None

**5. Maintain the board as a well-functioning, balanced team led by the chair**

The members of the board have a collective responsibility and legal obligation to promote the interests of the Group, and are collectively responsible for defining corporate governance arrangements.

Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the board.

The Board consists of five directors of which three are executive and two non-executive, two of whom were appointed during the period.

The board is supported by two committees: audit and remuneration.

The board intends to appoint additional non-executive directors as its business expands.

Non-executive directors are required to attend 10-12 board and board committee meetings per year and to be available at other times as required for face-to-face and telephone meetings with the executive team and investors.

Departure and Reason - The board does not currently have a nominations committee. All members of the board are involved in the appointment of new directors, however the board is committed to keeping it under review and monitoring the prospective requirement periodically should the need arise to implement a separate nominations committee.

**6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities**

The five members of the board bring relevant sector experience in media and technology, bringing a strong mix of public market and corporate governance experience.

The board believes that its blend of relevant experience, skills and personal qualities and capabilities is sufficient to enable it to successfully execute its strategy. Directors attend seminars and other regulatory and trade events to ensure that their knowledge remains current.

**Michael Infante, CEO**

Term of office: Co-founder from the Group's inception in 2006.

Background and suitability for the role: Michael started his career in 1976 in the food industry working for his family's business, Creamery Fare. In 1988, after jointly orchestrating the sale of his family's business to the publicly listed Hazlewood Foods PLC, he joined the music industry. He worked on the Royal Philharmonic Orchestra's largest recording project as the executive producer for over 140 classical albums recorded at CTS studios in London. In 1995 Michael co-founded Air Music & Media Group PLC (now MBL Plc), which was admitted to trading on the OFEX market (the former name of PLUS, now ICAP) in 2000 and subsequently moved to AIM in 2001. Recognising the emerging digital market in 2005, Michael founded the Company. Michael oversees the Company's acquisition programme having introduced an acquisition policy

**Corporate Governance Report - continued  
For the year ended 31 October 2019**

for nostalgic audio/visual content and has made over 80 acquisitions to date of small music and TV content catalogues. Michael is a serving Justice of the Peace for the West London Local Justice Area.

**Alice Dyson-Jones, Executive Director**

Term of office: Appointed Managing Director for One Media IP Ltd in October 2016 and then appointed Executive Director for the Group on 21 October 2019

Background and suitability for the role: Alice, with over 20 years' music industry experience, has, for the last four years, held the role of Managing Director of the Company's trading subsidiary, One Media IP Ltd. In September 2017, Alice was elected as a director of the British Phonographic Industry ("BPI"). The BPI is the music industry's trade body that optimises the trading environment for the UK's music industry globally.

**Steven Gunning, Finance Director and Company Secretary**

Term of office: Appointed Group Financial Controller and Company Secretary in October 2016 and then appointed Finance Director for the Group on 21 October 2019.

Steve began his career with Barclays Bank plc, where he gained an extensive knowledge of the banking environment, both personal and corporate followed by a move to Dixons Group plc, working in the Finance department. His career then took him to Share plc, an independent retail stockbroker, and to the position of Chief Accountant. After 8 years with Share plc he took a position as the company accountant for Kings Oak Homes Ltd (a subsidiary of Barratt Developments plc) responsible for group reporting.

In 2007 he joined e-Financial Management Ltd, managing a portfolio of clients providing outsourced finance solutions and expertise to SME's, before starting his own company in 2012 and now provides strategic and financial support to a diverse set of clients in the manufacturing, property, retail, media and education sectors. An Accountant with over 20 years' experience in the finance industry, both managing the finance function for a wide range of companies and being part of the senior management team. He has a CIMA Diploma in Management Accounting and is a member of the Association of Accounting Technicians.

**Claire Blunt, Independent Non-Executive Chair Director**

Term of office: Appointed on 6 January 2020

Background and suitability for the role: Claire is currently the chief operating officer and chief financial officer of Hearst UK. Prior to her current role Claire was chief financial officer of Hearst UK but took on the additional responsibilities of chief operating officer in 2017 to expand her role. Prior to her roles at Hearst UK, Claire has served in lead financial and management roles at BrightHouse, Selecta Group, Hobbycraft and Staples.

**Brian Berg, Independent Non-Executive Director**

Term of office: Appointed on 6 January 2020

Background and suitability for the role: Brian Berg is Chairman of Eclipse Global Entertainment. He also holds senior media and music consultancy roles for various major companies and is Executive Producer on the hit musical Dreamboats and Petticoats. Prior to this Brian was the President of Universal Music Enterprises and a director of Universal Music, which is the biggest record company in the world. Brian has been chairman of fundraising for the leading music industry charity Nordoff Robbins Music Therapy, as well as a governor of the school and is still very involved with the charity.

Departure and Reason - None

**Corporate Governance Report - continued  
For the year ended 31 October 2019**

**7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**

A board evaluation process led by the chair took place January 2020. The review considered effectiveness in a number of areas including general supervision and oversight, business risks and trends, succession and related matters, communications, ethics and compliance, corporate governance and individual contribution.

A number of refinements in working practices were identified as a result of this exercise and have since been adopted.

We will be considering the use of external facilitators in future board evaluations.

As the business expands, the executive directors will be challenged to identify potential internal candidates who could potentially occupy board positions, and set out development plans for these individuals.

Departure and Reason - None

**8. Promote a corporate culture that is based on ethical values and behaviours**

Our long-term growth is underpinned by our five core values, they are:

1. We place our customers first, putting ourselves in their shoes to understand the current and future needs of those who use our products and services, and always striving to exceed their expectations.
2. We have an enduring positive attitude that stems from being self-motivated, adaptable and agile and feeling fully empowered to make a difference, speaking out with ideas and suggestions to make things better.
3. We are team players who recognise that OMIP is a company worth much more than the sum of its parts, we are passionate about communicating with colleagues and with our customers and are committed to learning from one another.
4. We are committed to innovation in what we do and how we do it, and to working smarter rather than harder to reduce costs, increase efficiency and make lives easier by being creative, pragmatic and different.
5. We respect one another and are courteous, honest and straightforward in all our dealings, we honour diversity, individuality and personal differences, and are committed to conducting our business with the highest personal, professional and ethical standards.

The culture of the Group is characterised by these values which are communicated regularly to staff through internal communications and forums. The core values are communicated to prospective employees in the Group's recruitment programmes and are considered as part of the selection process.

The board believes that a culture that is based on the five core values is a competitive advantage and consistent with fulfilment of the group's mission and execution of its strategy.

Departure and Reason - None

**9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board**

The Board provides strategic leadership for the group and operates within the scope of a robust corporate governance framework. Its purpose is to ensure the delivery of long-term shareholder value, which involves setting the culture, values and practices that operate throughout the business, and defining the strategic goals that the Group implements in its business plans. The Board defines a series of matters reserved for its decision and has approved terms of reference for its audit and remuneration committees to which certain responsibilities are delegated. The chair of each committee reports to the board on the activities of that committee.

The Audit Committee monitors the integrity of financial statements, oversees risk management and control and reviews external auditor independence.

**Corporate Governance Report - continued**  
**For the year ended 31 October 2019**

The Remuneration Committee sets and reviews the compensation of executive directors including the setting of targets and performance frameworks for cash- and share-based awards.

The Executive Board, consisting of the executive directors, operates as a management committee, chaired by the Chairman, which reviews operational matters and performance of the business, and is responsible for significant management decisions while delegating other operational matters to individual managers within the business.

The Chair has overall responsibility for corporate governance and in promoting high standards throughout the group. He leads and chairs the board, ensuring that committees are properly structured and operate with appropriate terms of reference, ensures that performance of individual directors, the board and its committees are reviewed on a regular basis, leads in the development of strategy and setting objectives, and oversees communication between the group and its shareholders.

The CEO provides coherent leadership and management of the group, leads the development of objectives, strategies and performance standards as agreed by the board, monitors, reviews and manages key risks and strategies with the board, ensures that the assets of the group are maintained and safeguarded, leads on investor relations activities to ensure communications and the Group's standing with shareholders and financial institutions is maintained, and ensures that the board is aware of the views and opinions of employees on relevant matters.

The Executive Directors are responsible for implementing and delivering the strategy and operational decisions agreed by the board, making operational and financial decisions required in the day-to-day operation of the Group, providing executive leadership to managers, championing the Group's core values and promoting talent management.

The Independent Non-Executive Directors contribute independent thinking and judgement through the application of their external experience and knowledge, scrutinise the performance of management, provide constructive challenge to the executive directors and ensure that the group is operating within the governance and risk framework approved by the board.

The Company Secretary is responsible for providing clear and timely information flow to the board and its committees and supports the board on matters of corporate governance and risk.

The matters reserved for the board are:

- Setting long-term objectives and commercial strategy.
- Approving annual operating and capital expenditure budgets.
- Changing the share capital or corporate structure of the group.
- Approving half-year and full-year results and reports.
- Approving dividend policy and the declaration of dividends.
- Approving acquisitions, investments, disposals, capital projects or contracts.
- Approving resolutions to be put to general meetings of shareholders and the associated documents or circulars.
- Approving changes to the board structure.

The board has approved the adoption of the QCA Code as its governance framework against which this statement has been prepared and will monitor the suitability of this code on an annual basis and revise its governance framework as appropriate as the Group evolves.

Departure and Reason - None



**Corporate Governance Report - continued  
For the year ended 31 October 2019**

**10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

A healthy dialogue should exist between the board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company. In particular, appropriate communication and reporting structures should exist between the board and all constituent parts of its shareholder base. This will assist:

- the communication of shareholders' views to the board; and
- the shareholders' understanding of the unique circumstances and constraints faced by the company. It should be clear where these communication practices are described (annual report or website).

Historical annual reports and other governance-related material, notices of all general meetings over the last five years can be found on the website.

There have been no votes where a significant proportion of votes (e.g. 20% of independent votes) have been cast against a resolution at any general meeting.

In addition to the investor relations activities described above, the following audit and remuneration committee reports are provided.

**Audit Committee Report**

The Audit Committee's continued focus is on the effectiveness of the controls throughout the group. Following the appointment of Claire Blunt the Audit Committee structure was reviewed and now consists of Claire Blunt, Chair, and Alice Dyson-Jones. The committee meets once a year, with the external auditor, the Group Finance Director and CEO will be invited to attend these meetings.

Consideration will be given to the auditor's pre- and post-audit reports and these will provide opportunities to review the accounting policies, internal control and the financial information contained in both the annual and interim reports.

**Remuneration Committee Report**

The remit of the Remuneration Committee is to determine the framework, policy and level of remuneration, and to make recommendations to the board on the remuneration of executive directors. In addition, the committee oversees the creation and implementation of all-employee share plans. Following the appointment of Brian Berg the Remuneration Committee structure was reviewed and now consists of Brian Berg, Chair, and Michael Infante. Due to the timings of the appointments the committee is yet to meet formally in the period but the intention will be to meet twice per year.

In setting remuneration packages the committee ensure that individual compensation levels, and total board compensation, are comparable with those of other AIM-listed companies.

During the period under review the Remuneration Committee has granted options to executive directors and employees of the company. In granting these options, the Remuneration Committee's objective was to attract, motivate and retain key staff over the long term, designed to incentivise delivery of the company's growth objectives.

Departure and Reason - None

**Corporate Governance Report  
For the year ended 31 October 2019 - continued**

**Report on Remuneration**

**Directors' remuneration**

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

**Policy on Executive Directors' remuneration**

Following a review, the Remuneration Committee is now chaired by Brian Berg, Non-Executive Director and supported by Michael Infante, CEO. The Remuneration Committee met with the Chairman at the beginning of the financial year to discuss, and subsequently agreed, their recommendations for Executive Directors remuneration for the year.

Remuneration of the Directors for the year ended 31 October 2019 is as follows:

	<b>Fees and emoluments Year ended 31 October 2019</b>	<b>Fees and emoluments Year ended 31 October 2018</b>
	<b>£</b>	<b>£</b>
Michael Antony Infante	150,116	136,812
Philip Miles	110,994	126,124
Ivan Dunleavy	60,000	13,750
Lord Michael Grade	30,000	11,250
Scott Cohen	12,500	41,857
Alice Dyson-Jones	-	-
Steven Gunning	-	-
	<u>363,610</u>	<u>329,793</u>

**Bonuses and Performance Conditions**

Included in the Fees and Emoluments for Michael Anthony Infante are taxable benefits in respect of Health Insurance of £10,305 (2018: £5,919), taxable benefit for a company car of £1,812 (2018: £7,668), attributable share option cost of £7,995 (2018: £23,315) and pension contributions of £2,838 (2018: £2,850). Michael Infante did not receive a bonus in the year (2018: £nil). Fees and Emoluments for Philip Miles include taxable benefit for a company car of £26 (2018: £6,889), attributable share option cost of £9,048 (2018: £24,035) and pension contributions of £2,670 (2018: £2,700). Philip Miles did not receive a bonus in the year (2018: £nil). Ivan Dunleavy Fees include £60,000 (2018: £13,750). Michael Grade Fees include £30,000 (2018: £11,250).

Directors' contracts do not include any specific performance criteria but implicit within their terms of their engagements is that at all times they will seek to enhance shareholder value. Apart from share options granted there are no other specific long term incentive plans for any of the Directors. The Company received qualifying services from 5 (2018: 5) Directors under long term incentive qualifying schemes.

**Notice periods**

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

## Independent Auditors' Report to the Members of One Media <sup>iP</sup> Group Plc

### Opinion

We have audited the financial statements of One Media IP Group Plc (the 'Company') for the year ended 31 October 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group and of the parent company's affairs as at 31 October 2019 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and, as regard the parent company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards of Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further discussed in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standards as applied to listed entities, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group and parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### An overview of the scope of our audit

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK and Ireland)'). Our audit approach was based on a thorough understanding of the company's business and is risk-based. We obtained an understanding the internal controls as required by Auditing Standards and carried out appropriate substantive and analytical procedures. We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on our assessment of general and specific audit risks.

## **Independent Auditors' Report to the Members of One Media <sup>iP</sup> Group Plc – continued**

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We determined that there were no key matters applicable to the parent company to communicate in our report.

### **Revenue recognition**

#### *Risk description*

In common with most trading businesses, there is a risk of revenue being materially misstated, either by error or fraud.

#### *How the scope of our audit responded to the risk*

To assess the appropriateness and completeness of revenue recognised in the year we performed the following procedures:

- examined a sample of revenue transactions by reference to underlying source documentation;
- examined on a sample basis the different types of revenue recognised during the year and around the period end;
- reviewed manual journals posted to the revenue account in the period and subsequent to year-end gaining an understanding of the appropriateness of these;
- reviewed accrued income at the balance sheet date and assessed its accuracy by reference to underlying commercial agreements and subsequent events;
- considered the appropriateness and application of the Group's accounting policy for revenue recognition; and
- considered the disclosures in the financial statements regarding revenue.

#### *Key observations*

The results of our testing were satisfactory.

### **Completeness of royalty accrual**

#### *Risk description*

The Company has a number of royalty agreements in place. Royalties are payable based on sales figures at certain rates. There is a risk that the royalty accrual may be understated or overstated.

#### *How the scope of our audit responded to the risk*

To assess the appropriateness and completeness of royalty accrual recognised in the year we performed the following procedures:

- gained an understanding through walkthroughs performed and discussions with management of the process in place for recognising royalty accruals; and
- examined a sample of royalty accruals and preformed a recalculation of the accrual.

#### *Key observations*

The results of our testing were satisfactory.

## **Independent Auditors' Report to the Members of One Media <sup>iP</sup> Group Plc - continued**

### **Management override**

#### *Risk description*

As directed by the ISA's, there is a presumed risk of fraud or error due to management's ability to manipulate the results.

#### *How the scope of our audit responded to the risk*

Procedures:

- examined journal adjustments made throughout the year; and
- reviewed key areas that involved the use of management's judgement or estimations.

#### *Key observations*

The results of our testing were satisfactory.

### **Valuation and existence of intangible assets**

#### *Risk description*

The Company has a significant amount of intangible assets. There are various risks associated with these assets including accurate capturing of costs to be capitalised, ensuring capitalised amounts meet the recognition criteria, and impairment risk.

#### *How the scope of our audit responded to the risk*

To assess the appropriateness of the application of accounting standards and the assumptions and judgements made by management in the recognition and measurement of intangibles we performed the following procedures:

- gained an understanding of how management recognise intangible assets of various classes;
- examined the assets recognised and considered their recognition against the criteria detailed in IAS 38;
- examined a sample of assets capitalised in the year to supporting evidence;
- reviewed amortisation calculations and considered the appropriateness of the rates applied;
- considered impairment risk; and
- considered the disclosures in the financial statements regarding intangibles.

#### *Key observations*

The results of our testing were satisfactory.

### **Our application of materiality**

We define materiality as the magnitude of misstatement or omission in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgment we determined overall materiality for the financial statements as a whole to be £40,000 (2018: £30,000), based on 5% of operating profit. Performance materiality of £30,000 (2018: £20,000) was applied for testing and it was agreed with the board that we would report on all audit differences in excess of £2,000 (2018: £1,500), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report on disclosure matters that we identified when assessing the overall presentation of the financial statements.

**Independent Auditors' Report to the Members of One Media <sup>iP</sup> Group Plc – continued**

**Other information included in the annual report**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit of otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine

whether there is a material misstatement in the financial statements or a material misstatement in the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors' either intend to liquidate the Group and parent company or to cease operating, or have no realistic alternative but to do so.

**Independent Auditors' Report to the Members of One Media <sup>iP</sup> Group Plc -  
continued**

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statement.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/>. This description forms part of our auditors' report.

**Use of our report**

This report is made solely to the Company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.



Alan Poole BA (Hons) FCA (Senior Statutory Auditor)  
For and on behalf of  
**James Cowper Kreston**  
Chartered Accountants and Statutory Auditors

Reading Bridge House  
George Street  
Reading  
RG1 8LS

30 March 2020



# ONE MEDIA<sup>IP</sup> Group Plc

## Consolidated Statement of Comprehensive Income For the year ended 31 October 2019

	Note	Year ended 31 October 2019	Year ended 31 October 2018
		£	£
<b>Revenue</b>	<b>1</b>	3,508,891	2,702,374
Cost of sales		<u>(1,756,464)</u>	<u>(1,325,448)</u>
<b>Gross profit</b>		1,752,427	1,376,926
Administration expenses		<u>(873,513)</u>	<u>(738,168)</u>
<b>Operating profit</b>	<b>2</b>	878,914	638,758
Share based payments	<b>15</b>	(142,497)	(115,061)
Finance costs	<b>3</b>	(189,322)	(37,201)
Finance income	<b>3</b>	127	8
		<u>                    </u>	<u>                    </u>
<b>Profit on ordinary activities before taxation</b>	<b>4</b>	547,222	486,504
Tax expense		<u>(88,778)</u>	<u>(81,488)</u>
<b>Profit for period attributable to equity shareholders and total comprehensive income for the year</b>		<b><u>458,444</u></b>	<b><u>405,016</u></b>
<b>Basic earnings per share</b>	<b>7</b>	<b><u>0.34p</u></b>	<b><u>0.44p</u></b>
<b>Diluted earnings per share</b>	<b>7</b>	<b><u>0.26p</u></b>	<b><u>0.40p</u></b>

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

The notes on pages 31 to 50 form part of these financial statements.

# ONE MEDIA <sup>IP</sup> Group Plc

## Consolidated Statement of Changes in Equity For the year ended 31 October 2019

	Share Capital	Share redemption reserve	Share premium	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£	£
<b>At 1 November 2017</b>	<b>355,268</b>	<b>239,546</b>	<b>1,457,645</b>	<b>107,198</b>	<b>1,576,749</b>	<b>3,736,406</b>
Proceeds from the issue of new shares	<b>322,750</b>	-	<b>2,983,000</b>	-	-	<b>3,305,750</b>
Fund raise costs	-	-	<b>(126,425)</b>	-	-	<b>(126,425)</b>
Share based payment charge	-	-	-	115,061	-	<b>115,061</b>
Profit for the year	-	-	-	-	405,016	<b>405,016</b>
<b>At 1 November 2018</b>	<b>678,018</b>	<b>239,546</b>	<b>4,314,220</b>	<b>222,259</b>	<b>1,981,765</b>	<b>7,435,808</b>
Share based payment charge	-	-	-	142,497	-	<b>142,497</b>
Profit for the year	-	-	-	-	458,444	<b>458,444</b>
<b>At 31 October 2019</b>	<b>678,018</b>	<b>239,546</b>	<b>4,314,220</b>	<b>364,756</b>	<b>2,440,209</b>	<b>8,036,749</b>

The notes on pages 31 to 50 form part of these financial statements.

# ONE MEDIA <sup>IP</sup> Group Plc

## Consolidated Statement of Financial Position at 31 October 2019

	Note	At 31 October 2019 £	At 31 October 2018 £
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	8	8,900,408	3,351,304
Property, plant and equipment	9	7,648	12,221
		<u>8,908,056</u>	<u>3,363,525</u>
<b>Current assets</b>			
Trade and other receivables	11	987,054	680,960
Cash and cash equivalents	12	860,611	5,576,379
		<u>1,847,665</u>	<u>6,257,339</u>
<b>Total current assets</b>		<u>1,847,665</u>	<u>6,257,339</u>
<b>Total assets</b>		<u><b>10,755,721</b></u>	<u><b>9,620,864</b></u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	1,011,131	526,224
Deferred tax	14	85,573	58,574
		<u>1,096,704</u>	<u>584,798</u>
<b>Total current liabilities</b>		<u>1,096,704</u>	<u>584,798</u>
<b>Borrowings</b>	21	1,622,268	1,600,258
<b>Total liabilities</b>		<u><b>2,718,972</b></u>	<u><b>2,185,056</b></u>
<b>Equity</b>			
Called up share capital	15	678,018	678,018
Share redemption reserve		239,546	239,546
Share premium account		4,314,220	4,314,220
Share based payment reserve		364,756	222,259
Retained earnings		2,440,209	1,981,765
<b>Total equity</b>		<u><b>8,036,749</b></u>	<u><b>7,435,808</b></u>
<b>Total equity and liabilities</b>		<u><b>10,755,721</b></u>	<u><b>9,620,864</b></u>

The notes on pages 31 to 50 form part of these financial statements.

The Consolidated Financial Statements were approved by the Directors on 30 March 2020 and signed on their behalf by:



**Michael Infante**  
Director

# ONE MEDIA <sup>IP</sup> Group Plc

Registered Number: 05799897

## Company Statement of Financial Position at 31 October 2019

	Note	At 31 October 2019 £	At 31 October 2018 £
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	10	<u>493,817</u>	<u>493,817</u>
<b>Current assets</b>			
Trade and other receivables	11	7,629,230	3,175,146
Cash and cash equivalents	12	548,491	4,894,080
		<u>8,177,721</u>	<u>8,069,226</u>
<b>Total current assets</b>		<b>8,177,721</b>	<b>8,069,226</b>
<b>Total assets</b>		<b><u>8,671,538</u></b>	<b><u>8,563,043</u></b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	71,611	57,148
Deferred tax	14	24,995	24,995
		<u>96,606</u>	<u>82,143</u>
<b>Total current liabilities</b>		<b>96,606</b>	<b>82,143</b>
<b>Borrowings</b>	21	1,622,268	1,600,258
<b>Total liabilities</b>		<b><u>1,718,874</u></b>	<b><u>1,682,401</u></b>
<b>Equity</b>			
Called up share capital	15	678,018	678,018
Share redemption reserve	16	239,546	239,546
Share premium account	16	4,314,220	4,314,220
Share based payment reserve	16	364,756	222,259
Retained earnings	16	1,356,124	1,426,599
		<u>6,952,664</u>	<u>6,880,642</u>
<b>Total equity</b>		<b>6,952,664</b>	<b>6,880,642</b>
<b>Total equity and liabilities</b>		<b><u>8,671,538</u></b>	<b><u>8,563,043</u></b>

The notes on pages 31 to 50 form part of these financial statements.

The Company Financial Statements were approved by the Directors on 30 March 2020 and signed on their behalf by:



**Michael Infante**  
Director

**Consolidated and Company Cash Flow Statement  
For the year ended at 31 October 2019**

	Year ended 31 October 2019 Group	Year ended 31 October 2018 Group	Year ended 31 October 2019 Company	Year ended 31 October 2018 Company
	£	£	£	£
<b>Cash flows from operating activities</b>				
Operating profit before tax	547,222	486,505	(70,475)	109,186
Amortisation	332,423	247,406	-	-
Depreciation	7,885	7,653	-	-
Share based payments	142,497	115,061	142,497	115,061
Finance income	(127)	(8)	(115)	(1)
Finance costs	189,322	37,201	189,322	37,201
(Increase) in receivables	(306,094)	(202,155)	(4,453,635)	(195,110)
Increase/(decrease) in payables	333,210	(87,013)	(175,307)	(13,472)
Corporation tax	-	27,104	-	-
Finance cost paid	(99,404)	-	-	-
<b>Net cash inflow (outflow) from operating activities</b>	<b>1,146,934</b>	<b>631,754</b>	<b>(4,367,713)</b>	<b>52,865</b>
<b>Cash flows from investing activities</b>				
Investment in intellectual property rights and TCAT	(5,881,529)	(215,113)	-	-
Investment in property, plant and equipment	(3,310)	(2,904)	-	-
Finance income	127	8	115	1
<b>Net cash used in investing activities</b>	<b>(5,884,712)</b>	<b>(218,009)</b>	<b>115</b>	<b>1</b>
<b>Cash flows from financing activities</b>				
Proceeds from the issue of new shares	-	3,305,750	-	3,305,750
Share issue costs	-	(126,425)	-	(126,425)
Loan notes	22,010	1,600,258	22,010	1,600,258
<b>Net cash inflow (outflow) from financing activities</b>	<b>22,010</b>	<b>4,779,583</b>	<b>22,010</b>	<b>4,779,583</b>
<b>Net change in cash and cash equivalents</b>	<b>(4,715,768)</b>	<b>5,193,328</b>	<b>(4,345,588)</b>	<b>4,832,449</b>
<b>Cash at the beginning of the year</b>	<b>5,576,379</b>	<b>383,051</b>	<b>4,894,080</b>	<b>61,631</b>
<b>Cash at the end of the year</b>	<b>860,611</b>	<b>5,576,379</b>	<b>548,492</b>	<b>4,894,080</b>

## **Principal Accounting Policies For the year ended 31 October 2019**

### **Basis of preparation**

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

### **Basis of consolidation**

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

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

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

### **Revenue**

The Group recognises revenue when performance obligations have been satisfied and for the Group this is when the services have been provided to the customer and the customer has control over use of the services. In principle therefore, revenue is recognised to the extent that the Group has obtained the right to consideration through its performance.

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

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

### **Commercial advances**

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

### **Going concern**

The Directors monitor the capital and liquidity requirements of the Company and its subsidiaries on a regular basis. They have also reviewed cash flow forecasts which are based on assumptions about the future returns from existing Catalogues and the annual operating cost. Based on these sources of information and their own judgement the Directors believe it is appropriate to prepare the Consolidated Financial Statements of the Group on a going concern basis. Following the recent developments with regard to Covid-19 the Group is confident that business will continue as normal and that services will remain uninterrupted. The business has a robust recurring income model that lends itself to remote working, much like its major partners. As a result of a planned disaster recovery process all of the Group's business operations are

## **Principal Accounting Policies For the year ended 31 October 2019**

### **Going concern - continued**

expected to continue as normal. However, the Group understands that it cannot control the effects on third parties and their business operations. In the event of a material drop in revenue the Group has significant cash reserves that enables it to continue to operate during this period without any adverse impact on the business.

### **Taxation**

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

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

### **Intangible assets**

#### **Licences and other intangible assets**

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

#### **Assets acquired as part of a business combination**

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

#### **Impairment of intangible assets, property, plant and equipment**

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

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

An impairment loss is recognised in the income statement for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units are charged to the assets in the cash generating unit. All assets are subsequently reassessed for indications that an impairment loss

## **Principal Accounting Policies For the year ended 31 October 2019**

previously recognised may no longer exist. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the assets recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of amortisation, if no impairment had been recognised.

### **Financial assets**

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

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

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

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

### **Cash and cash equivalents**

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

### **Equity**

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

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

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

### **Financial liabilities**

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

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

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



## **Principal Accounting Policies For the year ended 31 October 2019**

### **Provisions, contingent liabilities and contingent assets**

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

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

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

### **Property, plant and equipment**

#### **Measurement basis**

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

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

### **Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

### **Fund raise costs**

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

## **Principal Accounting Policies For the year ended 31 October 2019**

### **Property, plant and equipment - continued**

#### **Depreciation**

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

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

#### **Investment in subsidiary**

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

#### **Foreign currency**

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

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

#### **Operating segments**

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

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

#### **Critical accounting estimates and judgements**

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

## **Principal Accounting Policies For the year ended 31 October 2019**

### **Impairment of assets**

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

### **Internally generated intangible assets and software systems**

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

### **Share option and warrant policy**

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

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

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

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

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

### **Adoption of new or amended IFRS**

IFRS15 Revenue from Contracts with Customers is a new accounting standard that is effective for the year ended 31 October 2019. IFRS 15 replaces the provisions of IAS 18 that govern revenue recognition criteria. The Group has fully adopted this new standard in the year to 31 October 2019. Adoption of this standard did not result in any changes to the reported financial performance. The Group has not elected to change the presentation of certain amounts in the balance sheet to reflect the terminology of IFRS15.

## **Principal Accounting Policies For the year ended 31 October 2019**

### **Adoption of new or amended IFRS – continued**

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

#### **Effective date – periods beginning on or after 1 January 2019**

- IFRS 16 Leases
- IFRS 3 Business combinations – amendments resulting from Annual Improvements 2015-2017 Cycle
- IFRS 9 financial instruments – amendments regarding prepayment features with negative compensation and modifications of financial liabilities.
- IFRS11 Joint arrangements- Amendments resulting from Annual improvements 2015-2017 Cycle
- IAS 12 Income taxes - Amendments resulting from Annual improvements 2015-2017 Cycle
- IAS 19 Employee benefits – amendments regarding plan amendments, curtailments or settlements.
- AIP IAS 28 Investments in Associates and Joint Ventures – Amendments regarding long-term interests in associates and joint ventures
- IFRIC 23 Uncertainty over Income tax treatments - Judgement is required to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together, a decision based upon which approach provides better predictions of the resolution of the uncertainty.

#### **Effective date – periods beginning on or after 1 January 2020**

- IFRS3 – amendments to clarify the definition of a business
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – amendment regarding the definition of material
- IFRS 7 Financial instruments disclosures
- IFRS 9 Financial instruments– amendments regarding pre-replacement issues in the context of the IBOR reform

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

# ONE MEDIA <sup>IP</sup> Group Plc

## Notes to the Consolidated Financial Statements For the year ended 31 October 2019

### 1. Revenue

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

	<b>Year ended 31 October 2019</b>	<b>Year ended 31 October 2018</b>
	<b>£</b>	<b>£</b>
United Kingdom	140,377	108,207
North America & rest of world	3,008,952	2,241,357
Europe	359,562	352,810
	<u>3,508,891</u>	<u>2,702,374</u>

The Group considers it has one business segment with all its Profit ultimately earned from its sole activity in the United Kingdom.

Included in revenues for the year ended 31 October 2019 it is estimated that £787,000 (2018: £624,000) is from its largest ultimate customer and £503,000 (2018: £399,000) from its second largest ultimate customer. Together these represent 36.8% (2018: 37.9%) of the total Group revenue for the year. In addition, the company relies on a distribution aggregator (The Orchard) who channels approximately 70% (2018: 73%) of the Group's turnover. The Group also received additional income in the year of £nil (2018: £276,160) from digital music sources based on the Groups relationships with its key distribution partners.

### 2. Operating profit

**Operating profit is stated after charging:**

<b>Group</b>	<b>Year ended 31 October 2019</b>	<b>Year ended 31 October 2018</b>
	<b>£</b>	<b>£</b>
Directors' remuneration	351,110	268,845
Amortisation of licences and other intangible assets	332,423	247,406
Depreciation of plant, property and equipment	7,885	7,653
Operating leases	52,840	56,903
Auditors' remuneration - audit fees	14,975	13,150
Auditors' remuneration - taxation	4,300	4,125
Difference on foreign exchange	35,183	(6,105)
	<u>                                </u>	<u>                                </u>

Included in audit fees above is £6,500 (2018: £6,500) for the audit of the parent Company.

## Notes to the Consolidated Financial Statements For the year ended 31 October 2019

### 3. Finance cost and finance income

	Year ended 31 October 2019 £	Year ended 31 October 2018 £
Finance costs	(189,322)	(37,201)
Interest receivable	127	8
	<u>127</u>	<u>8</u>

### 4. Taxation

	Year ended 31 October 2019 £	Year ended 31 October 2018 £
<b>Analysis of the charge for the year</b>		
Adjustments to tax charge in respect of prior years	-	2,272
UK corporation tax charge	61,779	55,018
Deferred tax	26,999	24,198
	<u>88,778</u>	<u>81,488</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19% (2018: 19%). The actual tax charge for the periods is different than the standard rate for the reasons set out in the following reconciliation:

<b>Reconciliation of current tax charge</b>	Year ended 31 October 2019 £	Year ended 31 October 2018 £
Profit on ordinary activities before tax	<u>547,221</u>	<u>486,504</u>
Tax on profit on ordinary activities at 19% (2018: 19%)	103,972	92,436
Effects of:		
Non-deductible expenses	29,624	24,660
Adjustments to tax charge in respect of previous periods	1,696	1,878
Fixed asset timing differences	26,999	24,198
Depreciation in excess of capital allowances	(4,109)	520
Share scheme deduction	-	-
Research and development	(69,404)	(62,204)
<b>Total tax charge</b>	<u>88,778</u>	<u>81,488</u>

The Finance Act 2016 enacted a reduction in the main rate of corporation tax from 19% to 17% from 1 April 2020. As this change of rate was enacted at the balance sheet date then deferred tax balances have been stated at a rate of 17%. On 17 March 2020 the Government announced their intention to cancel this reduction in the corporation tax rate. As a result the deferred tax timing differences are expected to reverse at 19%.

# ONE MEDIA <sup>IP</sup> Group Plc

## Notes to the Consolidated Financial Statements For the year ended 31 October 2019

### 5. Employee information

	Year ended 31 October 2019	Year ended 31 October 2018
	£	£
Directors' emoluments - excluding applicable share option and pension charges	254,729	201,029
Fees paid to directors	90,000	43,542
Share option charge	142,497	115,061
Wages and salaries	322,279	325,139
Social security	52,793	45,736
Pension	10,782	11,386
Benefit in kind	3,052	14,557
	<u>876,132</u>	<u>756,450</u>

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

	Year ended 31 October 2019	Year ended 31 October 2018
Technical, creative technicians and management	<u>11</u>	<u>12</u>

### 6. Parent Company Profit and Loss Account

The loss for the year to 31 October 2019 dealt within in the financial statements of the parent Company was £70,475 (2018: profit £109,186). As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is prepared for the parent Company.

### 7. Earnings per share

The weighted average number of shares in issue for the basic earnings per share calculations is 135,603,699 (2018: 92,244,794) and for the diluted earnings per share assuming the exercise of all warrants and share options is 173,237,032 (2018: 100,714,200).

The calculation of basic earnings per share is based on the profit for the period of £458,433 (2018: £405,016). Based on the weighted average number of shares in issue during the year of 135,603,699 (2018: 92,244,794) the basic earnings per share is 0.34p (2018: 0.44p). The diluted earnings per share is based on 173,237,032 shares (2018: 100,714,200) and is 0.26p (2018: 0.40p).

ONE MEDIA<sup>IP</sup> Group Plc

**Notes to the Consolidated Financial Statements  
For the year ended 31 October 2019**

**8. Intangible assets - Group**

	<b>Intangible assets</b>
	<b>£</b>
<b>Cost</b>	
At 1 November 2017	4,610,931
Additions	215,113
Disposals	-
At 31 October 2018	<u>4,826,044</u>
Additions	5,881,527
Disposals	-
At 31 October 2019	<u><u>10,707,571</u></u>
<b>Amortisation</b>	
At 1 November 2017	1,227,334
Charge for the year	247,406
Disposals	-
At 31 October 2018	<u>1,474,740</u>
Charge for the year	332,423
Disposals	-
At 31 October 2019	<u><u>1,807,163</u></u>
<b>Net book value</b>	
At 31 October 2019	<u><u>8,900,408</u></u>
At 31 October 2018	<u>3,351,304</u>

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



## Notes to the Consolidated Financial Statements For the year ended 31 October 2019

### 9. Property, plant and equipment - Group

	Office equipment	Fixtures and fittings	Total
	£	£	£
<b>Cost</b>			
At 1 November 2017	61,590	10,643	72,233
Additions	2,255	651	2,906
Disposals	-	-	-
At 31 October 2018	<u>63,845</u>	<u>11,294</u>	<u>75,139</u>
Additions	3,310	-	3,310
Disposals	-	-	-
At 31 October 2019	<u>67,155</u>	<u>11,294</u>	<u>78,449</u>
<b>Depreciation</b>			
At 1 November 2017	44,679	10,584	55,263
Charge for the year	7,576	77	7,653
Disposals	-	-	-
At 31 October 2018	<u>52,255</u>	<u>10,661</u>	<u>62,916</u>
Charge for the year	7,667	218	7,885
Disposals	-	-	-
At 31 October 2019	<u>59,922</u>	<u>10,879</u>	<u>70,801</u>
<b>Net book value</b>			
At 31 October 2019	<u>7,233</u>	<u>415</u>	<u>7,648</u>
At 31 October 2018	<u>11,590</u>	<u>633</u>	<u>12,223</u>

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

# ONE MEDIA iP Group Plc

## Notes to the Consolidated Financial Statements For the year ended 31 October 2019

### 10. Investment in subsidiary undertakings

Total  
£

At 1 November 2018 and 31 October 2019

493,817

The Company holds interests in the following subsidiary undertakings.

Company	Country of incorporation	Nature of business	Class of shares	Share held %
One Media iP Limited Company number 05536271	England and Wales	Audio-visual content	Ordinary	100%
Collecting Records LLP Company number OC307927	England and Wales	Dormant	Partnership	99%
One Media Intellectual Property Limited Company number 08224199	England and Wales	Dormant	Ordinary	100%
One Media Publishing Limited Company number 082123128	England and Wales	Dormant	Ordinary	100%
OMIP Ltd Company number 10585974	England and Wales	Dormant	Ordinary	100%
TCAT Limited Company number 10586072	England and Wales	Dormant	Ordinary	100%
Men & Motors Limited Company number 10582506	England and Wales	Dormant	Ordinary	100%
Harmony IP Limited Company number 11974465	England and Wales	Dormant	Ordinary	100%

The Company's investment at the balance sheet date is 100% of the share capital of the unlisted companies One Media iP Limited, One Media Intellectual Property Limited, One Media Publishing Limited, OMIP Ltd, TCAT Limited, Men & Motors Limited and Harmony IP Limited. One Media iP Group Plc owns 99% of the Limited Liability Partnership Collecting Records LLP with the other 1% of the Limited Liability Partnership Collecting Records LLP held by One Media iP Limited. All of the above subsidiaries principal place of business is 623 East Props Building, Pinewood Studios, Iver Heath, Bucks SL0 0NH.

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

### 11. Receivables

	Year ended 31 October 2019 Group £	Year ended 31 October 2018 Group £	Year ended 31 October 2019 Company £	Year ended 31 October 2018 Company £
Amounts owed by group undertakings	-	-	7,614,012	3,142,098
Trade receivables	230,415	122,205	-	-
Trade payables	-	-	449	-
Social security and other taxes	15,497	-	-	-
Other receivables	699,915	528,461	2,591	18,930
Prepayments	41,227	30,294	12,178	14,118
	<u>987,054</u>	<u>680,960</u>	<u>7,629,230</u>	<u>3,175,146</u>

## Notes to the Consolidated Financial Statements For the year ended 31 October 2019

### 11. Receivables – continued

Trade and other receivables are usually due within 30 to 90 days and do not bear any effective interest. A provision of £nil (2018: £nil) was made for doubtful debts at 31 October 2019.

### 12. Cash and cash equivalents

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

	Year ended 31 October 2019 Group	Year ended 31 October 2018 Group	Year ended 31 October 2019 Company	Year ended 31 October 2018 Company
	£	£	£	£
GB£	591,740	4,951,356	548,491	4,894,080
US\$	258,435	604,238	-	-
Euro	10,436	20,785	-	-
	<u>860,611</u>	<u>5,576,379</u>	<u>548,491</u>	<u>4,894,080</u>

### 13. Trade and other payables

	Year ended 31 October 2019 Group	Year ended 31 October 2018 Group	Year ended 31 October 2019 Company	Year ended 31 October 2018 Company
	£	£	£	£
<b>Current</b>				
Trade payables	44,078	58,529	-	19,134
Social security and other taxes	-	16,997	-	-
Corporation tax	114,591	53,522	-	-
Accruals & deferred Income	451,898	59,928	71,611	38,014
Other payables	400,564	337,248	-	-
	<u>1,011,131</u>	<u>526,224</u>	<u>71,611</u>	<u>57,148</u>

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

ONE MEDIA<sup>IP</sup> Group Plc

**Notes to the Consolidated Financial Statements  
For the year ended 31 October 2019**

**14. Deferred tax liability**

Group	Year ended 31 October 2019	Year ended 31 October 2018
	£	£
Opening balance	58,574	34,397
Origination and reversal of timing differences	26,999	24,177
<b>Total deferred tax liability</b>	<u>85,573</u>	<u>58,574</u>

The Group has estimated trading losses of £nil (2018: £nil) available for carry forward against future trading profits.

Company	Year ended 31 October 2019	Year ended 31 October 2018
	£	£
Opening balance	24,995	24,995
Other timing differences	-	-
Unrelieved tax losses	-	-
<b>Total deferred tax liability</b>	<u>24,995</u>	<u>24,995</u>

**15. Share capital**

Group and Company	2019	2018
	£	£
<b>Authorised:</b>		
200,000,000 ordinary shares of 0.5p each	<u>1,000,000</u>	<u>1,000,000</u>
<b>Issued:</b>		
135,603,699 ordinary shares of 0.5p each	<u>678,018</u>	<u>678,018</u>

**Notes to the Consolidated Financial Statements  
For the year ended 31 October 2019**

**15. Share capital - continued**

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

	£
Balance at 1 November 2018 and 31 October 2019	<u>678,018</u>

At 31 October 2019 500,000 (2018: 500,000) share options of 2.75p, granted on 7 March 2011, were outstanding. The number of Directors holding share options at 31 October 2019 was 1 (2018: 1). The options are exercisable on or before 6 March 2020.

On 5 June 2014 a further 300,000 share options of 14.5p were issued to 1 director and 3 members of staff and remain outstanding at 31 October 2019 (2018: 400,000). These options are exercisable on or before 4 June 2021.

On 21 April 2015 a further 1,200,000 share options of 9p were issued to 3 directors and remain outstanding at 31 October 2019 (2018: 1,800,000). These options are exercisable on or before 20 April 2022.

On 22 December 2017 a further 2,000,000 share options of 9p were issued to 4 directors and remain outstanding at 31 October 2019 (2018: 2,500,000). These options are exercisable on or before 21 December 2022.

On 25 September 2018 a further 30,833,333 share options of 6p were issued and remain outstanding at 31 October 2019 (2018: 30,833,333). These options are exercisable on or before 24 September 2025.

On 11 April 2019 a further 3,800,000 share options of 6p were issued to 4 directors and remain outstanding at 31 October 2019. These options are exercisable on or before 30 October 2026.

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

The share price of the options granted on 7 March 2011 was 2.75p per share. The Fair Value of these options, based on the Black Scholes model, was 4.15p per share based on a risk free interest rate of 5% and a volatility of 40%. A share option charge of £nil has been made for the year ended 31 October 2019 (2018: £2,595).

The share price of the options granted on 5 June 2014 was 14.5p per share. The Fair Value of these options, based on the Black Scholes model, was 21.87p per share based on a risk free interest rate of 5% and a volatility of 40%. A share option charge of £3,158 has been made for the year ended 31 October 2019 (2018: £4,210).

The share price of the options granted on 21 April 2015 was 9p per share. The Fair Value of these options, based on the Black Scholes model, was 13.57p per share based on a risk free interest rate of 5% and a volatility of 40%. A share option charge of £7,855 has been made for the year ended 31 October 2019 (2018: £11,783).

The share price of the options granted on 22 December 2017 was 9p per share. The Fair Value of these options, based on the Black Scholes model, was 12.86p per share based on a risk free interest rate of 5% and a volatility of 40%. A share option charge of £nil has been made for the year ended 31 October 2019 (2018: £96,473).

The share price of the options granted on 25 September 2018 was 6p per share. The Fair Value of these options, based on the Black Scholes model, was 8.57p per share based on a risk free interest rate of 5% and a volatility of 40%. A share option charge of £113,539 has been made for the year ended 31 October 2019 (2018: £nil).

The share price of the options granted on 11 April 2019 was 6p per share. The Fair Value of these options, based on the Black Scholes model, was 8.57p per share based on a risk free interest rate of 5% and a

# ONE MEDIA<sup>IP</sup> Group Plc

## Notes to the Consolidated Financial Statements For the year ended 31 October 2019

### 15. Share capital - continued

volatility of 40%. A share option charge of £17,945 has been made for the year ended 31 October 2019 (2018: £nil).

### 16. Company reserves

	Share redemption reserve	Share premium	Share based payment reserve	Retained earnings	Total
	£	£	£	£	£
<b>At 1 November 2017</b>	<b>239,546</b>	<b>1,457,645</b>	<b>107,198</b>	<b>1,317,413</b>	<b>3,121,802</b>
Proceeds from the issue of new shares	-	2,983,000	-	-	2,983,000
Fund raise costs	-	(126,425)	-	-	(126,425)
Share based payment charge	-	-	115,061	-	115,061
Profit for the year	-	-	-	109,186	109,186
<b>At 1 November 2018</b>	<b>239,546</b>	<b>4,314,220</b>	<b>222,259</b>	<b>1,426,599</b>	<b>6,202,624</b>
Share based payment charge	-	-	142,497	-	142,497
Profit / (loss) for the year	-	-	-	(70,475)	(70,475)
<b>At 31 October 2019</b>	<b>239,546</b>	<b>4,314,220</b>	<b>364,756</b>	<b>1,356,124</b>	<b>6,274,646</b>

The Consolidated Statement of Changes in Equity is shown on page 27.

### 17. Dividends per share

The total dividend paid in the year ended 31 October 2019 was £nil (2018: £nil).

### 18. Contingent liabilities

Due to the nature of the business, from time to time, claims will be made against the Group. Nonetheless, the Directors are not aware of any claims that are likely to be successful and, in their opinion, result in a material liability.

## Notes to the Consolidated Financial Statements For the year ended 31 October 2019

### 19. Capital commitments

There were no capital commitments at 31 October 2019 or at 31 October 2018.

### 20. Operating lease commitments

	Within one year £	1 to 5 years £	2019 Total £	Within one year £	1 to 5 years £	2018 Total £
Rent	28,125	-	28,125	48,115	36,086	84,201
Vehicles	5,034	-	5,034	7,691	5,034	12,725
	33,159	-	33,159	55,806	41,120	96,926

The lease for rent is due to expire on 31 July 2020 and for the vehicles leases expire during 2020. The Company has no other operating lease commitments.

### 21. Financial instruments

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

#### Financial assets by category

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

	Loans and receivables £	Non financial assets £	2019 Total £	Loans and receivables £	Non financial assets £	2018 Total £
Licenses and other intangible assets	-	8,900,409	8,900,409	-	3,351,304	3,351,304
Property, plant and equipment	-	7,647	7,647	-	12,221	12,221
Trade receivables	230,415	-	230,415	122,205	-	122,205
Social security and other taxes	15,497	-	15,497	-	-	-
Other receivables	699,915	-	699,915	528,461	-	528,461
Prepayments	41,227	-	41,227	30,294	-	30,294
Cash and cash equivalents	860,611	-	860,611	5,576,379	-	5,576,379
	1,847,665	8,908,056	10,755,721	6,257,339	3,363,525	9,620,864

Included within loan and receivables above are cash and cash equivalents of £548,191 (2018: £4,894,080), and trade and other receivables of £14,770 (2018: £33,049) excluding amounts owed by group undertakings in relation to the company.

Trade Debtors at 31 October 2019 of £230,415 (2018: £122,205) include £188,824 (2018: £78,795) payable in \$USD and £5,746 (2018: £7,748) payable in Euro.

## Notes to the Consolidated Financial Statements For the year ended 31 October 2019

### 21. Financial instruments - continued

#### Financial liabilities by category

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

	Other financial liabilities at amortised cost £	Liabilities not within the scope of IAS 39 £	2019 Total £	Other financial liabilities at amortised cost £	Liabilities not within the scope of IAS 39 £	2018 Total £
Trade payables	44,078	-	44,078	58,529	-	58,529
Social security and other taxes	-	-	-	16,997	-	16,997
Corporation tax	114,591	-	114,591	53,522	-	53,522
Deferred tax	85,573	-	85,573	58,574	-	58,574
Accruals and deferred income	-	451,898	451,898	-	28,413	28,413
Other payables	400,564	-	400,564	368,763	-	368,763
Borrowings	1,622,268	-	1,622,268	1,600,258	-	1,600,258
	<u>2,267,074</u>	<u>451,898</u>	<u>2,718,972</u>	<u>2,156,643</u>	<u>28,413</u>	<u>2,185,056</u>

Included within other financial liabilities are trade payables of £nil (2018: £19,133) and other payables of £6,500 (2018: £6,500) in relation to the company.

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

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

#### Credit risk

The Group's credit risk is primarily attributable to its trade receivables, other receivables and cash and cash equivalents. The amounts presented in the Consolidated Statement of Financial Position are net of any allowances for doubtful receivables. The Group has a significant concentration of credit risk associated with its distributor of digital content, The Orchard. Cash at bank is all held with highly rated banks or deposit takers, the suitability of which is constantly reviewed. The maximum credit to which the Group is exposed, including Cash at bank of £860,611, is £1,832,168 (2018: £6,257,339).

#### Liquidity risk

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

All the financial liabilities noted above, with the exception of the liability to deferred tax of £85,573 (2018: £58,574) and borrowings of £1,622,268 (2018: £1,600,258), are expected to result in cash outflow within six months of the year end. At 31 October 2019, £429,149 (2018: £412,775) of the financial liabilities were expected to result in cash outflow within six months of the year end.



**Notes to the Consolidated Financial Statements  
For the year ended 31 October 2019**

**21. Financial instruments - continued**

**Currency risk**

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

Included in Cash and cash equivalents, Trade receivables and Other receivables is USD\$1,107,674 (2018: USD\$1,297,273) equivalent to £856,285 (2018: £1,018,028) and Euro 18,785 (2018: Euro 31,958) equivalent to £16,202 (2018: £28,534) payable in Euro. If the foreign exchange rate was 10% different from the rate used at the year end there would be an under/over statement of assets of £96,943 (2018: £116,285).

Included in Accruals & deferred income and Other payables is USD\$446,558 (2018: USD\$5,602) equivalent to £345,211 (2018: £4,396) payable in USD\$. If the foreign exchange rate was 10% different from the rate used at the year end there would be an under/overstatement of liabilities of £38,357 (2018: £488).

**22. Related party transactions**

There were no related party transactions in the year under review or in the year ended 31 October 2019 nor 31 October 2018, other than transactions with the directors as disclosed in the Directors' Report and note 5 to the financial statements.

At 31 October 2019 the principal operating subsidiary One Media iP Limited owed the Company £7,614,011 (2018: £3,142,098). No formal inter-company loan agreement is in existence between the Company and its subsidiaries. During the year the Company made a management charge of £318,448 (2018: £202,559) against One Media iP Limited and received a dividend of £300,000 (2018: £300,000).

**23. Post balance sheet events**

On 21 October 2019, Alice Dyson-Jones and Steven Gunning were appointed to the Board as Executive Director and Finance Director respectively.

On 20 November 2019 Lord Michael Grade, Ivan Dunleavy and Philip Miles resigned as directors of the Group.

On 6 January 2020 Claire Blunt and Brian Berg were appointed as Independent Non-Executive Directors of the Company, with Claire as Non-Executive Chair.

On 29 January 2020 the company appointed Cenkos Securities plc as sole corporate broker to the Company.

Michael Infante, a director of the Company, has an option over 500,000 ordinary shares in the Company exercisable at a price of 2.75 pence per share for an exercise period to 6 March 2020. The Company has agreed to amend the terms of this option agreement by extending the exercise date to 6 March 2021. All other terms of the option agreement remain unchanged.

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## About One Media iP Group Plc

One Media is a digital music rights acquirer, publisher and distributor.

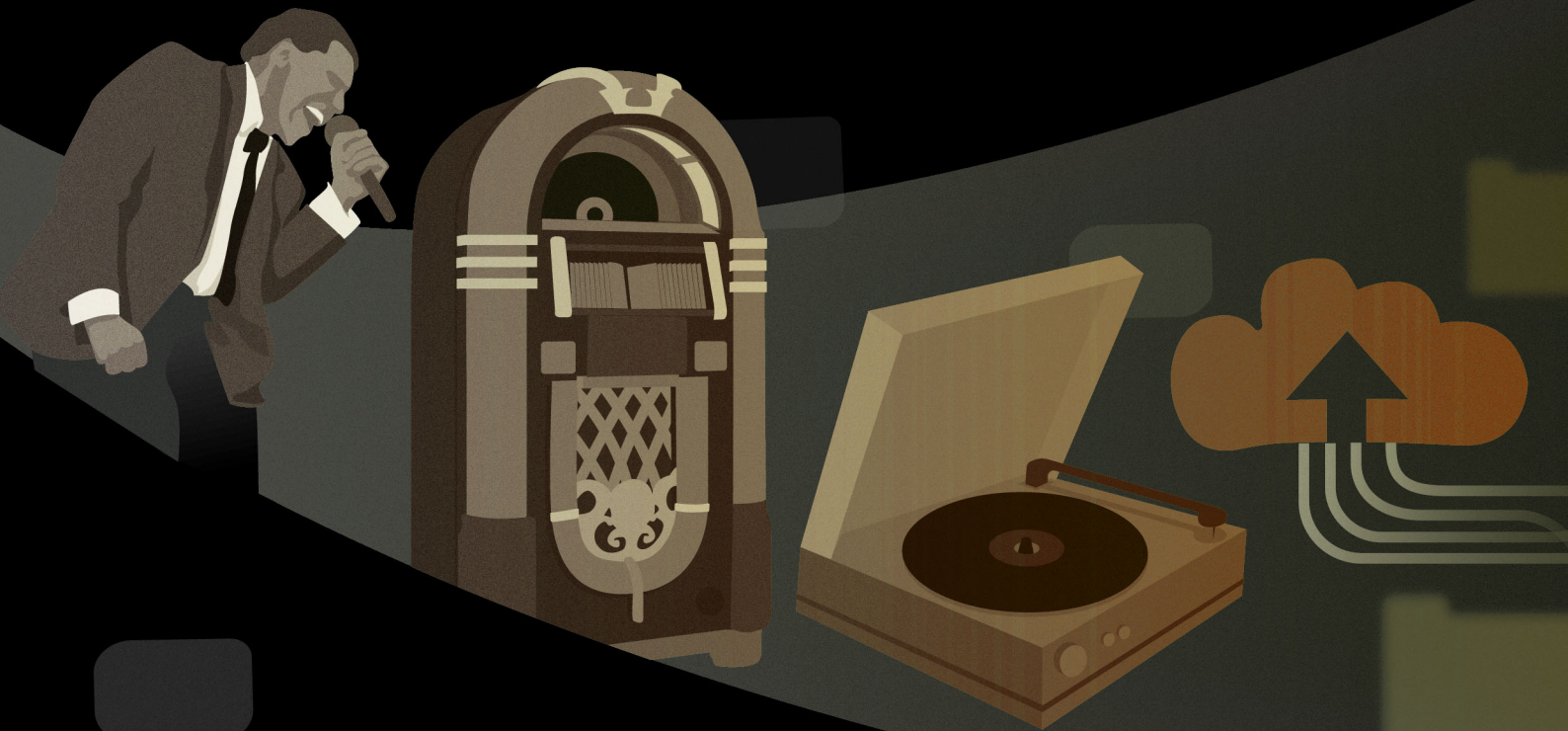
The Group specialises in purchasing and monetising intellectual property rights with proven, repeat income streams. One Media adds value to its content by maximising its availability in over 600 digital stores globally, including Apple Music, YouTube, Amazon and Spotify.

One Media's music is also widely used for synchronisation in film, TV and digital gaming whilst its video content is primarily viewed on YouTube where One Media operates over 20 YouTube channels as a certified partner.

One Media is listed on the London Stock Exchange on the AIM index, under the symbol 'OMIP'.

For further information: [www.omip.co.uk](http://www.omip.co.uk)

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## Get in Touch

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