

Parallel Media Group plc

Annual report for the year ended 31 December 2016

Registered Number 00630968



A LEADING SPORTS AND ENTERTAINMENT AGENCY

Who We Are

Parallel Media Group PLC (“PMG”) is a leading Communications Agency specialising in Sports, Entertainment and Media. Founded in 1987 by Chairman, David Ciclitira and listed on the London Stock Exchange’s AIM since August 2001, Parallel Media Group connects lifestyle brands to opportunities in Asian markets.

What We Do

In Sport

PMG has to date specialised in golf and has worked in the industry for over 25 years promoting tournaments on the European tour. PMG successfully moved the Ballantines Championship in Korea to Singapore and promoted and managed the second Prudential Causeway Trophy, a Ryder Cup style tournament, between Singapore and Malaysia. PMG still holds the rights to the renamed Championship formally the Ballantines Championship.

In Music

PMG created AIA K-Pop, a collaboration between one of Asia’s biggest financial brands, AIA and Korea’s best exports, K-Pop. PMG has promoted the Blue & White Festival and the AIA Real Life: NOW Festival in Korea.

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Parallel Media Group plc
DIRECTORS AND ADVISERS

Directors	David Ciclitira (Chairman) Maria Serena Ciclitira Ranjit Murugason Timothy Sturm (resigned 12 January 2017)
Public Limited Company No	00630968 - incorporated in England and Wales
Secretary and Registered Office	Sole Associates Accountants Limited 3 Park Court, Pyrford Road, West Byfleet, Surrey KT14 6SD
Nominated Adviser and Broker	Stockdale Securities Limited Beaufort House, 15 St Botolph Street London, EC3A 7BB
Auditor	Kingston Smith LLP 6 th Floor, Charlotte Building 17 Gresse Street, London, W1T 1QL
Solicitors	Druces LLP Salisbury House London, EC2M 5PS
Bankers	Lloyds Bank Plc 2 nd Floor, 25 St George Street London, W1S 1FS National Westminster Bank Plc 2 nd floor, 65 Piccadilly London, W1A 2PP
Registrars	Capita Registrars Limited The Registry, 34 Beckenham Road, Kent, BR3 4TU

I have pleasure in presenting the Company's Annual Report, Strategic Report and Financial Statements for the year ended 31 December 2016. Over the past year Parallel Media Group ("PMG", the "Company" or the "Group") has continued to restructure its balance sheet and strengthen its business in Asia.

Activity of PMG during the period under review:

- Organised the sponsorship by AIA of Maroon 5's tour of Hong Kong and Thailand;
- Continued to seek sponsorship for its European Tour golf event in the Far East through its Singapore subsidiary the Championship Limited; and
- Undertaken a review of its asset base and sold Parallel Media Group (Championship) Limited to its Chairman, thereby significantly reducing the Group's liabilities.

Other significant events:

- The Company has reached a settlement with Arena Group over the payment of fees, whereby the Company has received a cash sum of US\$125K (£86K) received in March 2016 and another US\$25K (£20K) received in January 2017; and
- The Company has further improved its balance sheet through the write back of certain old credit balances amounting to £237K, less the amounts paid towards certain of these liabilities of £44K, as the Directors no longer consider that these amounts represent liabilities of the Group. The net credit of £193K has been included as an exceptional item.

As in previous years I have continued to support the working capital requirements of the business and the amount lent to the Group at 31 December 2016 amounted to £1,417K (2015 - £872K). Whilst there are no formal terms for these loans, I had agreed with the independent director Ranjit Murugason (the "Independent Director") that these loans would not carry any interest and remained repayable on demand. Subsequent to the year end, on 29 June 2017 the Company has entered into formal agreements in relation to these loans, whereby interest will be payable at 5 per cent per annum commencing on 1 January 2017 and the interest will be rolled up into the loan principal. The total loans provided by me will be repayable by 1 July 2018, or at an earlier date at the discretion of the Company. At the date of publication of these accounts my loans to PMG total approximately £1,904K, including £38K of accrued interest and this sum also includes the repayment of the Group's outstanding loan with Lloyds Bank which I have recently settled for £213K, together with the associated legal and other fees of £18K.

Outlook:

With a much cleaner balance sheet and a reduced cost base, PMG can look clearly to the future to focus on its two primary sources of revenue – its live event division and its entertainment business.

I would like to take this opportunity to thank my fellow board members, as well as all of our hard working staff around the world.



David Ciclitira
Chairman
29 June 2017

Strategic Report

The Directors of the Company and its subsidiary undertakings, which together comprise Parallel Media Group, present their Strategic Report for the year ended 31 December 2016.

The Strategic Report is a statutory requirement under the Companies Act 2006 and is intended to provide fair and balanced information that enables the Directors to be satisfied that they have complied with s172 of the Companies Act 2006, which sets out the Directors' duty to promote the success of the Company.

Principal Activities

The principal activities of the Group during the year ended 31 December 2016 were live music and entertainment events.

Organisation Review

PMG has expertise in guiding some of the world's leading brands in the Asian markets. Founded in 1987 by Chairman, David Ciclitira, and listed on the London Stock Exchange's AIM since August 2001, the operations of PMG are run from two main offices in London and Singapore.

The Board of Directors now comprises the Chairman and two non-executive Directors. Their profiles can be found on the Company's website www.parallelmediagroup.com

Strategy and Business Plan

PMG now focuses on two distinct business areas, Sport and live event Entertainment.

In Sport PMG specialises in golf and has been responsible for promoting tournaments such as The Championship (formerly the Ballantine's Championship) and the Prudential Causeway Trophy, a Ryder Cup style competition between professional golfers from Singapore and Malaysia. Discussions continue regarding the renamed 2017 Golf Tournament.

In entertainment PMG specialises in connecting international brands with music solutions in the Asian markets and will continue to focus on its live events over the next 12 months.

The media business is still under review by the Group's management.

Financial and Performance Review

The consolidated Income Statement is set out on page 19. The Group made an operating loss of £522K (2015 – loss of £266K) when compared with the previous year. The Group recorded a loss for the year of £1,734K (2015 – profit of £611K) after an exceptional charge of £1,182K (2015 – profit from discontinued operations of £920K), which includes impairment charges relating to the Group's Tournament Rights, which are held as an intangible asset, an impairment charge against the carrying value of the Group's investment in a subsidiary company and the write back of certain liabilities which are no longer considered payable. The loss per share on total operations was 57.6p (2015 – Profit 20.3p).

The net liabilities of the Group as at 31 December, 2016 were £2.749K (2015 - £1,009K). The Directors have undertaken an impairment review regarding the value of Tournament Rights. As no new tournament was held in 2016 and the Directors have no reasonable certainty that a golf tournament will be held in 2017, whilst the Group still retains the right to promote European Tour golf events, as at 31 December 2016, the Directors have taken the view that the value of this intangible asset has been impaired and have accordingly written the value of this asset down by £1,321K to a carrying value of £1K, which is shown as an exceptional item. The Group is continuing the search for a primary sponsor such that a golf tournament in the Far East can be held in the future.

The investment in a subsidiary (the "Investments") originally related to the 25% equity purchase of Parallel Media Group Asia Pte Ltd ("PMGA") in 2013. As a result of PMGA's trading losses in recent years and the balance sheet deficit at 31 December 2016 and there being no reasonable certainty of PMGA returning profitability in the near term, the Directors have undertaken an impairment review regarding the value of the Investments at 31 December 2016 and have taken the view that the value of this asset has been impaired and have accordingly written off this asset in its entirety (£54K charge included as an exceptional item).

PMG had entered into a long term agreement with Team Rock in December 2015, which allowed the Group to represent Team Rock's interest in Asia, specifically to co-promote the Classic Rock awards in Japan. The event was held in Tokyo in November 2016 to much critical acclaim and it is therefore disappointing to report that Team Rock went into liquidation in December 2016 and the Group is considered unlikely at this point in time to receive its anticipated revenue of £60K in the foreseeable future and as a result the Directors have made a full provision against this receivable.

Management have also identified that, due to an accounting error, both turnover and overheads were overstated in the unaudited interim results for the 6 months ended 30 June 2016 by £67K. The re-stated numbers would therefore show turnover of £200K (as previously announced £267K) and other administrative expenses of £141K (as previously announced £208K). These adjustments produce no change to the stated operating loss before exceptional items of £110K.

The statement of financial position of the Group is set out in page 21 and the statement of cash flows is set out on page 25.

Operating Review

Sport

- Continues to seek sponsorship for its European Tour date.

Entertainment

- Organised the sponsorship by AIA of Maroon 5's tour of Hong Kong and Thailand.

Media

- Under review by the management of the Company.

Risk and Uncertainties

Revenue risk:

PMG derives the majority of its revenues from events promotion and sponsorship sales in Asia. Sponsorship sales rely on international brands seeking to expand their presence in the Asian markets. A downturn in Asian sponsorship could negatively impact PMG results. PMG is working to mitigate this risk through the development of long-term sponsorship contracts.

Cost risk:

A considerable portion of PMG's cost of sales is derived from business in Asia through the delivery of events in the region. Increases in local supplier costs may negatively impact PMG's financial performance. PMG works to mitigate this risk by working with internationally recognised suppliers and renegotiates supply contracts on an event by event basis.

Event cancellation risk:

When staging international golf events in the Asia region. To mitigate the impact of event cancellation, PMG insures against this risk.

New product risks:

PMG carries out market research on new products and expects all new products to generate revenues.

Financial Instruments

Although PMG is headquartered in the UK, a considerable portion of revenue and costs are denominated in US dollars, Singapore dollars, Euros and Korean Won. As a result, the Group's consolidated financial statements (presented in Sterling) can be affected by adverse currency movements. The Group's financial risk management objective is to minimise the exposure to such foreign currency risks. PMG's policy is to match US dollar, Euro and Korean Won revenue and costs as closely as is practicable.

The Group is exposed to interest rate risk from movements in the bank base rate. The Company's £251K debt facility with Lloyds incurred interest at 4% above base, prior to its repayment.

The Group is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The Group's customers are predominantly comprised of, large multi-national luxury brands. The sponsorship & consulting revenues are secured by contracts for the provision of services. Title sponsors pay contracted stage payments in regular intervals throughout the year. Secondary sponsors pay contracted sponsorship fees usually 60 days prior to the event. The Group aims to ensure that the majority of sponsorship is paid prior to the provision of the service or event.

The Group and Company's surplus liquid resources were maintained on short-term interest bearing deposits. The Group plans to continue to meet operating and other commitments as they fall due. Liquidity risk is managed through cash flow forecasts and regular planning.

Internal Controls and Risk Management

The Directors are responsible for the Group's system of internal financial control. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system is designed to bring reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

The Board reviews capital investment, additional borrowing facilities, guarantees and insurance arrangements.

Key Performance Indicators

PMG is looking to focus on its two primary sources of revenue, namely, its live event division and its entertainment business. As these develop in the future, the Board will develop a set of specific KPIs that are relevant to the business. The performance measures used to monitor the business during the period under review are disclosed in the Financial and Performance Review set out above.

Forward Looking Statement

PMG will continue to focus on its Live Events over the forthcoming 12 months and has been looking for suitable acquisitions in the live event entertainment sector. I am pleased to report that the Board has identified potential acquisition opportunities and is currently in the process of evaluating these, although there can be no certainty that any transaction will be completed. Further announcements will be made as and when appropriate.

Corporate Governance

The Group is committed to high standards of corporate governance. The non-executive director Timothy Sturm was Chairman of the Audit Committee until his resignation on 12 January 2017, while Ranjit Murugason continues his role as a non-executive director and is now Chairman of the Audit Committee.

Role of the Board

The Board's role is to agree PMG's long-term direction and strategy and monitor achievement of its objectives. The Board aims to meet six times a year for these purposes and hold additional meetings where necessary. The Board receives reports on all significant strategic and operational matters.

Shareholders

The Board seeks to protect shareholders' interests by following where appropriate the guidelines in the UK Corporate Governance Code. The annual general meeting provides the Board with an opportunity to informally meet and communicate with investors.

Suppliers and Contractors

It is Group policy that appropriate terms and conditions for its transactions be agreed with its suppliers and that payment should be made in accordance with those terms and conditions, provided that the supplier has also complied with them. The Group does not follow any code or standard on payment practice.

This strategic report was approved by the Board of Directors on 29 June 2017 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'D. Ciclitira', written in a cursive style.

David Ciclitira
Chairman
29 June 2017

BASIS OF PREPARATION, FORECASTS AND ASSUMPTIONS

The financial statements have been prepared on a going concern basis as per note 1.1 which assumes that the Group will continue in operational existence for the foreseeable future. The Directors have prepared trading and cash flow forecasts for the Group for the period to 31 December 2017.

BRANCHES IN THE EU

The Group has no branches in the EU whilst the Joint Venture, Parallel Media Italia s.r.l., a company incorporated in Italy, has not traded.

DIVIDEND

No dividend is recommended in respect of the year ended 31 December 2016 (2015 - £Nil).

DIRECTORS

The Directors during the year and their periods of office were:

David Ciclitira	-	Director for the full year ended 31 December 2016
Maria Serena Ciclitira	-	Non-Executive Director for the full year ended 31 December 2016
Ranjit Murugason	-	Non-Executive Director for the full year ended 31 December 2016
Timothy Sturm	-	Non-Executive Director for the full year ended 31 December 2016 and until his resignation on 12 January 2017.

Directors' interests in shares and options:

The beneficial interests in the ordinary share capital of the Company of the Directors in office at 31 December 2016 were as follows:

Director	31 December 2016 Ordinary shares of 1p		31 December 2015 Ordinary shares of 1p	
	Fully Paid	Options	Fully Paid	Options
David Ciclitira	1,011,713	-	1,011,713	44,935
Maria Serena Ciclitira	1,562	-	1,562	-
Ranjit Murugason	180,742	-	180,742	-
Tim Sturm	7,083	-	7,083	-

The shares or beneficial interest in the shares held by David Ciclitira are as follows:

Holder	No. of 1p shares 31 December 2016	No. of 1p shares 31 December 2015	Reference
D Ciclitira	688,747	688,747	Held by D Ciclitira directly
Barclays Wealth Trustees (Jersey) Ltd	206,532	206,532	A discretionary trust, of which D Ciclitira is a potential beneficiary
Luna Trading Ltd	116,434	116,434	A company held by a discretionary trust, of which D Ciclitira is a potential beneficiary
Maria Serena Ciclitira	1,562	1,562	Held indirectly by Maria Serena Ciclitira
	1,013,275	1,013,275	

The above table constitutes the David Ciclitira Concert Party

SUBSTANTIAL SHAREHOLDINGS

The following investors notified the Directors that they hold or are beneficially interested in 3% or more of the Company's ordinary share capital.

	No	%
David Ciclitira Concert Party	1,013,275	33.67%
Rathbone Nominees	600,000	19.94%
Hargreaves Lansdown (Nominees) Ltd	588,230	19.55%
HSBC Global Custody Nominees (UK) Ltd	405,024	13.46%
Ranjit Murugason	180,742	6.01%
Vidacos Nominees Ltd	136,187	4.53%
JIM Nominees	118,158	3.93%
Cantor Fitzgerald Europe	106,769	3.55%
HSDL Nominees Ltd	92,261	3.07%

DIRECTORS' LIABILITY INSURANCE

During the year, Directors' and officers' liability insurance was maintained for Directors and other officers of the Company as permitted by the Companies Act 2006.

AIM COMPLIANCE

In accordance with AIM Rule 31, the Company is required to have in place sufficient procedures, resources and controls to enable its compliance with the AIM Rules. In order to ensure that these obligations are met, matters of compliance are managed through regular Board meetings and advice is sought from the Group's nominated adviser (Nomad). The Directors are satisfied that the Company's obligations under AIM Rule 31 have been met during the period under review.

DISCLOSURE OF INFORMATION TO AUDITOR

In the case of each of the Directors who are Directors of the Company at the date when this report is approved:

- So far as they are individually aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each of the Directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of the information.

AUDITOR

Parallel Media Group re-appointed Kingston Smith LLP as auditors for the Company and its subsidiaries for the financial year 2016. A resolution to re-appoint Kingston Smith LLP for the 2017 audit will be put to the shareholders at the next Annual General Meeting.

POST BALANCE SHEET EVENTS

Other than the early repayment by David Ciclitira of the Group's outstanding loan from Lloyds Bank in June 2017, which was formally secured by his personal guarantee, in the sum of £213,064 together with the associated legal costs of £17,453 and the arrangements relating to the formalisation of the loans to the Group by David Ciclitira or entities under his control, there has been no further matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

On behalf of the Board

D Ciclitira



Chairman

29 June 2017

The Directors are responsible for preparing the strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange, the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have also elected to prepare the parent Company financial statements in accordance with those standards. 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 judgements and accounting estimates that are reasonable and prudent;
- state whether the Group financial statements have been prepared in accordance with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARALLEL MEDIA GROUP PLC

We have audited the financial statements of Parallel Media Group plc for the year ended 31 December 2016 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Financial Position, Consolidated and Company Statements of Changes in Equity, Consolidated and Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the Company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the Company and Company's members as a body, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 16 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the group financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2016 and of the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion 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 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Peter Smithson (Senior Statutory Auditor)

for and on behalf of Kingston Smith LLP, Statutory Auditor

29 June 2017

6th Floor

Charlotte Building

17 Gresse Street

London W1T 1QL

Parallel Media Group plc

CONSOLIDATED INCOME STATEMENT for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Revenue	4	221	241
Cost of sales	5	(78)	(5)
Gross profit		143	236
Administrative expenses			
Foreign exchange		(31)	(9)
Depreciation and amortisation of non financial assets		(139)	(139)
Other administrative expenses		(495)	(354)
Total administrative expenses		(665)	(502)
Operating loss before exceptional items	6	(522)	(266)
Exceptional items	7	(1,182)	-
Operating loss after exceptional Items		(1,704)	(266)
Finance costs	12	(30)	(43)
Loss for the period	4	(1,734)	(309)
Profit from discontinued operations	8	-	920
(Loss)/profit on ordinary activities before tax		(1,734)	611
Tax expense	13	-	-
(Loss)/Profit for the year		(1,734)	611
Attributable to:			
Non-controlling interests		-	-
Equity holders of the parent		(1,734)	611
(Loss)/earnings per share on total operations			
-basic and diluted	14	(57.6)p	20.3p
(Loss) per share on continuing operations			
-basic and diluted	14	(57.6)p	(10.3)p

The accompanying accounting policies and notes form an integral part of the financial statements.

Parallel Media Group plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2016

	2016	2015
	£'000	£'000
(Loss)/Profit for the year	(1,734)	611
Items that will be subsequently reclassified to profit and loss		
Exchange difference on translation of foreign operations	(60)	34
Total comprehensive(expense)/income for the year	(1,794)	645
Total comprehensive(expense)/income attributable to:		
Equity holders of the parent	(1,794)	645
Non-controlling interest	-	-
	(1,794)	645

Parallel Media Group plc

STATEMENTS OF FINANCIAL POSITION as at 31 December 2016

		Group		As restated Company	
		2016	2015	2016	2015
		£'000	£'000	£'000	£'000
Non current assets					
Property, plant and equipment	15	-	3	-	-
Intangible assets - Tournament rights	16	1	1,458	1	1,458
Investments	17	-	-	-	54
Total non current assets		1	1,461	1	1,512
Current assets					
Trade and other receivables	18	23	61	603	537
Cash and cash equivalents	19	25	14	18	7
Total current assets		48	75	621	544
Current liabilities					
Financial liabilities - Borrowings	20	85	85	85	85
Trade and other payables	21	2,547	2,229	4,899	4,617
Total current liabilities		2,632	2,314	4,984	4,702
Net current liabilities		(2,584)	(2,239)	(4,363)	(4,158)
Non current liabilities					
Financial liabilities - Borrowings	22	166	231	166	231
Net liabilities		(2,749)	(1,009)	(4,528)	(2,877)

STATEMENTS OF FINANCIAL POSITION as at 31 December 2016 (continued)

		Group		As restated Company	
		2016 £'000	2015 £'000	2016 £'000	2015 £'000
Share capital	25	4,612	4,612	4,612	4,612
Share premium		8,741	8,741	8,741	8,741
Other reserves		557	503	557	557
Capital redemption reserve		5,034	5,034	5,034	5,034
Foreign exchange reserve		(142)	(82)	-	-
Retained earnings		(21,704)	(19,970)	(23,472)	(21,821)
Equity attributable to equity holders of the parent		(2,902)	(1,162)	(4,528)	(2,877)
Non-controlling interests		153	153	-	-
		(2,749)	(1,009)	(4,528)	(2,877)

The financial statements were approved and authorised for issue by the Board of Directors on 29 June 2017 and were signed on its behalf by:



David Ciclitira
Chairman

Parallel Media Group plc

STATEMENTS OF CHANGES IN EQUITY for the year ended 31 December 2016

	Ordinary Share Capital	Share Premium	Other Reserves	Capital Redemption Reserve	Forex Reserve	Retained Earnings	Subtotal	Non controlling Interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Group									
As at 31 December 2015	4,612	8,741	503	5,034	(82)	(19,970)	(1,162)	153	(1,009)
Loss for the year	-	-	-	-	-	(1,734)	(1,734)	-	(1,734)
Impairment provision	-	-	54	-	-	-	54	-	54
Foreign exchange	-	-	-	-	(60)	-	(60)	-	(60)
Total comprehensive Income/(expense) for the year	-	-	54	-	(60)	(1,734)	(1,740)	-	(1,740)
At 31 December 2016	4,612	8,741	557	5,034	(142)	(21,704)	(2,902)	153	(2,749)
						Restated (Note 31)			
Company									
At 31 December 2015	4,612	8,741	557	5,034	-	(21,821)	(2,877)	-	(2,877)
Loss for the year	-	-	-	-	-	(1,651)	(1,651)	-	(1,651)
At 31 December 2016	4,612	8,741	557	5,034	-	(23,472)	(4,528)	-	(4,528)

Parallel Media Group plc

STATEMENTS OF CHANGES IN EQUITY for the year ended 31 December 2016 (continued)

	Ordinary Share Capital	Share Premium	Other Reserves	Capital Redemption Reserve	Forex Reserve	Retained Earnings	Subtotal	Non controlling Interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Group									
As at 31 December 2014	4,612	8,741	503	5,034	(116)	(20,581)	(1,807)	153	(1,654)
Profit for the year	-	-	-	-	-	611	611	-	611
Foreign exchange	-	-	-	-	34	-	34	-	34
Total comprehensive income/(expense) for the year	-	-	-	-	34	611	645	-	645
At 31 December 2015	4,612	8,741	503	5,034	(82)	(19,970)	(1,162)	153	(1,009)
Company									
At 31 December 2014	4,612	8,741	557	5,034	-	(20,749)	(1,805)	-	(1,805)
Loss for the year (restated – Note 31)	-	-	-	-	-	(1,072)	(1,072)	-	(1,072)
At 31 December 2015	4,612	8,741	557	5,034	-	(21,821)	(2,877)	-	(2,877)

Parallel Media Group plc

STATEMENTS OF CASH FLOWS for the year ended 31 December 2016

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
Operating Loss	(522)	(266)	(438)	(707)
(Increase)/decrease in translation reserve	(60)	34	-	-
Depreciation	3	3	-	-
Amortisation of intangibles - Tournament rights	136	136	136	136
Impairment provision – Tournament rights	1,321	-	1,321	-
Impairment provision – Investment in subsidiary	54	-	54	-
Loss on disposal of Investments	-	-	-	4
Decrease/(increase) in receivables	38	11	(66)	12
Increase/(decrease) in payables	318	(748)	281	642
Consideration to purchaser of Parallel Media Group Championship Ltd	-	50	-	50
Profit from discontinued operations	-	920	-	-
Exceptional item	(1,182)	-	(1,182)	-
Cash generated from operations	106	140	106	137
Cash flow from investing activities				
Acquisition of property, plant and equipment	-	-	-	-
Investments in joint ventures	-	-	-	-
Net cash (used in)/generated from investing activities	-	-	-	-
Cash flow from financing activities				
Loans repaid	(65)	(86)	(65)	(86)
Interest paid	(30)	(43)	(30)	(43)
Net cash used in financing activities	(95)	(129)	(95)	(129)
Cash and cash equivalents at beginning of the year	14	3	7	(1)
Net increase in cash and cash equivalents	11	11	11	8
Cash and cash equivalents at end of the year	25	14	18	7

1. Basis of preparation

These financial statements have been prepared on the historical cost basis as modified by use of the fair-value basis where required and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS as at 31 December 2016.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements which are disclosed in note 3.

A separate Income Statement or Statement of Comprehensive Income for the parent Company has not been presented as permitted by section 408 of the Companies Act 2006. The parent Company loss for the year was £1,651K (2015 - Loss as restated £1,072K).

1.1 Going concern

The Directors have prepared trading and cash flow forecasts for the Group for the year ended 31 December 2017. The forecasts incorporate trading assumptions, including sponsorship from existing tournaments, new sponsorship revenues and revenues from new products. The forecasts show that the Group has sufficient cash to meet liabilities as they fall due for a period of 12 months from the date of signature of the financial statements.

In addition, the Directors have received confirmation that financial support will be provided to the PMG Group of companies sufficient to enable the Group to continue to trade and meet its financial obligations as they fall due for the foreseeable future being at least 12 months from the date that the Parallel Media Group plc financial statements for the year ended 31 December 2016 are approved and signed.

The Directors believe these forecasts to be realistic and consequently have prepared the financial statements on the going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future.

1.2 Adoption of standards effective in 2016

The financial statements are prepared in accordance with International Financial Reporting Standards and Interpretations as adopted by the EU in force at the reporting date.

a) New and amended standards adopted by the Group.

There were no new standards in effect that have had a significant effect on the financial statements. There have been improvements to standards which provide clarifications rather than substantive changes to requirements.

New and Revised Standards

IFRS in issue but not applied in the current financial statements

The following IFRS and IFRIC Interpretations have been issued but have not been applied by the Group and the Company in preparing these financial statements, as they are not as yet effective and in some cases had not yet been adopted by the EU. The Company intends to adopt these Standards and Interpretations when they become effective, rather than adopt them early.

- IFRS 9, 'Financial Instruments'
- IFRS 15, 'Revenue from Contracts with Customers'
- IFRS 16 Leases
- IFRS 10 and IAS 28 (amendments), 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'
- Amendments to IFRS 2, 'Classification and Measurement of Share-based Payment Transactions'
- Amendments to IAS 7, 'Disclosure Initiative'
- Amendments to IAS 12, 'Recognition of Deferred Tax assets for Unrealised Losses'

1.2 Adoption of standards effective in 2016 (continued)

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the Group in future periods except that IFRS 9 will impact both the measurement and disclosure of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures. Beyond this, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 and IFRS 15 until a detailed review has been completed.

IFRS 16 is a significant change to lease accounting and all leases will require balance sheet recognition of a liability and a right-of-use asset, except short term leases of low value assets. The effect on the Group is expected to be immaterial.

A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the Company's activities and which have not therefore been adopted in preparing these financial statements.

2. Accounting policies

2.1 Consolidation and investments

The consolidated financial statements incorporate the results of the Company and all of its subsidiary undertakings as at 31 December 2016 using the purchase method of accounting. Under the purchase method the results of subsidiary undertakings are included from the date of acquisition. On disposal, the results are included up to the date of disposal. Inter-company balances, transactions and unrealised gains/losses are eliminated on consolidation.

2.2 Intangible assets – Tournament rights

The rights to promote European Tour golf events were acquired in September 2006 and are included in the statement of financial position as intangible assets in the audited financial statements for the year ended 31 December 2016. These assets are amortised on a straight line basis over their expected life of 20 years. Intangible assets acquired are held at cost less amortisation and are reviewed on an annual basis for impairment.

2.2.1 Intangible assets - Development costs

Development costs are included in the statement of financial position at cost less any impairment provision. Development costs are only recognised where it can be demonstrated that the project is technically feasible;

2.2.1 Intangible assets - Development costs (continued)

where there is a clear intention to complete the project; that there is ability to use or sell the asset; that there is a high probability of future economic benefits and expenditure can be measured reliably.

Amortisation is charged to the Income Statement on a straight-line basis over the estimated useful lives of the intangible asset. This is between 2 and 11 years based on the asset unless such lives are indefinite. These changes are included in administrative expenses in the Income Statement.

2.3 Investment in joint ventures

A joint venture is an entity over which the Group has joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The investment in a joint venture is initially recognised at cost and adjusted for the Group's share of the changes in the net assets of the joint venture after the date of acquisition, and for any impairment in value. If the Group's share of losses of a joint venture exceeds its interest in the joint venture, the Group discontinues recognising its share of further losses.

2.4 Property, plant & equipment

All property, plant and equipment assets are stated at cost less accumulated depreciation.

Depreciation is provided on office equipment and fixtures & fittings at 20% on a straight line basis. Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

2.5 Impairment of assets

The carrying amounts of the Group's assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Income Statement. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

2.6 Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognised on trade date when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair-value plus, in the case of a financial instrument not at fair-value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments are derecognised on trade date when the Group is no longer a party to the contractual provisions of the instrument.

2.7 Trade receivables

Trade receivables are stated at their amortised cost. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

2.8 Cash and cash equivalents

Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.9 Trade payables

Trade payables are stated at their amortised cost.

2.10 Interest-bearing borrowings (other than compound financial instruments)

Interest-bearing borrowings are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

2.11 Share based payments

Options are measured at fair-value at grant date using the Black-Scholes model. The fair-value is expensed on a straight line basis over the vesting period, based on an estimate of the number of options that will eventually vest. Cash settled share based payment transactions results in the recognition of a liability at its current fair-value.

2.12 Revenue recognition

Revenue includes sponsorship, management fees, sales & consulting fees, and income from sales of broadcasting rights. Revenue is recognised when the Group has earned the right to receive consideration for its performance, measured on the following basis:

- (i) Management fees and other fees earned – on rendering of services to third parties.
- (ii) Income from sale of sponsorship and commercial rights – on a straight line basis in accordance with the terms of the agreement.
- (iii) Income from sale of broadcasting rights – on delivery of the programmes to broadcasters in accordance with the terms of the agreement.

2.13 Deferred taxation

Deferred tax is provided in full using the balance sheet liability method. Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the statement of financial position.

The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

The Group does not recognise deferred tax liabilities, or deferred tax assets, on temporary differences associated with investments in subsidiaries, as it is not considered probable that the temporary differences will reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amounts of the deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered.

2.14 Segmental reporting

The Group has three operating segments, namely: the Sports, Entertainment and Media segments. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services (see note 4).

Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at arm's length prices.

For management purposes, the Group uses the same measurement policies as those used in its financial statements, except for certain items not included in determining the operating profit of the operating segments, such as share-based payment expenses.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. This primarily applies to the Group's headquarters.

2.15 Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated at the rates of exchange ruling at the reporting date. Transactions in foreign currencies are translated at the rate ruling at the date of the transaction. Differences on exchange arising on translation of subsidiaries are charged directly to other comprehensive income. All other exchange differences have been charged to the Income Statement in the period under review.

2.16 Business combinations

The consolidated financial statements incorporate the results of business combinations using the purchase method. The cost of an acquisition is measured as an aggregate of the consideration transferred, measured at the acquisition date fair-value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Subsequent changes in the proportion of the non-controlling interests, which do not result in the de-recognition of the subsidiary, are accounted for in equity. Costs incurred in connection with the acquisition are recognised in profit or loss as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair-value of the Group's previously held equity interest in the acquiree is re-measured to fair-value at the acquisition date through profit or loss. Goodwill is initially measured at cost being the excess of the consideration transferred over the Group's share of net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair-value of net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any recognised impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to either the acquired business or to each of the Group's cash generating units that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms a part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit until retained.

Goodwill arising from business combinations is assessed for impairment annually.

The results of the acquired operations are included in the consolidated Income Statement and consolidated statement of comprehensive income from the date on which control is obtained.

2.17 Exceptional items

Exceptional costs and are those costs incurred by the Group which are considered by the Directors to be material in size and are unusual and infrequent in occurrence which require separate disclosure within the financial statements.

3. Accounting estimates and judgements

The preparation of financial information in accordance with generally accepted accounting practice, in the case of the Group, being International Financial Reporting Standards as adopted by the European Union, requires the Directors to make estimates and judgements that affect the reported amount of assets, liabilities, income and expenditure and the disclosures made in financial statements. Such estimates and judgements must be continually evaluated based on historical experience and other factors, including expectations of future events.

The significant judgements made by management in applying the Group's accounting policies as set out above, and the key source of estimation, were:

3.1 Intangible assets

Tournament rights are the rights to promote European Tour golf events acquired in a market transaction in September 2006. These assets are carried at cost less amortisation and impairment. Amortisation is calculated to write-off the assets over their expected useful life of 20 years. Following an impairment review and subsequent provision for impairment, tournament rights have a carrying value of £1K (2015 - £1,458K).

3.2 Investments

The investment in a subsidiary (the "Investments") originally related to the 25% equity purchase of Parallel Media Group Asia PTE Ltd ("PMGA") in 2013. As a result of PMGA's trading losses in recent years and the balance sheet deficit at 31 December, 2016 and there being no reasonable certainty of PMGA returning to profitability in the near term, the Directors have undertaken an impairment review regarding the value of the Investments at 31 December, 2016 and have taken the view that the value of this asset has been impaired and have accordingly written this asset off in its entirety.

4. Segment reporting**Operating segments**

The Group operates under three segments, namely, Sports, Entertainment and Media.

Parallel Sports

Parallel Sports operates professional golf tournaments around the world sanctioned by The European Tour, The Asian Tour and The Korean LPGA with a focus in Asia.

Parallel Media

The media segment had focused on smart media and is currently being reviewed by the Directors of the Company.

Parallel Entertainment

The entertainment division is focused on building on our relationships with AIA and promoting new music related events.

Segment results for the year:

Operating segments	Sports		Entertainment		Media		Consolidated	
	£'000		£'000		£'000		£'000	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue	221	40	-	201	-	-	221	241
Joint ventures	-	-	-	-	-	-	-	-
Segment result	143	40	-	196	-	-	143	236
Unallocated corporate expenses							(665)	(502)
Operating loss							(522)	(266)
Exceptional Items							(1,182)	-
Discontinued operations							-	920
Finance costs							(30)	(43)
(Loss)/profit for the year							(1,734)	611

4. Segment reporting (continued)**Revenue by major customer**

The Group had no major customers during the year ended 31 December 2016 or 31 December 2015.

Geographical analysis

Operating segments	Revenues		Non-current Assets	
	£'000		£'000	
	2016	2015	2016	2015
South Korea	161	-	-	270
Hong Kong	-	-	-	1,020
Singapore	-	201	-	3
Japan	60	-	-	-
UK	-	40	1	168
Malaysia	-	-	-	-
Total by geography	221	241	1	1,461

4. Segment reporting (continued)

Segment assets and liabilities

Operating segments	Sports		Entertainment		Media		Consolidated	
	£'000		£'000		£'000		£'000	
	2016	2015	2016	2015	2016	2015	2016	2015
Segment assets	1	1,504	-	-	-	-	1	1,504
Unallocated corporate assets							48	32
Consolidated total assets							49	1,536
Segment liabilities	(438)	(638)	(55)	(83)	-	(3)	(493)	(724)
Unallocated corporate liabilities							(2,305)	(1,821)
Consolidated total liabilities							(2,798)	(2,545)
Net liabilities							(2,749)	(1,009)

Other segment information for the year

Operating segments	Sports		Entertainment		Media		Consolidated	
	£'000		£'000		£'000		£'000	
	2016	2015	2016	2015	2016	2015	2016	2015
Depreciation of tangible assets	(3)	(3)	-	-	-	-	-	(3)
Amortisation of intangible assets	(136)	(136)	-	-	-	-	(136)	(136)
Impairment review (note 7)	(1,321)	-	-	-	-	-	(1,321)	-

5. Cost of sales

The Group's cost of sales comprises:

	2016	2015
	£'000	£'000
Cost of Sales	78	5

6. Operating loss before exceptional items

	2016	2015
	£'000	£'000
This is stated after charging:		
Depreciation	3	3
Amortisation	136	136
Exceptional items (see Note 7 below)	1,182	-
Discontinued operations (see Note 8 below)	-	920

7. Exceptional items

The exceptional items are made up as follows:

	2016	2015
	£'000	£'000
Intangible assets impairment review (see Note 16)	1,321	-
Investments impairment review (see Note 17)	54	
Write back of old credit balances	(237)	-
Amounts paid re old credit balances	44	
	1,182	-

Further details of the intangible assets and investments impairment reviews are given respectively in Notes 16 and 17 to these financial statements. The write back of old credit balances, less the amounts paid towards certain of these liabilities, related to amounts that the Directors no longer consider represent liabilities for the Group.

8. Discontinued operations

As required by IFRS5, the sale of Parallel Media Group (Championship) Ltd in 2015 was treated as a discontinued operation and the amounts in relation to the discontinued operation, together with the profit on disposal, are shown as a separate item in the Group's consolidated Income Statement.

Discontinued Operations		
	2016	2015
	£'000	£'000
Profit on sale of business	-	1,042
Foreign exchange movement	-	(72)
Consideration paid to purchaser	-	(50)
Total results for discontinued operations	-	920

9. Auditor's remuneration

	2016	2015
	£'000	£'000
Fees payable to the auditor Kingston Smith LLP for the audit of the annual accounts of the Group, the Company and the Group subsidiaries.	30	25
Services relating to taxation	5	5
	35	30

10. Employees

	2016	2015
Group		
The average number of employees (including Directors) during the year was:	(Number)	(Number)
Administration	4	4

	2016	2015
	£'000	£'000
The aggregate payroll costs including Directors were:		
Wages, salaries and fees	175	140
Social security costs	-	11
	175	151

11. Remuneration of Directors

The Directors are the key management personnel of the Group. Directors' remuneration, including non-executive Directors, during the year was as follows:

	2016	2015
Group & Company	£'000	£'000
David Ciclitira (Chairman)	110	-
Maria Serena Ciclitira (Non – Executive)	15	-
Ranjit Murugason (Non – Executive)	35	15
Timothy Sturm (Non – Executive)	15	-
Total Emoluments	175	15

There are no other benefits for Directors other than Emoluments. The non executive fees payable to Mr Murugason include £16,000 relating to previous years.

12. Finance costs

	2016	2015
	£'000	£'000
On bank loans	16	23
On loan guarantee from related parties	14	20
Finance costs	30	43

13. Tax

	2016	2015
	£'000	£'000
UK Corporation tax in respect of current year:	-	-
Current taxation	-	-
Total tax charge for the year	-	-

(Loss)/profit on ordinary activities before tax	(1,734)	611
(Loss)/profit on ordinary activities at the standard rate of corporation tax of 2016 20% (2015 – 20%)	(347)	122
Effect of:		
Tax losses carried forward/utilised against profits–deferred tax not recognised	347	(122)
Total tax charge for the year	-	-

14. Earnings per share

The basic earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of shares in issue during the year. In calculating the diluted earnings per share, any outstanding share options, warrants and convertible loans are taken into account where the impact of these is dilutive.

	2016	2015
(Loss)/profit for the financial year after tax (£'000s)	(1,734)	611
Loss for the year on continuing operations (£'000s)	(1,734)	(309)
Profit for the year on continuing operations (£'000s)	-	920
Weighted average number of shares in issue	3,009,233	3,009,233
Basic and diluted earnings per share on total operations*	(57.6)p	20.3p
Basic and diluted earnings per share on continuing operations*	(57.6)p	(10.3)p
Basic and diluted earnings per share on discontinued operations*	-	30.6p

*Diluted earnings per share in both 2016 and 2015 are the same as basic earnings per share, as the options in issue during these years have no dilutive effect on continuing operations.

15. Property, plant & equipment

The useful lives of each class of property, plant and equipment are reviewed annually to assess impairment. Where the asset is found to be impaired an appropriate charge is taken to the Income Statement.

	Group		Company	
	Office Equipment	Office Equipment	Office Equipment	Office Equipment
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Cost				
Cost at start of year	264	264	45	45
Additions for year	-	-	-	-
Cost at end of year	264	264	45	45
Depreciation				
Cumulative depreciation at start of year	261	258	45	45
Charge for year	3	3	-	-
Cumulative depreciation at end of year	264	261	45	45
Net book value at end of year	-	3	-	-
Net book value at start of year	3	6	-	-

16. Intangible assets**Tournament rights**

Tournament rights are the rights to promote European Tour golf events acquired in a market transaction in September 2006. These assets are carried at cost less amortisation. Amortisation is calculated to write off the assets over their expected useful life of 20 years.

	2016	2015
Group and Company	£'000	£'000
Cost		
Cost at start of year	2,713	2,713
Additions in the year	-	-
Cost at end of year	<u>2,713</u>	<u>2,713</u>
Amortisation		
Cumulative amortisation at start of year	1,255	1,119
Amortisation for the year	136	136
Impairment during the year	1,321	-
	<u>2,712</u>	<u>1,255</u>
Net book value at start of year	<u>1,458</u>	<u>1,594</u>
Net book value at end of year	<u>1</u>	<u>1,458</u>

The Directors have undertaken an impairment review regarding the value of the Tournament rights. As no new tournament was held in 2016 and the Directors have no reasonable certainty that a golf tournament will be held in the Far East in 2017, as at 31 December 2016, whilst the Group still retains the right to promote European Tour golf events, the Directors have taken the view that the value of this intangible asset has been impaired and have accordingly written the value of this asset down by £1,321K to a carrying value of £1K.

16. Intangible assets (continued)**Development costs**

Development costs are incurred in the creation of new media assets and propositions, the benefits of which are expected to be derived in future years. Development costs are written-off over the expected useful life of the asset. The development assets are assessed for impairment when indicators of impairment occur.

	Group	Group	Company	Company
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Cost				
Cost at start of year	3,222	3,222	439	439
Additions for year	-	-	-	-
Cost at end of year	3,222	3,222	439	439
Depreciation				
Cumulative depreciation and charges at start of year	3,222	3,222	439	439
Cumulative charges at end of year	3,222	3,222	439	439
Net book value at end of year	-	-	-	-
Net book value at start of year	-	-	-	-

All research costs were expensed as incurred. Similarly, sales and marketing costs of exploiting assets were expensed through the Income Statement as incurred.

17. Investments

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Investment in subsidiary	-	-	54	54
Impairment review			(54)	-
	-	-	-	54

The investment in a subsidiary (the “Investments”) originally related to the 25% equity purchase of Parallel Media Group Asia PTE Ltd (“PMGA”) in 2013. The consideration paid at that time to Urban Strategic PTE Ltd, a Company controlled by one of the Group’s Non Executive Directors Mr R Murugason, was 44,761 ordinary shares of 0.01p each (1,074,283 ordinary shares of 2.2p each, prior to the share consolidation in December 2013) in the Group at 120p, being in aggregate £53,713.

As a result of PMGA’s trading losses in recent years and the balance sheet deficit at 31 December 2016 and there being no reasonable certainty of PMGA returning to profitability in the near term, the Directors have undertaken an impairment review regarding the value of the Investments at 31 December 2016 and have taken the view that the value of this asset has been impaired and have accordingly written this asset off in its entirety.

A list of subsidiary companies is included in Note 30.

17. Investments (continued)

Parallel Media Group Asia has a 50% interest in Parallel Smart Media Asia Alpha Entertainments Private Limited and holds 50% of the 200 ordinary shares at 1SGD each. The Company is incorporated in Singapore and did not trade during 2016 or 2015.

Parallel Media Group has a joint venture with Parallel Media Italia s.r.l. a Company incorporated in Italy and holds 51% of the ordinary share capital of EUR10,000. The Company did not trade in 2016 or 2015.

Parallel Media Group has a joint venture with Causeway Trophy PTE Ltd a Company incorporated in Singapore and holds 50% of the ordinary share capital of SGD100.

The results of the joint ventures owned during the year are:

	2016	2015
	£'000	£'000
Turnover	-	-
(Loss) before tax	(5)	(5)
Taxation	1	-
Profit after tax	(4)	(5)
Fixed assets	-	-
Current assets	5	15
Liabilities due within one year	(31)	(41)
Liabilities due after more than one year	-	-
Capital	9	7
Reserves	(26)	(22)

All the Joint Ventures are loss making or have not traded in the period.

18. Trade and other receivables

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Trade receivables	23	50	20	-
Amounts owed by subsidiaries	-	-	583	537
Other receivables	-	11	-	-
Prepayments and accrued income	-	-	-	-
Trade and other receivables	23	61	603	537

At 31 December 2016 all amounts included under trade receivables are due within one year.

19. Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Sterling bank accounts	19	7	18	7
Singapore dollar bank accounts	6	7	-	-
Cash at bank	25	14	18	7
Bank overdrafts	-	-	-	-
Total cash and cash equivalents	25	14	18	7

20. Current financial liabilities – Borrowings

	Group		Company	
	2015	2015	2016	2015
	£'000	£'000	£'000	£'000
Bank facility	85	85	85	85
	85	85	85	85

The bank facility at 31 December 2016 totalling £251K is secured by a personal guarantee provided by David Ciclitira at a monthly cost in 2016 of £1,183 (2015 £1,674).

21. Trade and other payables

	Group		As restated* Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Trade payables	699	920	695	919
Amounts owed to subsidiary entities	-	-	2,420	2,420
Other payables	1,417	892	1,379	899*
Other tax and social security	258	274	258	273
Accruals	173	143	147	106
Trade and other payables	2,547	2,229	4,899	4,617

*The Company's other payables have been re-stated, further details of which are set out in Note 31 to these accounts.

Other payables represent amounts due to David Ciclitira or companies under his control.

22. Non-current liabilities**Financial liabilities - Borrowings**

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Bank facility	166	231	166	231

At the 31 December 2016, amounts payable to Lloyds Bank totalled £251K (of which £85K is included in current liabilities and £166K is included in non-current liabilities above). The loan was restructured in 2015 and from that date is now repayable in 48 consecutive monthly instalments representing principal and interest. The loan carries interest payable at 4% over base rate. The loan may be repaid early at the discretion of the Group. The loan is secured by a personal guarantee provided by David Ciclitira.

As set out more fully in note 32 to these accounts, this loan was fully repaid in June 2017 in the sum of £213,064 by David Ciclitira.

23. Financial instruments

The Group and Company operations expose them to a number of financial risks. The Directors aim to protect the Group and Company against the potential adverse effects of these financial risks.

Financial assets

Financial assets include cash and trade and other receivables (excluding prepayments) which are classified as "loans and receivables"; and equity investments which are classified as "available for sale" (excluding investments in subsidiaries and joint ventures). These amounts, where appropriate, have been shown separately on the face of the statement of financial position. Funds not immediately required for the Group and Company's operations are invested in bank deposits. It is the Directors' opinion that the carrying values of cash, trade receivables and investments approximate to their fair values.

Financial liabilities

Financial Liabilities include current and non-current borrowings, convertible loans and trade and other payables (excluding: tax & social security, and deferred income). All amounts are carried at amortised cost. These amounts have been disclosed in the notes to the financial statements. It is the Directors' opinion that the carrying values of financial liabilities approximate to their fair-value.

23. Financial instruments (continued)**Liquidity risk**

The Group and Company's surplus liquid resources were maintained on short-term interest bearing deposits. The Group and Company plans to continue to meet operating and other loan commitments as they fall due. Liquidity risk is managed through cash flow forecasts and regular planning.

Remaining contractual maturities year ended 31 December 2016

Group	Within 3 months	> 3 months < 1 year	> one year < 5 years	Total carrying amount
Bank loans & borrowings	21	64	166	251
Trade & other payables (excluding tax and deferred income)	2,116	-	-	2,116
	2,137	64	166	2,367

Company	Within 3 months	> 3 months < 1 year	> one year < 5 years	Total carrying amount
Bank loans & borrowings	21	64	166	251
Trade & other payables (excluding tax and deferred income)	4,494	-	-	4,494
	4,515	64	166	4,745

23. Financial instruments (continued)**Liquidity risk (continued)**

Set out below are Liquidity risk comparative tables as at 31 December 2015

Remaining Contractual Maturities Year ended 31 December 2015

Group	Within 3 months	> 3 months < 1 year	> one year < 5 years	Total carrying amount
Bank loans & borrowings	21	64	231	316
Trade & other payables (excluding tax and deferred income)	1,812	-	-	1,812
	1,833	64	231	2,128

Company	Within 3 months	> 3 months < 1 year	> one year < 5 years	Total carrying amount
Bank loans & borrowings	21	64	231	316
Trade & other payables (excluding tax and deferred income)	4,238	-	-	4,238
	4,259	64	231	4,554

23. Financial instruments (continued)**Credit risk****Financial assets past due but not impaired as at 31 December 2016:**

	Not impaired (£'000)	Not impaired but past due by the following amounts			
		>30 days	>60 days	>90 days	>120 days
Group: Trade & other receivables (excluding prepayments)	23	23	-	-	-
Company: Trade & other receivables (excluding prepayments)	603	20	-	-	-

Financial assets past due but not impaired as at 31 December 2015:

	Not impaired (£'000)	Not impaired but past due by the following amounts			
		>30 days	>60 days	>90 days	>120 days
Group: Trade & other receivables (excluding prepayments)	61	-	50	-	-
Company: Trade & other receivables (excluding prepayments)	537	-	-	-	-

Group trade and other receivables excluding prepayments as at 31 December 2016 were £23K, all of which were assets not impaired but past due. PMG have contra supply arrangements which are expected to enable the recovery of the unimpaired but past due amounts and/or consider these collectable. Impaired trade receivables for the year ended 31 December 2016 represent specifically identified amounts which are past due and for which collection is deemed unlikely. All remaining trade and other receivables as at 31 December 2016 are collected and/or collectable and are therefore considered of low credit risk. All bank deposits are maintained in the UK and are considered to be low credit risk.

23. Financial instruments (continued)

Market risk

(a) Interest rate risk

Bank loans totalling £251K are at variable interest rates and are therefore exposed to interest rate fluctuations. Sensitivity: For each +/- 1% change in the bank rate, the profit for the year will be positively or negatively impacted by £2,509 (2015: £3,163).

(b) Foreign currency risk

Although the Company is based in the UK, a significant part of the Group's and Company's operations are overseas, primarily in Asia, and the operating or functional currency of a large part of the Asian business is in US Dollars or Euros. As a result, the Company's consolidated Sterling accounts can be affected by movements in the US Dollar/Sterling and the Euro/Sterling exchange rates.

The foreign assets and liabilities of the Group and Company are closely matched as at 31 December 2016. The table below sets out the carrying amounts of assets and liabilities for the Group in their presentational currency (i.e. Sterling) and a total impact for each 10% fluctuation in exchange rates. Based on the carrying amounts of foreign assets and liabilities as at 31 December 2016, for each 10% fluctuation in exchange rates, net assets are expected to be impacted by +/- £54K (2015: £43K).

23. Financial instruments (continued)**Market risk (continued)****(b) Foreign currency risk (continued)**

Year ended 31 December 2016

Carrying amount (Sterling Equiv.)						Carrying Amount	Forex Risk	
	£	\$	€	HK\$	SGD		(-10%)	10%
	'000	'000	'000	'000	'000	£'000	£'000	£'000
Financial Assets								
Cash	19	-	-	-	6	25	1	(1)
Trade receivables	20	-	-	-	3	23	-	-
Total financial assets	39	-	-	-	9	48	1	(1)
Financial Liabilities								
Borrowings<1 year	85	-	-	-	-	85	-	-
Trade payables	216	383	-	46	54	699	(48)	48
Other payables	1,379	-	-	-	38	1,363	(4)	4
Other taxation	258	-	-	-	-	258	-	-
Accruals and provisions	146	-	-	-	26	180	(3)	3
Non current borrowings	166	-	-	-	-	166	-	-
Total financial liabilities	2,250	383	-	46	118	2,797	(55)	55
Net Impact							(54)	54

23. Financial instruments (continued)**Market risk (continued)**

Year ended 31 December 2015

Carrying amount (Sterling Equiv.)						Carrying	Forex Risk	
	£	\$	€	HK\$	SGD	Amount	(-10%)	10%
	'000	'000	'000	'000	'000	£'000	£'000	£'000
Financial Assets								
Cash	7	-	-	-	7	14	1	(1)
Trade receivables	-	-	-	-	61	61	6	(6)
Total financial assets	7	-	-	-	68	75	7	(7)
Financial Liabilities								
Borrowings<1 year	85	-	-	-	-	85	-	-
Trade payables	459	410	7	37	7	920	(46)	4
Other payables	892	-	-	-	-	892	-	-
Non current borrowings	231	-	-	-	-	231	-	-
Accruals and provisions	109	-	-	-	34	143	(4)	-
Total financial liabilities	1,776	410	7	37	41	2,271	(50)	5
Net Impact							(43)	4

24. Deferred taxation

The actual and potential liability to deferred tax is £Nil (2015: - £Nil) due to the availability of UK tax losses, subject to agreement with the HM Revenue and Customs, there is an estimated deferred tax asset of £4,282K (2015: £3,952K). This is not recognised as there is insufficient evidence of future profits against which these losses could be utilised.

There were no deductible temporary differences or unused tax credits at either 31 December 2016 or 31 December 2015. There were no amounts of deferred tax recognised in the Income Statement for either the year ended 31 December 2016 or for the year ended 31 December 2015.

25. Share capital

The issued Share capital is set out in the table below:

	2016	2015
	£'000	£'000
Issued and fully paid		
3,009,233 ordinary shares of 1p	30	30
3,009,233 new deferred shares of 51.8p	1,559	1,559
199,831,545 deferred ordinary shares of 0.5p each	999	999
103,260 deferred B shares of £19.60	2,024	2,024
	4,612	4,612

25. Share capital (continued)

Reconciliation of the number of shares outstanding is:		
	2016	2015
	(number)	(number)
Ordinary shares		
Ordinary shares of 0.01p each in issue at end of year	3,009,233	3,009,233
Issued and fully paid deferred shares	(number)	(number)
New Deferred shares of 51.8p	3,009,233	3,009,233
Deferred Shares of 0.5p each in issue	199,831,545	199,831,545
Deferred B shares of £19.60	103,260	103,260

(i) Deferred B shares

The Deferred Shares do not entitle their holders to receive any dividend or other distribution, they do not entitle their holders to receive notice of or to attend, speak or vote at any General Meeting of the Company, and they do not entitle their holders on a return of assets on a winding-up of the Company or otherwise only to the repayment of the capital paid up on such Deferred Shares and only after repayment of the capital paid up on each Ordinary Share in the capital of the Company and the payment of a further £100,000 on each such Ordinary Share (£1,000,000 in the case of each deferred B share).

(ii) New Deferred shares

Upon consolidation of the shares in 2013 each ordinary share of 52.8p was subdivided and converted into one New Ordinary Share of 1p and one New Deferred share of 51.8p each. The new Deferred Shares share the same rights as the existing Deferred B shares.

26. Share based payments

There were no share options outstanding at the year ended 31 December 2016 (2015 - 38,000) and therefore there was no weighted average exercise price (2015 - 55p). The share options outstanding at 31 December 2015 had a weighted average remaining contract life of 10 months. No options were exercised during the year. There were no warrants outstanding.

	2016		2015	
	Number of options & warrants (‘000s)	Weighted average exercise price (Pence)	Number of options & warrants (‘000s)	Weighted average exercise price (Pence)
Outstanding at start of year	38	55p	38	55p
Share options & warrants expiring during the year	(38)	-	-	-
Outstanding at the end of the year	-	-	38	55p
Exercisable at the end of the year	-	-	-	-

The Group operates approved and unapproved share option schemes. No new share options were issued during the year and no share options were outstanding at 31 December 2016.

There is no charge to the Income Statement for the twelve months to 31 December 2016 (2015 - £Nil) for share based payment as reported under IFRS2 as no share based payments were made in 2016 and all previously issued options have now been vested.

Share warrants

No new warrants grants were entered into during the year. There were no warrants outstanding at 31 December 2016 (2015 – Nil).

Share based payments measured directly

During the year ended 31 December 2016, no share based payments were granted.

27. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders. The Group had net liabilities of £2,749K as at year ending 31 December 2016. The Group's capital management strategy is to retain sufficient working capital for day to day operating requirements and to ensure sufficient funding is available to meet commitments as they fall due and to support growth.

	31 December 2016	31 December 2015
Bank facility	251	316
Total Debt	251	316
Cash	(25)	(14)
Net Debt	226	302

In order to maintain or adjust the capital structure the Group may issue new shares or sell assets to reduce debt.

28. Related parties

At 31 December 2016 director Maria Serena Ciclitira was owed £38,673 (2015 - £35,953), Ranjit Murugason £65,000 (2015 - £30,000), of which £16,000 relates to prior financial periods and Timothy Sturm £37,500 (2015 - £15,000) in unpaid director fees. These are intended to be settled in 2017.

Luna Trading

Luna Trading Ltd is the Company through which Parallel Media Group plc ('PMG') contracts with D Ciclitira for consulting and business services. During the year ended 31 December 2016, Luna Trading Ltd charged PMG consultancy fees of £110,000 (2015 - £Nil) and remote office and healthcare costs of £49,251 (2015 - £Nil).

Total amounts owed to David Ciclitira and entities under his control were £1,417K (Parallel Contemporary Art Ltd £932K, David Ciclitira £269K, Luna Trading £159K, Parallel Media Korea Ltd £44K and START £13K) (2015: - £892K owed to David Ciclitira).

28. Related parties (continued)**Parallel Contemporary Art Limited:**

During the year PMG incurred costs and received funding from Parallel Contemporary Art Limited, a Company under the control of David Ciclitira. Amounts owed by PMG to PCA at 31 December 2016 were £894K (2015 - £590K). In addition, at 31 December 2016 Parallel Media Group Asia Pte Ltd owed PCA £38K (2015 - £7K).

29. Operating Leases

The amounts payable in respect of operating leases are shown below. All of the operating lease amounts relate to the rental of premises. The future minimum lease payments under non-cancellable operating leases are £Nil. Lease payments recognised in the profits for the period amounted to £Nil (2015 - £25K).

	Group		Company	
	31 December 2016 £'000	31 December 2015 £'000	31 December 2016 £'000	31 December 2015 £'000
Lease commitments payable within 1 year	-	4	-	-

30. Subsidiaries

The following were subsidiaries at the end of the year and have all been included in the consolidated financial statements.

	Country of Incorporation	PMG % of ordinary shares	Nature of Business
<u>Holding companies:</u>			
Held Directly			
Parallel Media (Jersey) Ltd	Jersey	100%	Holding company - Dormant
Held Indirectly			
Parallel Media Group International Ltd	Jersey	100%	Holding company - Dormant
Parallel Media (Americas) Ltd	BVI	100%	Holding company - Dormant
<u>Trading subsidiaries:</u>			
Held Directly			
Parallel Media Hong Kong Ltd	HK	100%	Dormant
Parallel Media Korea (New Media) Ltd	UK	100%	Dormant
Parallel Media Group Asia PTE Ltd	Singapore	100%	Management of events
The Championship (Singapore) PTE LTD	Singapore	95%	Management of sports events
Held Indirectly			
Parallel Media Europe Ltd	UK	100%	Dormant
Parallel Smart Media UK Ltd	UK	100%	Dormant
PGAA Media Limited	BVI	83.9%	Dormant

30. Subsidiaries (continued)

<u>Held directly and indirectly</u>			
Parallel Smart Media Limited	UK	100%	Dormant
<u>Dormant Held Indirectly</u>			
Parallel Media Americas Inc	US	100%	Dormant

31. Prior year adjustment

Management have identified that trade creditors in the Parent company's accounts for the year ended 31 December 2015 were understated by £322K. This has been corrected by way of a prior year adjustment. The effect on the accounts is to increase the Company's trade creditors at 31 December 2015 by £322K and the reported loss for the year to £1,072K from £750K.

32. Post Balance Sheet event

Other than the early repayment by David Ciclitira of the Group's outstanding loan from Lloyds Bank in June 2017, which was formally secured by his personal guarantee, in the sum of £213,064 together with the associated legal costs of £17,453 and the arrangements relating to the formalisation of the loans to the Group by David Ciclitira or entities under his control, there has been no further matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.