Unlimited Marketing Group Ltd

Annual Report and Financial Statements for the year ended 31 March 2018

Registered number 10469103

Unlimited Marketing Group Ltd

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Unlimited Marketing Group Ltd

Company information

Directors

I Ferguson
K Herrick
N Hargrave
M Branigan
T Hancock
M Haxby
A Paiusco (resigned 20 October 2017)

Company Secretary

O Walker

Registered Office

Unlimited House
10 Great Pulteney Street
London
United Kingdom
W1F 9NB

Independent Auditor

KPMG Audit LLC, Statutory Auditor
Chartered Accountants
Heritage Court,
41 Athol St,
Douglas
Isle of Man
IM99 1HN.

Unlimited Marketing Group Ltd

Strategic Report

The directors present their Strategic Report of the company for the period from 1 April 2017 to 31 March 2018. This is the first full year of consolidation of Unlimited Marketing Group Limited, with the comparative financial period running from 8 November 2016 to 31 March 2017. Full twelve month consolidated positions for years prior to 31 March 2017 can be found in the consolidated accounts of Digital Unlimited Group Limited, the former ultimate parent in the Unlimited Group UK structure prior to the acquisition of the Group by DBay Advisors on 23 December 2016.

Principal Activity, Business Review and Strategy

Unlimited Marketing Group Ltd is the ultimate holding company for a marketing services group trading as the Unlimited Group. The principal activity of the Group is to deliver a range of digital and technology-based marketing solutions to blue-chip global clients.

For the period from 1 April 2017 to 31 March 2018 the Group reports revenue of £73.1m (2017: £19.0m) and an adjusted profit before interest and tax ("PBIT") of £10.2 million (2017: £2.7m). There was a reported PBIT for the period of £4.2m (2017: £0.2m).

Much has been achieved in our first full financial year post privatisation. Our Group offer has been defined into seven core disciplines, making the business more effective, accountable and appealing to clients. This simplification and restructure of the business was supported with the launch of a new visual identity with unique graphic icons denoting the Group's offerings.

Unlimited's seven core pillars are: Health, Customer Engagement, Brand, Digital Transformation, B2B & Technology, CRM & Acquisition and Insight & Analytics. Clients can buy the pillar offers individually, together or can harness a combination of Unlimited's specialist skill sets, working together seamlessly, in a single client-dedicated team.

Our seven pillars are underpinned by our power brands. Our line up of power brands was completed during the year through the formation of Walnut Unlimited (bringing together all of the Group's Insight agencies) and post the period end with the formal launch of Health Unlimited, uniting the Health agencies into one entity. Our Health Unlimited business also relocated from Richmond to our London base in Unlimited House, meaning the Group now operates across just three co-located sites in the UK and one US office.

Mirroring the pillar structure, the Partners' Board was formed during the year, creating a flatter management composition and giving the pillars within Unlimited the joint responsibility for driving the vision, client offer and growth of the Group. Its role is to ensure we grow and outperform the competition by giving our clients the best, most innovative work and our people the best opportunities.

Post the period end, on 30 April 2018, the Partners' Board was further strengthened through the appointment of Michael Richards as Group Managing Director. Michael, a proven entrepreneur and client advocate, has been appointed to focus and join up efforts to capitalise on the opportunities afforded by our new pillar positioning and is charged with delivering growth through maximising the potential of the Group.

The Group also made an acquisition post period, announcing on 9 May 2018, that First Base, the specialist B2B content and lead generation marketing agency had joined the Group. The acquisition adds further strength and specialisation to the Group's B2B & Technology pillar, with First Base providing end-to-end marketing services alongside top five technology PR and communications agency Nelson Bostock Unlimited.

Our new simplified positioning is resonating well with clients and we delivered a very strong new business performance during the year of £11.6 million in revenue from new and existing clients including projects from Barratt Developments, Lego, Shell and Google.

In a world of big data, the Unlimited Group has challenged itself to be best in class with GDPR compliance. Through the formation of a Data Protection Committee, the appointment of a Group Data Protection Officer, and the appointment of Data Champions in each of its pillars, the Unlimited Group strives to ensure that it processes its own and its clients' data responsibly. Furthermore, it has a specialist team to actively assist its clients with their own compliance journey.

Our overall strategy remains unchanged, to hire, nurture and reward our talent to serve our clients better through agility, excellence and constant innovation and so drive recognition, growth and profits.

Key Performance Indicators

The Group manages its operational performance through a number of key performance indicators. Clients and staff remain our primary focus and we are pleased to report another year of good progress against these KPIs.

Each year we undertake an independent client satisfaction survey to track our performance in client service and relationships, administrated by Relationship Audits & Management (RAM). We are pleased to report this year our combined Unlimited Group Relationship RADAR® one number score is 7.8/10, 7 per cent above RAM's current industry average. We remain very proud of our long client tenures, which for our top 20 clients is on average 12 years.

We recognise that our people are our greatest asset and we continue to attract and retain some of the best talent in the industry. This year we have made a conscious effort to improve our diversity of talent and have welcomed six apprentices to the Group.

Annually we invite our employees to take part in our staff satisfaction survey 'Your Voice'. This provides the opportunity for employees to feedback, and for us to listen and learn about our company from the perspective of our people, tracking and gauging our year-on-year performance in terms of employee satisfaction and engagement. We are pleased to be able to demonstrate independent recognition of our high staff engagement levels through our agencies winning or being shortlisted for the following people related awards:

- PR WEEK UK Best Places to Work 2017, Mid-sized agency (Win – Silver)
- Creativepool Best agency to work for (Win)
- Creativepool Agency of the year (Shortlist)
- PRCA DARE Large Consultancy of the Year (Shortlist)
- Communiqué Awards Small Consultancy of the year (Shortlist)
- PR Moments Awards – Best B2B and Best Tech Agency (Shortlist)

The commitment, enthusiasm and creativity delivered every day by our teams is the driving force behind both the above-market client satisfaction scores we achieve, and our great performance in industry awards, which in 2017 saw us win or be shortlisted for 61 awards.

The Group's principal financial KPIs for the period 1 April 2017 to 31 March 2018 are as follows:

	***Financial* period ended 31 March 2018**	*Financial period* 8 November 2016 to 31 March 2017
Revenue	**£73.1 million**	£19.0m
Adjusted PBIT	**£10.2m**	£2.7m
Adjusted PBIT margin	**14.0%**	14.2%
Operating cash flow	**£11.4m**	(£2.7m)

Principal risks and uncertainties

The following are what we consider to be the key risks facing the Group, along with the associated mitigating controls which are regularly assessed and monitored by the board:

Globalisation and macro-economic events affecting client decision-making process

Globalisation and macro-economic events, such as the result of the EU referendum, have transformed client decision-making processes, reactiveness and budget allocation. A volatile macro-economic environment could result in a short-term and dynamic budget reallocation process, thus resulting in strategic decisions being independent of performance and client satisfaction. We mitigate this through proactive client relationship management which allows the Group to better understand the client decision-making process.

Loss of key clients

Loss of key clients would lead to loss of revenues, impacting the Group's financial performance. We mitigate this through proactive account management to identify potential issues early on and an annual independent client satisfaction survey. Additionally, multi-agency or multi-department engagements help to create long-lasting client *relationships, senior management engages in proactive client relationship alongside the account team and we* continuously target new clients in new markets to reduce client concentration.

Unlimited Marketing Group Ltd

Strategic Report (continued)

Loss of key staff

Loss of key staff could impair the ability to deliver projects and indirectly affect client retention and acquisition performance. In addition, creative edge and brand reputation are equally affected by the loss of key creative talent. We mitigate this through an annual staff satisfaction survey to gauge engagement and annual performance reviews. There is also succession planning in place for all key positions and client relationships are maintained as a team, resulting in less focus on individual relationships.

Financial Risks

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, liquidity risk and credit risk. The Group manages these risks by financing its operations through equity, retained profits and borrowings.

The management objectives are to retain sufficient liquid funds to enable it to meet its day to day requirements, manage the Group's exposure to fluctuating interest rates, foreign currency exchange rate shifts, and match the repayment schedule of external borrowings or overdrafts with future cash flows expected to arise from the Group's trading activities.

Outlook

The Group continues to make good progress against its strategy and is pleased with its achievements during the year. With a simplified organisational and management structure and new Managing Director, the Group has high ambitions for a successful year ahead.

We have started the year well by continuing to build on our strong FY18 new business performance, and believe our positioning as an independent, transparent, agile and integrated Group places us well to attract more business and wider engagements from those clients looking for an alternative to the more cumbersome traditional holding companies and networks.

Improving Group effectiveness and efficiencies remains a priority and we will build on last year's progress by completing the roll-out of the new Group-wide software system to upgrade and standardise all business processes by the end of this summer. Following the successful implementation of a shared service centre for centralised financial processing services, we will expand this service to include shared HR, sales and marketing functions over the course of the next 12 months.

Finally with our defined and focused offer now firmly established we will be targeting further acquisitions and start-ups to enhance our capabilities and reputation in these seven key core disciplines.

Encouraged by our strong start to the year in terms of new business, and continued operational progress, the Board believes the Group is well positioned for future revenue growth.

By order of the board

Iain Ferguson
Chairman
July 2018

Unlimited Marketing Group Ltd

Directors' report

The Directors present their report together with the audited consolidated financial statements for the year ended 31 March 2018.

Principal activities

The principal activities of the Company and the Group are stated in the Strategic Report.

Dividends

No dividends have been declared and none are recommended.

Directors

The directors who held office during the year and at the date of approval of this directors' report were as follows:

I Ferguson
K Herrick
N Hargrave
M Branigan
T Hancock
M Haxby
A Paiusco (resigned 20 October 2017)

Change of company name

The Company changed name from "RedWhiteBlue UK Holdco Ltd" to "Unlimited Marketing Group Ltd" on 12 July 2017.

Going concern

In accordance with their responsibilities as directors, the directors have considered the appropriateness of the going concern basis for the preparation of the financial statements and they continue to adopt the going concern basis in preparing the financial statements.

Employees

The Group's greatest asset is its people and they are integral to the future success of the business. The Group remains committed to investing in its people and encourages professional and personal development appropriate to each individual's skills, whilst creating an environment where our employees are involved in driving the success of the Group.

Employees are consulted regarding any changes to the business that may affect them and are briefed regularly regarding market and industry developments to ensure that all relevant information affecting the Group is readily available.

The Group believes in equal opportunities for all employees and prospective employees irrespective of an individual's age, gender, disability, nationality, ethnicity or religion. The Group does not tolerate discrimination in any shape or form.

The Group applies a policy of giving full and fair consideration to applications for employment that disabled people make to the Group and ensures that there are relevant opportunities for training, career development and promotion of disabled people, and for the continuing employment and training of employees who have become disabled while employed by the Group.

Future developments

Likely future developments are discussed in the Strategic Report.

Political Donations

The Company has not made any political donations or incurred any political expenditure in the financial year. The Company has not made any contributions to a non-EU political party during the financial year.

Financial Instruments

As the Group's business is international in nature it has some exposure to foreign currency rates and any associated movements.

Directors' indemnities

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the directors, to the extent permitted by law and the Company's articles of association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of the Company and any of its subsidiaries.

Strategic report

In accordance with S414C(11) of the Companies Act, included in the Strategic Report is the review of the business and principal risks and uncertainties. This information would have otherwise been required by Schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors' Report.

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Independent auditors

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLC will therefore continue in office.

Approved by the Board of Directors and signed on behalf of the Board.

Iain Ferguson
Chairman

July 2018

Unlimited Marketing Group Ltd

Statement of Directors' responsibilities in respect of the Annual report and the financial statements

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent Company financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and Parent company financial statements, the directors are required to:

- *select suitable accounting policies and then apply them consistently;*
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- *for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject* to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- *use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease* operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

O. Wa

Olivia Walker
Company Secretary
July 2018

Independent auditor's report to the members of Unlimited Marketing Group Ltd

1 Our opinion is unmodified

We have audited the financial statements of Unlimited Marketing Group Limited ("the Company") for the year ended 31 March 2018 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows, company balance sheet, and the related notes, including the accounting policies in note 1.

In our opinion:
- the 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 March 2018 and of the Group's loss for the year then ended;
- *the Consolidated financial statements have been properly prepared in accordance with International Financial Reporting* Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing *the 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. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows (unchanged from 2017):

Key audit matter	The risk	Our response
Revenue recognition (£91,439k; 2017: £25,329k) Refer to page 19 (accounting policy) and page 24 (financial disclosures).	**Subjective estimate:** The recognition of revenue by the Group as a result of various services rendered may be misstated. Revenue is recognised based on the stage of completion which involves estimation uncertainty. The Group eams revenue from multiple streams of service provision from contractual relationships. The appropriate recognition of revenue is dependent on the ability to estimate the percentage of completion accurately and the operating effectiveness of core finance processes and controls of the Group's operating divisions. **Effect of irregularities:** There is a risk that management could manipulate financial results in order to overstate revenue due to the incentives and pressures to meet investor expectations and loan covenant requirements.	Our procedures included: —**Control design:** Testing the design and implementation of key controls over the revenue cycle; —**Tests of details:** Agreeing, on a sample basis, revenue transactions and revenue reversals to source contracts and other relevant supporting information to validate revenue recognised during the period; and Agreeing manual adjustments to revenue close to year end and post year-end adjustments to relevant supporting documents.

Recoverability of Group goodwill and of the Parent Company's investment in subsidiaries/ debt due from Group entities. Group goodwill (£42,621k; 2017: £42,474k) Refer to page 19 (accounting policy) and page 29 (financial disclosures). Investments in Parent Company (£11,100k; 2017: £11,100k) Refer to page 45 (accounting policy) and page 45 (financial disclosures). Trade and other receivables in Parent Company (£35,608k; 2017: £32,079k) Refer to page 45 (accounting policy) and page 45 (financial disclosures)	**Forecast based valuation:** Goodwill in the Group and carrying amount of the Parent Company's investment in subsidiaries/ intra group debtors' balances are significant. The estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting and discounting future cashflows.	Our procedures included: —**Control design:** Evaluating controls over the forecasting and impairment review process. Understanding the Group's budgeting procedures, upon which the forecasts are based, through inquiry; —**Test of details:** Testing the mathematical accuracy of the Group's discounted cash flow model; —**Benchmarking assumptions:** Critically assessing the key assumptions used in the discounted cash flow model against current and expected performance trends; Comparing assumptions to externally derived data, where appropriate, and to our own assessments of certain key inputs; Performing a retrospective review of current year's performance to prior year budgets and cashflow forecasts to assess the degree of management's accuracy in their estimates; and —**Assessing transparency:** Assessing whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment of goodwill to changes in key assumptions appropriately reflected the inherent risks.

3 Our application of materiality and an overview of the scope of our audit

The materiality for the Group and Parent Company financial statements as a whole was set at £900k (2017: £759k), with reference to a benchmark of Group revenue (2017: Group profit before tax), of which it represents approximately 1% (2017: 10% of Group profit before tax, when adjusted for non-recurring items). We consider total revenue to be the most appropriate benchmark as it provides a more stable measure year on year than Group profit before tax.

We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £45k (2017: £38k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's twelve reporting components, we subjected five to full scope audit for group purposes, being four in the UK and one in the USA and three for specified risk focused procedures. The latter were not individually financially significant enough to require a full scope audit for group reporting purposes, but were included in scope for group reporting work in order to provide further coverage over the Group's results. For residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risk of material misstatement. The effect of this approach covered 95% of Group's revenue contribution and 79% of the Group's profit and losses before tax.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and information to be reported back. The Group audit team set the component materialities, having regard to the mix of size and risk profile of the Group across the components. These materiality levels were set to the materiality level specified above or lower. The work on five significant components and one of the not individually financially significant components was performed by component auditors.

The Group audit team visited component key jurisdictions having regard to the mix of size and risk of the Group across the components. The Group audit team visited the component location in the UK, including to assess the audit risk and strategy. Regular telephone conference meetings were held with all locations. At these visits and meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor. The rest of the audit, including the audit of the Parent Company and two individually not financially significant components, was performed by the Group engagement team.

4 We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Independent auditor's report to the members of Unlimited Marketing Group Ltd (continued)

5 We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6 We have nothing to report on the other matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities
As explained more fully in their statement set out on page 8, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8 The purpose of our audit work and to whom we owe our responsibilities

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 so that we might state to the Company's members 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

Edward Houghton (Senior Statutory Auditor)
for and on behalf of KPMG Audit LLC, Statutory Auditor
Chartered Accountants
Heritage Court,
41 Athol St,
Douglas
Isle of Man
IM99 1HN.

Unlimited Marketing Group Ltd

Consolidated income statement
for the year ended 31 March 2018

	Note	2018 £'000	Note 25 2017 £'000
Turnover (billings)		**91,438**	25,329
Rebillable expenses		**(18,319)**	*(6,330)*
Revenue	2	**73,119**	18,999
Operating Costs	4	**(68,908)**	(18,848)
Profit before finance income, finances costs and taxation		**4,211**	151
Net financing expense	7	**(5,803)**	(1,397)
Profit from associate	12	**78**	(41)
Loss before taxation		**(1,514)**	(1,287)
Taxation	8	**51**	625
Loss for the year		**(1,463)**	(662)
Attributable to:			
Equity holders of the parent		**(2,174)**	*(685)*
Non-controlling interest		**711**	23
		(1,463)	(662)

Adjusted PBIT	3	10,151	2,728

The notes on pages 18 to 42 form an integral part of these consolidated financial statements. The Directors consider that all results derive from continuing activities.

Unlimited Marketing Group Ltd

Consolidated statement of comprehensive income
for the year ended 31 March 2018

	2018	Note 25 2017
	£'000	£'000
Loss for the year	**(1,463)**	(662)
Other comprehensive income:		
Items that are or may be reclassified subsequently to profit or loss:		
Revaluation of interest rate swaps	**159**	-
Exchange differences on translation of foreign operations	**(263)**	(5)
Other comprehensive income for the year, net of tax	**(104)**	(5)
Total comprehensive loss for the year	**(1,567)**	(667)
Attributable to:		
Equity holders of the parent	**(2,278)**	(690)
Non-controlling interest	**711**	23
	(1,567)	(667)

The notes on pages 18 to 42 form an integral part of these consolidated financial statements. The Directors consider that all results derive from continuing activities.

Unlimited Marketing Group Ltd

Consolidated balance sheet
as at 31 March 2018

Non-current assets	Note	2018 £'000	2017 £'000
Goodwill	9	**42,621**	42,474
Intangible Assets	10	**30,190**	32,528
Property, plant and equipment	11	**1,787**	2,580
Investments	12	**931**	853
Deferred tax asset	20	**760**	1,295
		76,289	79,730
Current assets			
Inventories and work in progress	13	**1,127**	1,520
Trade and other receivables	14	**21,722**	25,562
Cash and cash equivalents		**9,057**	2,981
		31,906	30,063
Current liabilities			
Trade and other payables	15	**(29,877)**	(26,634)
Corporation tax payable		**(607)**	(132)
		(30,484)	(26,766)
Net current asset		**1,422**	3,297
Total assets less current liabilities		**77,711**	83,027
Non-current liabilities			
Trade and other payables	15	**(296)**	(891)
Provisions for other liabilities and charges	16	**(726)**	(911)
Bank overdraft, loans and loan notes	17,23	**(62,865)**	(64,009)
Deferred tax liabilities	20	**(4,922)**	(6,654)
		(68,809)	(72,465)
Net assets		**8,902**	10,562
Equity			
Called-up share capital	21	**11,106**	11,100
Foreign currency translation reserve		**(268)**	(5)
Revaluation reserve		**159**	-
Retained earnings		**(2,819)**	(662)
Equity attributable to holders of the parent		**8,178**	10,433
Non-controlling interest		**724**	129
Total equity		**8,902**	10,562

Company registered number: **10469103**

The notes on pages 18 to 42 form and integral part of these consolidated financial statements. The Directors consider that all results derive from continuing activities.

The financial statements, which comprise the Consolidated income statement, the Consolidated statement of *comprehensive income, the Consolidated balance sheet, the Consolidated statement of changes in equity, the* Consolidated statement of cash flows and the related notes, were approved by the Board on July 18 and were signed on its behalf by:

K Herrick

Kathryn Herrick
Chief Financial Officer

Unlimited Marketing Group Ltd

Consolidated statement of changes in equity
for the year ended 31 March 2018

Changes in equity for 2018

	Called-up share capital	Foreign currency translation reserve	Revaluation reserve	Retained earnings	Total attributable to equity holders of parent	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2017	11,100	(5)	-	(662)	10,433	129	10,562
Profit / (Loss) for the year	-	-		(2,174)	(2,174)	711	(1,463)
Other comprehensive income:	-	-	159	-	159	-	159
Exchange differences on translation of foreign operations	-	(263)	-	-	(263)	-	(263)
Total comprehensive expense for the financial year	-	(263)	159	(2,174)	(2,278)	711	(1,567)
Shares issued in period	6	-	-	-	6	-	6
Purchase on non-controlling interest	-	-	-	17	17	(17)	-
Minority interest dividends	-	-	-	-	-	(99)	(99)
At 31 March 2018	11,106	(268)	159	(2,819)	8,178	724	8,902

Unlimited Marketing Group Ltd

Consolidated statement of changes in equity (continued)
for the year ended 31 March 2017

Changes in equity for 2017	Called-up share capital £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total attributable to equity holders of parent £'000	Non-controlling interest £'000	Total equity £'000
At 8 November 2016	-	-	-	-	-	-
Loss for the year	-	-	(662)	(662)	23	(639)
Other comprehensive income:				-		-
Exchange differences on translation of foreign operations	–	(5)	–	(5)	–	(5)
Total comprehensive expense for the financial period	-	**(5)**	**(662)**	**(667)**	**23**	**(644)**
Shares issued in period	11,100	–	–	11,100	–	11,100
Non-controlling interest on acquisition	–	–	–	–	131	131
Minority interest dividends	–	–	–	–	(25)	(25)
At 31 March 2017	**11,100**	**(5)**	**(662)**	**10,433**	**129**	**10,562**

Unlimited Marketing Group Ltd

Consolidated statement of cash flows
for the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Loss for the financial year		**(1,463)**	(662)
Taxation	8	**(51)**	(625)
Loss before taxation		**(1,514)**	(1,287)
Finance costs	7	**5,803**	1,398
Finance income	7	**-**	(1)
Investment income	12	**(78)**	41
Profit before finance income, finance costs and taxation		**4,211**	151
Depreciation of property, plant and equipment	11	**1,188**	334
Amortisation of intangible assets	10	**3,043**	777
Decrease in inventories and work in progress		**393**	733
Decrease / (increase) in trade and other receivables		**3,999**	(2,129)
Decrease in trade and other payables		**(1,435)**	(2,618)
Operating cash flow		**11,399**	(2,752)
Interest paid		**(2,475)**	-
Tax paid		**(673)**	-
Net cash inflow / (outflow) from operating activities		**8,251**	(2,752)
Investing activities			
Purchase of subsidiary undertakings net of cash acquired	12	**(147)**	(74,956)
Net subsidiary cash acquired	12	**-**	5,565
Purchase of property, plant and equipment	11	**(485)**	(356)
Purchase of intangible assets	10	**(705)**	(6)
Net cash outflow from investing activities		**(1,337)**	(69,753)
Financing activities			
Net proceeds from issuance of ordinary shares	21	**6**	11,100
Bank facility fees		**-**	(1,884)
Net (decrease) / increase in borrowings	22	**(575)**	66,184
Minority interest dividends paid		**(99)**	-
Net cash (outflow) / inflow from financing activities		**(668)**	75,400
Increase / (decrease) in cash and cash equivalents		**6,246**	2,895
Cash and cash equivalents at start of the financial year		**2,981**	-
Effect of foreign exchange rates		**(170)**	86
Cash and cash equivalents at end of the financial year		**9,057**	2,981

Notes to the consolidated financial statements

1 Accounting policies

1.1 Basis of preparation
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee interpretations adopted for use in the European Union and those parts of the Companies Act 2006 which are applicable to companies reporting under IFRS. The consolidated financial statements are consolidated and include all entities within the Unlimited Group ('the Group'). Unlimited Marketing Group Ltd's ('the Company') domicile and country of incorporation is England and Wales, and both its registered office and Head are located at Unlimited House, 10 Great Pulteney Street, London W1F 9NB.

The financial statements have been prepared in Sterling, the currency in which the majority of the Group's transactions are denominated, on the historical cost basis, except where IFRS as adopted by the European Union (EU) requires a fair value adjustment, and on a going concern basis.

1.2 Standards and Interpretations issued but not yet applied
The following standards, amendments and interpretations are relevant to the Group, but not yet effective and have not been early adopted by the Group:

- IFRS 9 'Financial Instruments' (effective for periods beginning on or after 1 January 2018). This is a new standard which enhances the ability of investors and other users of financial information to understand the accounting for financial assets and reduces complexity. The standard uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the various rules in IAS 39. The group does not expect a significant impact from the adoption of IFRS9
- IFRS 15 'Revenue from contracts with customers' (effective for periods beginning on or after 1 January 2018). The standard establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction Contracts' and related interpretations. The group are currently undergoing a review of IFRS15 requirements in advance of the March 2019 financial year end.
- IFRS 16 'Leases' (effective for periods beginning on or after 1 January 2019). This is a new standard which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. The standard eliminates the classification of leases as either operating or finance leases as required by IAS 17, and instead, introduces a single lessee accounting model. A lessee will be required to recognise assets and liabilities for all leases with a term of more than 12 months and depreciated lease assets separately from interest in the income statement. The standard replaces IAS 17 'Leases'. The group are currently undergoing a review of IFRS16 requirements in advance of the 2020 year end.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

The principal accounting policies applied in the preparation of these financial statements are set out below and on the following pages. These policies have been consistently applied to the Group and to the period presented, unless otherwise stated.

1.3 Basis of consolidation

Subsidiaries
Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Interests in equity accounted investees
The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence ceases.

1 Accounting policies (continued)

Business combinations
The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of any contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity. Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.
Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency.

1.4 Turnover (billings)
Turnover represents amounts received or receivable from clients for the rendering of services and is stated after deduction of trade discounts and excluding value-added tax or similar sales taxes outside the UK.

Turnover is recognised at fair value as service activity progresses on the following basis:

- Project fees are recognised over the period of the relevant assignments or agreements.
- Retainer fees are spread over the period of the contract on a straight-line basis.
- Third-party production fees are recognised at the point the client accepts delivery of each component of a project.

Turnover includes all charges paid to external suppliers where they are retained to perform part or all of a client assignment.

1.5 Revenue
When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the level of services performed. In determining the level of services performed a percentage of completion method is adopted as detailed below:

Project fees for creative services – The level of services performed is based on actual chargeable hours undertaken versus total budgeted hours of a project. This percentage of completion is corroborated with progress against agreed project milestones to ensure the level of work undertaken is in line with actual service delivery.

Retainers – The level of services performed is based on the chargeable hours incurred in proportion to the total hours committed under the retainer.

Long-term contracts – The level of services performed is based on costs incurred versus total budgeted costs, where costs include chargeable hours undertaken. This percentage of completion is corroborated with progress against agreed project milestones to ensure the level of work undertaken is in line with actual service delivery.

Attributable profit on long-term contracts is only recognised once their outcome can be assessed with reasonable certainty. Full provision is made for any losses on projects in the period in which the loss is first foreseen.

Commissions on third-party costs – Where agencies are able to mark up third-party costs then the associated revenue will be recognised when the cost is incurred and where this cost reflects services delivered. Mark-ups on third-party costs are becoming an increasingly small part of the Group's revenue with the majority of costs simply being pass-through costs with no margin.

1.6 Intangible assets

(a) Goodwill
Goodwill arising from the purchase of subsidiary undertakings represents the difference between the purchase consideration and the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary acquired, and is capitalised in accordance with the requirements of IFRS 3. Future anticipated payments to vendors in respect of earn-outs are based on the fair value of these obligations. Earn-outs are dependent on the future performance of the relevant business and are reviewed semi-annually. Any subsequent movements in the fair value of such consideration as a result of post-acquisition events are recognised as a gain or loss in the Consolidated income statement. The contingent deferred consideration is discounted to its fair value in accordance with IFRS 3 and IAS 39.

1 Accounting policies (continued)

The difference between the fair value of these liabilities and the actual amounts payable is charged to the Consolidated income statement as notional finance costs over the life of the associated liability.

Goodwill is carried at cost less accumulated impairment losses. The carrying value of goodwill is reviewed annually for impairment, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Under IFRS, an impairment charge is required for both goodwill and other assets with an indefinite useful life when the carrying value exceeds the recoverable amount, defined as the higher of fair value less costs to sell and value in use. In accordance with IFRS 3, the carrying value of goodwill will continue to be reviewed for impairment on the basis stipulated, and adjusted should this be required. Impairment is recognised in the Consolidated income statement and is not subsequently reversed.

The individual circumstances of each future acquisition will be assessed to determine the appropriate treatment of any related goodwill.

Factors making up goodwill
The Directors consider the goodwill to reflect the acquired value of the creative workforce and the industry expertise developed through ongoing employee training and recruitment.

(b) Other intangible assets
Other acquired intangible assets are carried at cost less accumulated amortisation and impairment losses. Intangible assets acquired as part of a business combination are capitalised at fair value at the date of acquisition. The list of such intangible assets is significantly more comprehensive under IFRS. Intangible assets are amortised to residual values over the useful economic life of the asset. Where an asset's life is considered to be indefinite an annual impairment test is performed.

The identified intangible assets and associated periods of amortisation are as follows:

Intangible asset	Period of amortisation
Customer relationships	Over the expected life of the customer relationship (generally three to ten years) on a straight-line basis
Brand names	Determined to have an expected life of 15 years – subject to annual impairment testing

Customer relationships
Where a customer relationship is identified within an acquisition that meets the separability or contractual – legal criterion, its fair value is recognised separately from goodwill within other intangible assets where this is material and can be reliably measured.

The separability criterion is met when the customer relationships acquired are capable of being separated or divided from the acquiree and sold, transferred, licensed, rented, or exchanged and the contractual – legal criterion is met where the customer relationship exists as a result of a present contract or where the entity has a practice of establishing relationships with its customers through contracts.

Value is ascribed to customer relationships where future economic benefit is expected beyond any previous or existing contracts, with the entity more likely to be awarded future work as a result of its relationship. Where future work is awarded by way of competitive pitches, the likelihood of the entity successfully securing such work is considered when determining whether a material customer relationship exists and an intangible asset should be recognised.

The customer relationships are amortised over a period of three to ten years because the Directors consider this to be the typical length of customer contracts active at the time of acquisition.

1 Accounting policies (continued)

Brand names
Brands are considered to have up to 15 years economic life because of their proven market position and the Group's commitment to develop and enhance their value. On this basis, the Directors consider it appropriate to review this on an annual basis in order to assess whether there has been any degradation of a company's brand name and image. The carrying values of brand names are reviewed for impairment on an annual basis in accordance with IAS 36.

(c) Software licences
Acquired computer software licences which do not form part of the operating software acquired with a piece of hardware are capitalised on the basis of all costs incurred in bringing them into use. These assets are carried at cost less accumulated amortisation and impairment losses and are amortised on a straight-line basis over a five-year period.

(d) Software development costs
Costs associated with the development of identifiable and unique software products controlled by the Group that will probably generate economic benefits exceeding costs are recognised as intangible assets. These assets are carried at cost less accumulated amortisation and impairment losses and are amortised on a straight-line basis over a period of between three and five years.

1.7 Provisions for other liabilities and charges
Provisions are recognised where there is a present obligation, arising from a past event, that has a probable future economic outflow that can be estimated reliably. The amount of each provision recognised is based on management's best estimate.

1.8 Property, plant and equipment
All property, plant and equipment is stated at historical cost (or fair value on acquisition where appropriate) less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less the estimated residual value of each asset, evenly over its expected useful economic life, as follows:

Property, plant and equipment	Period of depreciation
Leasehold improvements	Period of the lease on a straight-line basis
Motor vehicles	Four years
Fixtures, fittings and equipment	Three to ten years

Residual values and lives are reviewed, and adjusted if appropriate, at each balance sheet date.

1.9 Inventories and work in progress
Inventories are stated at the lower of cost and net realisable value. The cost of work in progress includes the costs of direct materials and purchases.

Where projects have the characteristics of long-term contracts, attributable profit is only recognised once their outcome can be assessed with reasonable certainty. Such profit reflects the proportion of work on the project completed to date. Amounts recoverable on such projects are included within trade and other receivables after provision for any foreseeable losses and the deduction of applicable payments on account. Full provision is made for any losses on projects in the period in which the loss is first foreseen.

1.10 Current taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

The current tax is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

1 Accounting policies (continued)

1.11 Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.12 Lease and hire purchase commitments

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

Leases of land and buildings are split into land and buildings elements according to the relative fair values of the leasehold interests at the date the asset is initially recognised/date of entering into the lease agreement.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the consolidated income statement over the period of the lease.

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

1.13 Pension costs

Retirement benefits to employees are provided by defined contribution schemes that are funded by the Group and employees. Payments are made to pension trusts that are financially separate from the Group. These costs are charged against profits as incurred.

1.14 Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Issue costs for financial instruments carried at amortised cost are offset against the proceeds of such instruments. 'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

1.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated balance sheet.

1 Accounting policies (continued)

1.16 Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement within operating costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating costs in the Consolidated income statement.

1.17 Trade payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.18 Bank borrowings
Interest-bearing bank loans and overdrafts are recorded at their fair value, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Consolidated income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. The subsequent measurement of borrowings is at amortised cost.

1.19 Other financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group has only one class of shares in existence. See note 21.

1.20 Derivative financial instruments
The Group's activities expose it to certain financial risks including changes in foreign currency exchange rates. The Group has used foreign exchange forward contracts to hedge this exposure. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are held at fair value at the balance sheet date. Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges of future cash flows are recognised directly in other comprehensive income and the ineffective portion is recognised immediately in the Consolidated income statement.

Amounts deferred in this way are recycled to the Consolidated income statement in the same period in which the hedged firm commitments or forecast transactions are recognised in the Consolidated income statement.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Consolidated income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gains or losses on the hedging instrument recognised in equity are retained until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the Consolidated income statement for the period.

1.21 Foreign currencies
Transactions in currencies other than the functional currency of the individual Group entities are recorded at the exchange rate prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary assets and liabilities and those arising on retranslation are included within operating costs in the period in which the difference arose.

1 Accounting policies (continued)

1.21 Foreign currencies (continued)On consolidation, the assets and liabilities of the Group's operations are translated at the exchange rate prevailing on the balance sheet date. The trading results and cash flows are translated at the average exchange rate for the period. Exchange differences arising upon consolidation are taken directly to the consolidated statement of comprehensive income.

Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the exchange rate prevailing on the balance sheet date.

1.22 Accounting estimates and judgements
The Group makes a number of accounting estimates and judgements and the resulting estimates may, by definition, vary from the related actual results. The Directors have considered the critical accounting estimates and judgements used in the financial statements and have concluded that the main areas are as follows:

(a) Estimated impairment of goodwill and intangibles
The Group tests annually whether goodwill and intangibles, such as customer relationships, has suffered any impairment, in accordance with the Group's accounting policy. These calculations require the use of estimates. See note 9 for further details.

(b) Revenue recognition and percentage of completion
When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the level of services performed. In determining the level of services performed management must estimate the percentage of completion. Management ensures the accuracy of percentage of completion estimates through detailed discussions with those individuals directly involved in the relevant projects. For further details see the revenue accounting policy on page 19.

(c) Deferred tax on tax deductible goodwill
As the Group claims tax deductions in respect of tax deductible goodwill, the Group will recognise a deferred tax asset or liability on the difference between the tax carrying value of tax deductible goodwill and the accounting carrying value. Refer to note 20 for the tax liability recognised which is in respect of amortisation deductions for its entities based in the US. The Group has no immediate intention to impair the goodwill for accounting purposes, or to dispose of this goodwill.

2. Segmental analysis

The chief operating decision maker has been identified as the Board of Directors, which makes the strategic decisions. The Board of Directors review the performance of the Group using two divisions, these being Communications & Insight and Health.

The principal activities of the two divisions are as follows:

Communications & Insight
The Communications & Insight division delivers a range of digital and technology-based marketing solutions to blue-chip global clients. Services include: advertising, brand strategy, customer relationship marketing (CRM), digital and direct marketing, local marketing, market research using qualitative and quantitative face-to-face, telephone and online data collection techniques, social media marketing and public relations.

Health
The Health division provides an integrated communications solution to the healthcare and pharmaceutical sector and offers services which include advertising, advocacy, digital and direct marketing, public relations, issues and reputation management and medical education.

The Board of Directors assess the performance of the operating segments based on a measure of turnover and revenue.

Accounting policies are consistent across the reportable segments.

All significant assets and liabilities are located within the UK and the US. The Board of Directors does not review the assets and liabilities of the Group on a divisional basis and therefore has chosen to adopt the amendments to IFRS 8 which permit not segmenting the assets and liabilities of the Group.

2 Segmental analysis (continued)

Other information provided to the Board of Directors is measured in a manner consistent with that in the financial statements.

Segmental analysis by geography
The following table provides an analysis of the Group's turnover and revenue delivered by geographical market, irrespective of the origin of the services.

	2018	2017
	£'000	£'000
UK	48,212	12,145
Rest of Europe	11,675	3,573
Rest of the World (including US)	13,232	3,281
	73,119	18,999

3. Adjusted profit before interest and tax

Adjusted profit before interest and tax (adjusted PBIT) is the primary KPI on which financial performance of the group is measured and monitored.

Adjustments consist of non-recurring items, foreign exchange, and the non-trading intangible amortisation (brand names and customer lists).

	2018	2017
	£'000	£'000
Profit before finance income, finances costs and taxation	4,211	151
Add:		
Non-recurring items	2,575	1,597
DBay Advisors monitoring fee	443	111
Foreign exchange	23	92
Amortisation of non-trading intangibles	2,899	777
Adjusted PBIT	10,151	2,728

4. Operating costs

Included in profit / loss are the following:

	2018 £'000	2017 £'000
Employee benefits (note 5)	**41,837**	12,263
Depreciation and amortisation	**4,231**	1,111
Acquisition-related costs	**168**	279
Other expenses	**22,672**	5,195
	68,908	18,848

	2018 £'000	2017 £'000
Auditors' remuneration (see below)	**151**	139
Amortisation of intangible assets (note 10)	**3,043**	777
Foreign exchange loss	**23**	14
Depreciation of property, plant and equipment (note 11)	**1,188**	334
Operating lease rentals – land and buildings	**4,624**	726
Operating lease rentals – plant and equipment	**22**	24
Operating lease rentals – vehicles	**27**	9

Auditor's remuneration may be analysed as follows:

	2018 £'000	2017 £'000
Audit of the Group financial statements	**35**	20
Amounts receivable by the company's auditors and its associates in respect of:		
Audit of the financial statements of subsidiaries and the company	**116**	114
Taxation compliance services	**-**	5
	151	139

5. Staff numbers and costs

The monthly average number of employees of the Group during the year was:

	2018 Number	2017 Number
Directors	**29**	8
Administration	**96**	75
Marketing services	**656**	679
	781	762

The aggregate payroll costs of these persons were as follows:

	2018 £'000	2017 £'000
Wages and salaries (including deemed remuneration)	**37,891**	11,114
Social security costs	**2,881**	808
Contributions to defined contribution pension plans	**1,065**	341
	41,837	12,263

6. Directors' remuneration

Directors' remuneration is as follows:

Executive Directors	2018 £'000	2017 £'000
Salaries and other short-term employee benefits	**250**	58
Other pension costs	**13**	14
Aggregate emoluments	**263**	72

7. Finance income and expense

Finance income includes:

	2018 £'000	2017 £'000
Interest income	-	1
	-	1

Finance costs include:

	2018 £'000	2017 £'000
Amortisation of loan fees	**(294)**	(71)
Finance costs on bank overdrafts and loans (note 17)	**(5,509)**	(1,327)
	(5,803)	(1,398)

Finance costs on bank overdrafts and loans comprises interest charges, facility fees and non-utilisation fees.

8. Taxation

	2018 £'000	2017 £'000
The tax charge comprises:		
Current tax:		
Corporation tax at 19% (2017: 20%)	**1,528**	(274)
(Over)/under-provision of corporation tax in previous year	**(334)**	(82)
	1,194	(356)
Deferred tax:		
Origination and reversal of temporary differences	**(541)**	(280)
Effect of tax rate change on opening balance	**(705)**	-
Under-provision of deferred tax in previous year	**1**	11
Tax charge for the year	**(51)**	(625)

The tax rate for the year is different from the standard rate of corporation tax in the UK, i.e. 19 per cent (2017: 20 per cent). The differences are explained below:

	2018 £'000	2017 £'000
(Loss)/profit before taxation	**(1,514)**	(1,287)
(Loss)/profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	**(288)**	(257)
Effects of:		
Expenses not deductible for tax purposes	**699**	194
Share-based payments	**-**	32
Fixed asset differences	**43**	-
Income not taxable for tax purposes	**10**	-
Deferred tax on US goodwill amortisation	**-**	12
Amounts charged/(credited) directly to the Statement of Comprehensive Income	**(5)**	-
Overseas tax	**312**	121
Changes in deferred tax rates	**(880)**	-
Other tax adjustments, reliefs and transfers	**(8)**	-
Adjustment to acquisition tax creditor	**-**	(656)
Group relief surrendered/(claimed)	**11**	-
Over/(under) provision of tax in previous year	**55**	(71)
Tax charge for the year	**(51)**	(625)

A reduction in the UK corporation tax rate from 20% to 19% was enacted on 1 April 2018. A further reduction to 17%, effective from 1 April 2020, has been announced in the budget.

9. Goodwill

Goodwill represents the excess of the cost of acquisition over fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

	Goodwill on consolidation
	£'000
At 31 March 2017	**42,474**
Acquisition	**147**
At 31 March 2018	**42,621**

During the year the group acquired the 25% minority interest of DJMPAN Unlimited Ltd for a consideration of £147,000.

In accordance with the Group's accounting policy, the carrying value of goodwill is not subject to systematic amortisation but are reviewed annually for impairment. The review assesses whether the carrying value of goodwill could be supported by the recoverable amount which is determined through value in use calculations of each cash-generating unit (CGU), or the fair value less costs to sell of the group.

The key assumptions applied in the value in use calculations are the discount rate and the projected cash flows. The recoverable amounts of all CGUs are based on the same key assumptions.

Discount rates

Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money. In assessing the discount rate applicable to the Group the following factors have been considered:

(i) the 12-month cost of debt;

(ii) the cost of equity based on an unlevered advertising beta of 0.91.

(iii) the risk-free rate for a 20-year UK government bond; and

(iv) the risk premium to reflect the increased risk of investing in equities.

Using a consistent methodology, the above assumptions have resulted in a calculated weighted average cost of capital to 14.26 per cent (2017: 14.45 per cent).

As all the CGUs are similar in nature, the risk profile is considered the same across countries. As a result the same discount rate is used for each.

9. Goodwill (continued)

Projected cash flows

Projected cash flows are calculated with reference to each CGU's latest budget and business plan which are subject to a rigorous review and challenge process. Operating company management prepare the budgets through an assessment of historic revenues from existing clients, the pipeline of new projects, historic pricing, and the required resource base needed to service new and existing clients, coupled with their knowledge of wider industry trends and the economic environment.

Projected cash flows are calculated using the first year of approved budget, which can be adjusted with management override for events or changes post budget approval. In the current year, the basis for projecting cash flows has changed to reflect more conservative future operating profit growth rates. The first year's budget is followed by a residual growth rate of 2.8 per cent, matched to current UK inflationary levels.

Results of impairment review

The results of the impairment review on the C&I CGU valued on value in use basis showed that there are no indications of impairment to Goodwill. The results of the impairment review on the Health CGU, based on a market approach based on consideration of comparable transactions gave no indications of impairment of Goodwill. Movements for the year in the carrying amount can be found below.

	2018 £'000	Additions	2017 £'000
Health	**15,793**	147	15,646
Communications & Insight	**26,828**	-	26,828
Total	**42,261**	147	42,474

Sensitivity analysis

The impairment review of the Group is sensitive to changes in key assumptions, most notably projected operating cash flows, the growth rate and the post-tax discount rate. Consistent with historic Group impairment sensitivities, management has independently applied the following 'reasonably possible adverse' changes to the base case assumptions for the Communications and Insight CGU to approximate the break even point.

- Increase the post-tax discount rate by 9 per cent to 16 per cent;
- Decrease the growth rate by 39 per cent to 1.7 per cent.

The sensitivity tests indicate no impairment to be necessary for the Communications and Insight CGU.

The sensitivity analysis for the Health CGU has been based on adjusting the market comparable transaction information. The implied market multiple could be decreased by 26 per cent to approximate the break even point of the Health CGU.

Notes to the consolidated financial statements (continued)

9. Goodwill (continued)

For a list of all the Group companies as at 31 March 2018 refer to note 12. All subsidiary undertakings have been included in the consolidated financial statements. In the year ending 31 March 2018, the following wholly owned subsidiaries were exempt from audit of their individual financial statements under section 479a of the Companies Act 2006:

EMO Group Limited (Company number 02592744)	Health Unlimited Limited (Company number 03574785)	Creston Connections Limited (Company number 03745386)
Liberation Communications Limited (Company number 08625899)	ICM Research Limited (Company number 02571387)	ICM Direct Limited (Company number 03543454)
FieldworkUK.com Limited (Company number 03543523)	Rock Medical Communications Limited (Company number 07289529)	Walnut Unlimited Limited (Company number 01317137)
Nelson Bostock Group Limited (Company number 02143374)	Red Door Communications Group Limited (Company number 03957171)	Unlimited Group United Limited (Company number 09321509)
Colombus Communications Limited (Company number 02980909)	Loooped LLP (Company number OC389086)	Tullo Marshall Warren Limited (Company number 01332638)
Emery Mclaven Orr Limited (Company number 01913706)	The Unlimited Group Holdings Limited (Company number 02636904)	We Are Unlimited Limited (Company number 03285840)
Creston Overseas Holdings Limited. (Company number 05964051)	Unlimited Group Solutions Limited (Company number 08659372)	DJMPAN Unlimited Limited (Company Number 06638236)
Digital Group Unlimited Limited (Company number 00210505)	Unlimited Marketing Finco Limited (Company number 10469168)	

10. Intangible assets

	Software development and licences £'000	Brand names £'000	Customer relationships £'000	Total £'000
Cost				
At 8 November 2016	–	–	–	–
Additions	802	10,639	21,901	33,342
Disposals	(37)	–	–	(37)
At 31 March 2017	765	10,639	21,901	33,305
Additions	705	–	–	705
Disposals	–	–	–	*0*
At 31 March 2018	**1,470**	**10,639**	**21,901**	**34,010**
Accumulated amortisation				
At 8 November 2016	–	–	–	–
Charge for the year	52	177	548	777
Disposals	–	–	–	–
At 31 March 2017	52	177	548	777
Charge for the year	144	709	2,190	3,043
Disposals	–	–	–	–
At 31 March 2018	**196**	**886**	**2,738**	**3,820**
Net book value				
At 1 April 2017	713	10,462	21,353	32,528
At 31 March 2018	**1,274**	**9,753**	**19,163**	**30,190**

In accordance with the Group's accounting policy the carrying values of brand names are reviewed annually for impairment, and are included within the carrying value of CGUs as part of the goodwill impairment testing. See note 9 for further details.

The method of valuation and subsequent review is outlined in note 1.

The Group's carrying value of brand names is allocated to the following CGUs:

	2018	2017
	£'000	£'000
Health	**2,618**	2,802
Communications & Insight	**7,135**	7,660
	9,753	10,462

11. Property, plant and equipment

	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At 8 November 2016	-	-	-
Additions from acquisition	1,552	1,006	2,558
Additions	161	195	356
At 31 March 2017	1,713	1,201	2,914
Additions	73	411	485
Foreign exchange	(114)	(11)	(126)
At 31 March 2018	**1,672**	**1,601**	**3,273**
Accumulated depreciation			
At 8 November 2016	-	-	-
Charge for the year	171	163	334
At 31 March 2017	171	163	334
Charge for the year	527	660	1,188
Foreign exchange	(23)	(12)	(36)
At 31 March 2018	**675**	**811**	**1,486**
Net book amount			
At 31 March 2017	1,542	1,038	2,580
At 31 March 2018	**997**	**790**	**1,787**

There are no assets held under finance leases or similar hire purchase contracts. The Group acquired no assets under finance lease arrangements in the current or previous year.

Unlimited Marketing Group Ltd

Notes to the consolidated financial statements (continued)

12. Investments

Associates

Set out below are the details of the associate investment held by the Group at 31 March 2018.

Name of entity	Place of business/ country of incorporation	% of ownership interest	Measurement Method
18 Feet & Rising Limited	*UK*	*27*	*Equity*

18 Feet & Rising Limited is a private company and there is no quoted market price available for its shares.

Set out below is the summarised financial information for 18 Feet & Rising Limited.

	2018	2017
	£'000	£'000
Current		
Cash and cash equivalents	**1,450**	355
Other current assets	**697**	710
Total current assets	**2,147**	1,065
Financial liabilities (excluding trade payables)	**(1,770)**	(922)
Other current liabilities (including trade payables)	**(335)**	(337)
Total current liabilities	**(2,105)**	(1,259)
Non-current assets	**3**	3
Non-current liabilities	**(3)**	(3)
Net assets/(liabilities)	**42**	(194)

	2,018	2,017
	£'000	£'000
Revenue	**697**	478
Expenses	**(619)**	(630)
Profit / (Loss)	**78**	(152)

Value of investment

	2,018	2,017
	£'000	£'000
Opening balance	**853**	-
Additions	**-**	894
Profit/(Loss)	**78**	(41)
Closing balance	**931**	853

There are no contingent liabilities relating to the Group's interest in associates.

12. Investments (continued)

Subsidiaries
Set out below are the details of subsidiaries held by the Group at 31 March 2018.

			Proportion of the Ordinary Shares and voting rights held by:	
Operating company	Company number	Country of incorporation	Direct	Indirect
Colombus Communications Limited*	02980909	United Kingdom[1]		100%
Creston Connections Limited*	03745386	United Kingdom[1]		100%
Creston PLC US Holdings Inc	98-0534468	United States of America[2]		100%
Digital Unlimited Group Limited*	00210505	United Kingdom		100%
DJMPAN Unlimited Limited*	06638236	United Kingdom[1]		100%
Emery McLaven Orr Limited*	01913706	United Kingdom[1]		100%
EMO Group Limited*	02592744	United Kingdom[1]		100%
FieldworkUK.com Limited*	03543523	United Kingdom[1]		100%
Health Unlimited Limited*	03574785	United Kingdom[1]		100%
Health Unlimited LLC	27-3981288	United States of America[2]		100%
How Splendid Limited	04692212	United Kingdom[1]		51%
ICM Direct Limited*	03543454	United Kingdom[1]		100%
ICM Research Limited*	02571387	United Kingdom[1]		100%
Liberation Communications Limited*	08625899	United Kingdom[1]		100%
Loooped LLP*	OC389086	United Kingdom[1]		100%
Walnut Unlimited Limited*	01317137	United Kingdom[1]		100%
Nelson Bostock Group Limited*	02143374	United Kingdom[1]		100%
Red Door Communications Group Limited*	03957171	United Kingdom[1]		100%
ROCK Medical Communications Limited*	07289529	United Kingdom[1]		100%
The Unlimited Group Holdings Limited*	02636904	United Kingdom[1]		100%
Unlimited Group Solutions Limited*	08659372	United Kingdom[1]		100%
Unlimited Group United Limited*	09321509	United Kingdom[1]		100%
Unlimited Marketing Finco Limited*	10469168	United Kingdom	100%	
Tullo Marshall Warren Limited*	01332638	United Kingdom[1]		100%
Dormant entities				
Creston Overseas Holdings Limited*	05964051	United Kingdom[1]		100%
We Are Unlimited Limited*	03285840	United Kingdom[1]		100%

* subsidiary undertaking is exempt from the Companies act 2006 relating to the audit of their individual accounting by virtue of section 479A of the act, whereby this company has guaranteed the subsidiary company.
[1] Registered address: Unlimited House, 10 Great Pulteney Street, London, W1F 9NB
[2] Registered address: 111 Fifth Avenue, 2nd Floor, New York, NY 10003, USA.

The remaining 25 percent minority interest of DJMPAN was purchased on 6 October 2017 for consideration of £147,000.

The remaining 40 per cent minority interest of Loooped was purchased on 28 February 2018 for consideration of £1.

Notes to the consolidated financial statements (continued)

13. Inventories and work in progress

	2018 £'000	2017 £'000
Work in progress	1,127	1,520

Changes in inventories and work in progress of £393,000 (2017: £733,000) are reflected in charges paid to external suppliers which form part of the difference between turnover and revenue.

14. Trade and other receivables

	2018 £'000	2017 £'000
Trade receivables	15,574	19,234
Other receivables	202	854
Prepayments	1,088	2,267
Accrued income	4,858	3,207
	21,722	25,562

The group considers the carrying value of trade and other receivables approximate to their fair value. Included within other receivables is an interest rate SWAP derivative with a fair value of £158,000 as at 31 March 2018. The notional value is £26.25m and the swap expires in 2023.

15. Trade and other payables

Current liabilities	2018 £'000	2017 £'000
Trade payables	4,973	3,772
Social security and other taxes	3,819	3,068
Accruals	7,044	9,458
Accrued PIK note interest	4,424	895
Deferred income	7,243	7,523
Bank Loan	1,438	575
Capitalised loan fees	(279)	(279)
Other payables	1,215	1,622
	29,877	26,634

Non-current liabilities	2018 £'000	2017 £'000
Other payables*	296	891
	296	891

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The group considers that the above liabilities approximate to their fair value.

* Relates to deferred lease premium credit greater than one year.

16. Provision for other liabilities and charges

Dilapidation provisions	£'000
At 1 April 2017	828
Provisions made during the year	(102)
At 31 March 2018	**726**

Restructuring provisions	£'000
At 1 April 2017	83
Provisions made during the year	(83)
At 31 March 2018	**-**

	2018	2017
	£'000	£'000
Analysed as:		
Non-current liabilities	**726**	911
	726	911

Dilapidation provisions represent the unavoidable costs of restoring leasehold properties to the condition specified in the lease at the end of the contractual term. The amount of each provision has been determined based on management's best estimate. During the year a credit of £102,000 (2017: £26,000) was recognised in the consolidated income statement in relation to dilapidation repairs.

The Group considers that the above liabilities approximate to their fair value.

17. Bank overdraft, loans and loan notes

As at 31st March 2018 the group had the following banking arrangements in place:

(a) An overdraft facility of £5.0 million which is repayable on demand.
(b) A committed revolving credit facility (RCF) of £10.0 million, at a margin of LIBOR plus 4.0%.
(c) A committed acquisition and capex facility of £5.0 million, at a margin of LIBOR plus 4.0%.
(d) A term loan facility (Facility A) of £10.9 million, at a margin of LIBOR plus 4.0% and has capital repayments every 6 months till its termination on 22 December 2022.
(e) A term loan facility (Facility B) of £23.5 million, at a margin of LIBOR plus 4.5% and is repayable in full at its termination in 22 December 2023.

Arrangement (a) is with Barclays bank plc, whilst (b) to (e) are with Barclays bank plc, HSBC bank plc and The Governor and Company of the Bank of Ireland in equal shares per tranche.

In addition to these the group had loan notes (PIK) of up to £31.4 million at a fixed interest rate of 11% repayable in 2024 as at 31st March 2018. The holder of these loan notes is a related group company, RedWhiteBlue Cayman II (Cayman) (note 23). During the year the loan notes were listed on The International Stock Exchange.

	2018	2017
	£'000	£'000
Revolving credit facility	**-**	-
Bank loan	**32,987**	34,425
Capitalised loan fees	**(1,306)**	(1,600)
Loan notes (note 22)	**31,184**	31,184
	62,865	64,009

18. Financial assets and liabilities

The Group's financial instruments comprise bank borrowings, cash and cash equivalents, acquisition contingent deferred consideration, trade payables, other payables, trade receivables, and other receivables. The financial assets are required for the day-to-day working capital of the Group.

	2018		2017	
	Loans and receivables £'000	**Total carrying amount £'000**	Loans and receivables £'000	Total carrying amount £'000
Financial assets:				
Trade and other receivables (excluding prepayments)	**20,634**	**20,634**	23,295	23,295
Cash and cash equivalents	**9,057**	**9,057**	2,981	2,981
	29,691	**29,691**	26,276	26,276

	2018			2017		
	Liabilities at fair value through profit and loss £'000	**Other financial liabilities at amortised cost £'000**	**Total carrying amount £'000**	Liabilities at fair value through profit and loss £'000	Other financial liabilities at amortised cost £'000	Total carrying amount £'000
Financial liabilities:						
Trade and other payables (excluding deferred income and statutory liabilities)	**-**	**6,189**	**6,189**	-	15,747	15,747
	-	**6,189**	**6,189**	-	15,747	15,747

18. Financial assets and liabilities (continued)

The Group's objective for managing its financial position is to achieve the best interest rates available whilst maintaining acceptable flexibility and minimal risk.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, liquidity risk and credit risk.

Foreign currency risk

The principal currency of the Group's financial assets and liabilities is Sterling. The Group, however, does own three trading subsidiaries based in the US and also services a range of clients across Europe and the rest of the world from its UK subsidiaries whose contracts, and therefore billings, are denominated in a currency other than the principal currency. The Group therefore faces currency exposures.

Where considered necessary the Group will manage its foreign currency risk through hedging arrangements.

The US-based subsidiaries trade in US Dollars. The Group is therefore exposed to foreign currency movements which will affect the fair value of US Dollar cash flows.

The Sterling values of cash and debt-related assets and liabilities held in a currency other than the principal currency by the Group are as follows:

	2018 £'000	2017 £'000
Euros	**1,848**	270
US Dollars	**1,226**	(1,450)
Cash and debt-related liabilities	**3,074**	(1,180)

The following table illustrates based on management's assessment, the possible impact on Group profit or loss and net assets of potential changes in the Euro or US Dollar exchange rates, with all other variables remaining constant. A strengthening or weakening of Sterling by 10 per cent is considered an appropriate variable for the sensitivity analysis given the scale of foreign exchange fluctuations in the wake of the Brexit vote.

		Effect on Group profit or loss and net assets	
	Strengthening/ (weakening) of Sterling	2018 £'000	2017 £'000
Euros	+10%	**(582)**	(63)
US Dollars	+10%	**(491)**	(43)
Euros	-10%	**582**	63
US Dollars	-10%	**491**	43

Interest rate risk

The Group's operations are cash-generative and the Group funds acquisitions through a combination of retained profits and borrowings. To manage the Group's exposure to interest rate risk, borrowings comprise floating rate instruments.

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group has minimised its borrowing liabilities and therefore this risk is low. The Group has a multi-currency pooling arrangement which means that interest is charged/credited on the net debt/cash position across all major currencies, thus reducing the risk of the Group incurring an interest expense should one currency be in an overdraft position. The Group has partially hedged its external bank debt from floating to fixed for the term of the loan to minimise interest rate risk.

During the year, if interest rates had been 1 per cent higher/lower with all other variables held constant, Group profit or loss and net assets at 31 March 2018 would have been lower/higher by £349,000 (2017: £88,000) due to result of lower/higher interest expense in relation to the Group's overdraft and revolving credit facility. An increase or decrease

18. Financial assets and liabilities (continued)

in interest rates of 1 per cent is considered an appropriate variable for sensitivity analysis given the scale of LIBOR movements over the last two years and the range of rates applicable to the Group's revolving credit facility.

Liquidity risk

The Group is significantly leveraged. The Group seeks to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group can draw on a revolving credit facility and overdraft totalling £15m, to manage any short-term liquidity requirements.

The Group is subject to debt service and leverage loan covenant requirements relating to its bank loan arrangement and financial performance. The Group has complied with these loan covenant arrangements since the inception of the facility date.

Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and credit exposures to customers, including outstanding receivables and committed transactions.

Credit risk in respect of customers is managed by assessing the credit quality of the customer, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by the relevant agency board. The utilisation of credit limits is regularly monitored. Before undertaking work with a new client each agency uses a third-party ratings agency to assess creditworthiness and payment terms are set accordingly. Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large and unrelated.

	Book value		Fair value	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Trade and other receivables (excluding prepayments)	**20,634**	23,295	**20,634**	23,295
	20,634	23,295	**20,634**	23,295

Credit risk in respect of cash and cash equivalents and derivative financial instruments arises from the default of the counterparty, with a maximum amount of exposure equal to the carrying amount of these instruments. The credit risk in respect of these financial assets is limited because the counterparties are reputable banks with high credit ratings assigned by international credit-rating agencies. The Group's cash is held by counterparties with a S&P rating of A-1.

	Book value		Fair value	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Cash at bank and in hand	**9,057**	2,981	**9,057**	2,981
	9,057	2,981	**9,057**	2,981

The fair values of the financial assets and liabilities are estimated to be equal to their book values.

19. Commitments and contingent liabilities

As at 31 March the Group had future aggregate minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018		2017	
	Land and buildings	**Other**	Land and buildings	Other
	£'000	**£'000**	£'000	£'000
Not later than one year	**4,363**	**101**	7,407	196
Later than one year and not later than five years	**7,374**	**185**	15,891	516
Later than five years	**-**	**-**	1,031	360
	11,737	**286**	24,329	1,072

Operating lease commitments represent rentals payable by the Group primarily for its office properties.

20. *Deferred taxation*

The deferred taxation asset of £760,000 (2017: £1,295,000) recognised in the financial statements is set out below:

	2018	2017
	£'000	£'000
Accelerated capital allowances	397	353
Short-term timing differences	363	650
Future acquisition payments to employees deemed as remuneration	-	161
Other timing differences	-	131
	760	1,295

The movement in the year is analysed as follows:

	2018	2017
	£'000	£'000
At 1 April 2017 / 1 November 2016	1,295	-
Income statement	(487)	269
Assumed on acquisition	-	1,026
Foreign exchange (to other comprehensive income)	(48)	-
At 31 March	760	1,295

The deferred taxation liability of £4,922,000 (2017: £6,654,000) recognised in the financial statements is set out below:

	2018	2017
	£'000	£'000
Intangible assets assumed on acquisition	4,922	6,654
	4,922	6,654

The movement in the year is analysed as follows:

	2018	2017
	£'000	£'000
At 1 April 2017 / 1 November 2016	6,654	-
Income statement	(1,732)	-
Assumed on acquisition	-	6,654
At 31 March	4,922	6,654

The Group has recognised deferred tax assets where there are forecast profits in the next 12 months from which the future reversal of the underlying timing differences can be deducted. There are no material unprovided deferred tax assets or liabilities.

A reduction in the UK corporation tax rate from 20% to 19% was enacted on 1 April 2018. A further reduction to 17%, effective from 1 April 2020, has been announced in the budget.

Notes to the consolidated financial statements (continued)

21. Called-up share capital

Group and Company	2018 £'000	2017 £'000
Authorised:		
11,100,001 Ordinary Shares of £1 each[1], 605 A Ordinary shares of £10 each[2], 100 C Ordinary shares of £1 each[3] (2017: 11,100,001 Ordinary Shares of £1 each)	**11,106**	11,100
Called-up and fully paid:		
11,100,001 Ordinary Shares of £1 each[1], 605 A Ordinary shares of £10 each[2], 100 C Ordinary shares of £1 each[3] (2017: 11,100,001 Ordinary Shares of £1 each)	**11,106**	11,100

[1] Full voting, dividend and capital distribution rights.
[2] No voting rights, no dividend rights, capital distribution rights.
[3] No voting rights, no dividend rights, capital distribution rights.

22. Analysis of net debt

	At 01-Apr 2017 £'000	Acquisition related £'000	Cash flow £'000	Foreign exchange £'000	**At 31-Mar 2018 £'000**
Net cash and cash equivalents	**2,981**	**(147)**	**6,470**	**(248)**	**9,057**
Revolving credit facility	-	-	-	-	-
Bank loan	**(35,000)**	-	**575**	-	**(34,425)**
Loan notes	**(31,184)**	-	-	-	**(31,184)**
Net debt	**(63,203)**	**(147)**	**7,045**	**(248)**	**(56,552)**

23. Directors' interests in transactions and shares and other related party transactions

The immediate parent of the Group is DouglasBay Capital II Fund LP, which is managed by DBay Advisors Limited.

The ultimate controlling party of the Group is RedWhiteBlue Champion Limited (incorporated in the Cayman Islands).

The Group has a related party relationship with its subsidiaries and with its Directors. Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

A monitoring fee is charged by RedWhiteBlue Champion Limited (controlled by DBAY Advisors Limited) to the Group. This totalled £443,000 (2017: £110,750) for the year.

RedWhiteBlue Cayman II (controlled by DBAY Advisors Limited) is the holder of loan notes (PIK) of up to £31.4 million (2017: £31.4 million) at a fixed interest rate of 11% repayable in 2024. Interest of £3,529,000 (2017: £895,000) was accrued on these loan notes during the period.

24. Events after the Balance Sheet

1. On 25 July 2018 the Group purchased a further 24.5 per cent of the share capital of How Splendid Limited for a consideration of £1,883,077.
2. 100 per cent of the share capital of First Base Limited was acquired on 9 May 2018 for a consideration of £390,000, the acquiring entity being Digital Unlimited Group Limited.

25. Comparative period

Results of the comparative period are for the period from 8 November 2016 to 31 March 2017.

Unlimited Marketing Group Ltd

Company balance sheet
as at 31 March 2018

	Note	2018 £'000	2017 £'000
Non-current assets			
Investments	2	**11,100**	11,100
		11,100	11,100
Current assets			
Trade and other receivables	3	**35,608**	32,079
		35,608	32,079
Current liabilities			
Trade and other payables	4	**(604)**	(111)
		(604)	(111)
Net current assets		**35,004**	31,968
Total assets less current liabilities		**46,104**	43,068
Non-current liabilities			
Bank overdraft, loans and loan notes	5	**(35,608)**	(32,079)
		(35,608)	(32,079)
Net assets		**10,496**	10,989
Equity			
Called-up share capital		**11,106**	11,100
Retained earnings		**(610)**	(111)
Total equity		**10,496**	10,989

The notes on pages 45 to 46 form an integral part of thesefinancial statements. The Directors consider that all results derive from continuing activities.

The financial statements, which comprise the Company statement of financial position, the Company statement of changes in equity and the related notes, were approved by the Board of Directors on July 2018.

Kathryn Herrick
Chief Financial Officer

Unlimited Marketing Group Ltd

Company statement of changes in equity
for the year ended 31 March 2018

Changes in equity for 2017	Called-up share capital £'000	Retained earnings £'000	Total equity £'000
At 1 April 2017	11,100	(111)	10,989
Profit for the financial year	-	(499)	(499)
Total comprehensive income for the financial year	-	(499)	(499)
Issue of share capital	6	-	6
Dividends	-	-	-
At 31 March 2018	**11,106**	**(610)**	**10,496**

Changes in equity for 2017	Called-up share capital £'000	Retained earnings £'000	Total equity £'000
At 1 April 2016	–	–	–
Loss for the financial year	–	(111)	(111)
Total comprehensive income for the financial year	–	(111)	(111)
Issue of share capital	11,100	–	11,100
Dividends	–	–	–
At 31 March 2017	11,100	(111)	10,989

Notes to the Company financial statements

1. Accounting policies

Basis of preparation
The Company financial statements have been prepared in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS101 reduced disclosure framework. The Company's domicile and country of incorporation is England and Wales. Its registered office is Creston House, 10 Great Pulteney Street, London W1F 9NB.

The financial statements have been prepared in Sterling, the currency in which the majority of the Company's transactions are denominated, on the historical cost basis, except where UK Accounting Standards require a fair value adjustment, and on a going concern basis.

The principal accounting policies applied in the preparation of these financial statements are consistent with the policies adopted by the Group as set out on pages 18 to 24. Refer to page 18 of the consolidated financial statements for the accounting standards update.

The additional accounting policies that are relevant to the Company but not the Group are:

Investments
Investments are stated at cost less provision for any impairment in value.

Impairment of investments
The Company assesses annually whether an investment may be impaired or more frequently if events or changes in circumstances indicate that an investment may be impaired. If any such indicator exists, the Company tests for impairment by estimating the recoverable amount. If the recoverable amount is less than the carrying value of an investment, an impairment loss is required.

2 Investments

	Shares in subsidiary undertakings £'000
At 1 April 2017	11,100
At 31 March 2018	**11,100**

The Company's subsidiaries and associated undertakings are listed in note 12 to the consolidated financial statements.

Impairment testing
The carrying values of all investments as at 31 March 2018 were tested for impairment and, as a result, no investments were written down to their net realisable value.

3 Trade and other receivables

Non-current	**2018 £'000**	2017 £'000
Amounts owed by Group undertakings	**35,608**	32,079

Amounts owed by group undertakings are related to intra-group loan notes and accrued interest between Unlimited Marketing Group Ltd and Unlimited Marketing Finco Ltd. The loan notes are held at amortised cost and are repayable on demand.

The principal amount of the loan notes is £31,184,000 (2017: £31,184,000) with interest charged at 11%.

The carrying amounts of the trade and other receivables are denominated in Sterling.

4 Trade and other payables

Current	2018 £'000	2017 £'000
Amounts owed to group undertakings	**383**	-
Accruals	**221**	111
	604	**111**

The carrying amounts of the trade and other payables are denominated in Sterling.

5 Bank overdraft, loans and loan notes

Non-Current	2018 £'000	2017 £'000
Principal loan notes	**31,184**	31,184
Accrued PIK interest	**4,424**	895
Less than one year – current liabilities	**35,608**	32,079

Amounts owed to parent undertakings are related to intra-group loan notes and accrued interest between Unlimited Marketing Group Ltd and RedWhiteBlue Cayman II (controlled by DBAY Advisors Limited). The loan notes are held at amortised cost and are repayable in November 2024.

The principal amount of the loan notes is £31,184,000 (2017: £31,184,000) with interest accrued at 11%.

6 Reserves

The nature and purpose of each reserve within equity is consistent with the Group as described in note 21 to the consolidated financial statements.

7 Profit for the financial period

As permitted by section 408 of the Companies Act 2006, the Company has not presented its own income statement and statement of comprehensive income. The loss for the financial period relating to the Company amounted to £500,000 (2017:£111,000).

8 Related party transactions

The Company does not actively trade with its subsidiary companies.

Key management and Directors' remuneration disclosures are contained in note 4 to the consolidated financial statements. Remuneration for key management, other than the Executive Directors, is not included in the Company's operating costs. Remuneration for key management is disclosed in the financial statements of their respective employing companies. Amounts owing from or to subsidiaries are disclosed in note 3 and note 4. Additional related party disclosures are provided in note 23 to the consolidated financial statements and note 5 above.