NEP UK Film I Limited

Annual report and financial statements

For the thirteen months ended 31 December 2017

Registered in England and Wales number 10482244

NEP UK Film I Limited

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Directors and Advisers

Directors	G Delon DA Crump MA Wilson SA Jenkins SA Mort
Secretary	DM Leadbetter
Registered office	Unit E2, Sussex Manor Business Park Gatwick Road Crawley England RH10 9NH
Bankers	JP Morgan 25 Bank Street London, E14 5JP
Independent auditors	Deloitte LLP Statutory Auditor Crawley United Kingdom

Strategic Report

This is the first Annual Report and audited financial statements for NEP UK Film I Limited (the "Group"). The Group's ultimate beneficial owner is NEP Group, Inc. ("NEP"), a company incorporated in Delaware, USA.

NEP UK Film I Limited was incorporated on 16 November 2016 as a vehicle for NEP to acquire Avesco Group plc ("Avesco"), an AIM listed international media services group. The acquisition completed on 4 January 2017 for a consideration of £124m. Assets with a book value of £44.7m were acquired, however following fair value adjustments this was uplifted to a fair value of £80.7m. The remaining £43.3m was deemed to be the goodwill of the business.

Business Review

Subsequent to the acquisition, a significant restructuring of the Group took place in order to integrate Avesco into the wider NEP portfolio:

- On 4 January 2017 CT US was sold to a fellow NEP subsidiary.
- On 31 March 2017 CT Germany and CT Holland were sold to a fellow NEP subsidiary.
- On 24 August 2017 mclcreate was sold to a third party.
- On 28 December 2017 CT Hong Kong was sold to a fellow NEP subsidiary. Subsequent to the year end on 2 January 2018 CT Shanghai was sold to a fellow NEP subsidiary. The combined sale of these two companies represented the full disposal of the Group's CT Asia Pacific division.
- The disposals of CTUS, mclcreate create and CT Asia Pacific represent separate major lines of business or geographical regions and as such have been disclosed as discontinued operations.
- On 31 March the Group acquired the trade and asset of Mediatec Solutions (UK) Limited from a fellow NEP subsidiary.
- On 1 Aug 2017 the Group acquired the share capital of LED Investment International BV from a fellow NEP subsidiary, and its subsidiary Faber Audiovisuals DMCC.

On 1 July 2018 NEP Visions Limited and Bowtie Television Limited were acquired from a fellow NEP subsidiary for a consideration of $60m.

The above transactions have had a significant impact on the reported results for the period and are fully detailed in the notes to these financial statements. Following the restructuring, the Group's key areas of operation are the UK, Europe and the Middle East. The Group continues to provide specialist audio visual equipment and services to customers across a variety of markets, including the live events, broadcast and entertainment industries.

Key Performance Indicators

The Group's key financial performance indicators for the period are as follows (note no comparatives are disclosed due to this being the first period following incorporation).

	2017
Revenue	£44.7m
Operating loss	£(6.9)m
Loss for the period	£(9.4)m
Net assets at 31 December	£25.3m

Group revenues are cyclical and the timing of events can have a direct impact on performance during the year. Many major sporting events (e.g. the Olympics) are held in "even years" and the lack of major sporting events in 2017 is reflected in the reported revenues for the period.

The lack of major sporting events contributed to the reported operating loss of £6.9m, however the figure also includes depreciation and amortisation costs from the fair value adjustments associated with the Avesco acquisition plus several other one off items associated with the integration of the Group into NEP.

Finally, the Group made a loss of £2.6m from the trading and disposal of the discontinued operations noted above.

Net assets at the balance sheet date includes property, plant and equipment of £26.4m, the majority of which relates to the Group's inventory of rental assets. During the year the Group generated £3.9m of cash, leaving net debt of £11.6m at 31 December 2017.

Business Risks

The Group's business is subject to many different risk factors, which will have varying degrees of significance at any particular time. Although not an exhaustive list, the Board consider the most important risks and uncertainties to the business to be as follows:

Economic and business cycle: The Group's customers are principally corporates whose expenditure on services provided by the Group can be discretionary in nature and may therefore be affected by changes in the economic and business cycle. Some of the possible actions that the Group may take to counteract a sudden downturn could take time to have effect. However, we have sought to minimise the impact of any economic slowdown by seeking, wherever practicable, to match major items of capital expenditure to expected significant future revenue streams, and by limiting infrastructure obligations and other capital commitments to a level appropriate to the foreseeable needs of the business, after taking account of market trends and developments.

Dependence on key personnel: The Group's future success will be dependent on key employees and their on-going relationships with clients and suppliers. It is believed that the Group is of a size that no one individual represents a significant risk to the Group. The Group also encourages client or supplier contacts to be maintained by more than one individual. Key staff are incentivised through a mixture of sales commission and profit related bonuses.

Equipment failure or loss: The Group's hire stock comprises technical, high value equipment which is subject to the risk of electronic or mechanical failure as well as physical loss, damage or theft. The Group endeavours to minimise these risks through rigorous quality control measures, security precautions and insurance cover. The geographical spread of the Group's businesses further reduces the potential risk which might arise from any one loss or failure.

New and emerging markets: The Group may operate and supply services to events in countries where customs, practices and tax regulations are different to those in established Western markets. The Group seeks to conduct all of its business in an honest and ethical manner and to comply with all laws, rules and regulations, including those governing anti-bribery and anti-corruption, in all countries in which it operates. The Group seeks to minimise risk in this area by ensuring that all relevant staff are aware of their legal obligations through internal policies, briefings and seminars.

Future funding: The Group's capital requirements will depend on numerous factors, including its ability to operate successfully to its business plan. If funding requirements vary materially from plan, we may require further financing. In order to minimise this risk, the Group endeavours to build in contingencies to its financial forecasting. In addition, the Group will often have the ability to re-direct cash inflow intended for capital expenditure to other uses.

Exposure to counterparty credit risk: It is believed that no one client represents a material risk to the Group. Where there may be a credit concern or where significant up-front costs will be incurred in relation to a client's event, the Group will endeavour to obtain a deposit or other security for payment.

Effect of foreign currency: The Group in general does not hedge the foreign currency risk arising from sales by an operation denominated in a currency other than its functional currency. In most cases substantial deposits on such sales are received at the time of the order and the remaining balances are, to a large extent, matched by overseas costs. In respect of the translation of foreign currency assets, the Group endeavours to match a significant amount of such assets by funding overseas operations through borrowings or loans denominated in the overseas currency.

General risk management and internal control: The Board acknowledges its responsibility for and attaches considerable importance to the Group's systems for risk management and internal control. A variety of internal control procedures are in place across the Group to cover key business and control risks. These procedures are reviewed by the Board on a regular basis and adjustments made, where deemed appropriate.

Strategic Report (continued)

Current Trading and Outlook

Trading in 2018 has been strong so far and the Group has been out-performing budget. We have benefited from supplying equipment and services to large sporting events and an improvement in the corporate market. Our core markets remain strong, however there is uncertainty as to how Brexit will affect our business. At present we provide goods and services to customers and events in mainland Europe and we do not know how much our ability to do this will be affected until we know the final nature of the UK's relationship with the EU.

By order of the Board and signed on its behalf by

MA Wilson
16 August 2018

NEP UK Film I Limited
Unit E2
Sussex Manor Business Park
Gatwick Road
Crawley, RH10 9NH

Directors' Report

The Directors have pleasure in presenting their report and the audited financial statements for the thirteen months ended 31 December 2017.

Principal activities, review of the business and future developments
The Strategic Report on pages 2 to 4 gives further information regarding principal activities of the Group, the performance and prospects of the business and the risks therein.

Dividends
The Directors do not recommend payment of a final dividend for the thirteen months ended 31 December 2017.

Share issues
On 3 January 2017, the Company issued 31 ordinary shares of £1 each for a total subscription price of £31,000,000. An interim dividend of £2,969,562 for the year ending 31 December 2018 was declared and paid on 1 May 2018.

Directors
The names of the directors who held office during the year and up to the date of signing of the financial statements are set out below:

K Rabbitt (appointed 16 November 2016, resigned 26 February 2018)
G Delon (appointed 16 November 2016)
DA Crump (appointed 26 February 2018)
MA Wilson (appointed 26 February 2018)
SA Jenkins (appointed 3 July 2018)
SA Mort (appointed 4 July 2018)

Going concern
After making appropriate enquiries and preparing forecasts, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of 12 months from the date of signing the financial statements. The Group also has the support of its ultimate parent undertaking for the same period. For these reasons the Directors have adopted the going concern basis in preparing the financial statements.

Employee Involvement
The Board recognises the crucial role which quality, motivated employees play in the success of the Group. Employee involvement at all levels is encouraged through annual staff surveys and regular staff meetings. Certain employees are able to share in the success of the Group through incentive arrangements. It is the policy of the Group to recruit, develop and promote people on merit and to treat everyone equally regardless of their race, colour, ethnic origin or nationality, age, gender, marital status, sexual orientation, disability, religion or belief.

Disabled Employees
The Group gives full consideration to the possibility of employing disabled persons wherever such opportunities exist. Those employees who become disabled are given the opportunity and assistance to continue in their employment or to be trained for other, more suitable positions.

Directors' Indemnities
The Company has purchased insurance to cover its Directors and officers against the costs of defending themselves in legal proceedings taken against them in that capacity and in respect of any damages resulting from those proceedings. The insurance does not provide cover where the Director has acted fraudulently or dishonestly.

The Company has also provided an indemnity for its directors, which is a qualifying third party indemnity provision for the purposes of section 234 of the Companies Act 2006. A copy of the indemnity is available for inspection at the Company's registered office during normal working hours.

Environmental
Although the Group does not have a formal environmental policy, the Group does recognise the importance of environmental responsibility. The Group encourages the active involvement of persons working for and on behalf of the Group to minimise so far as reasonably practicable any adverse effects on the environment of their activities.

Auditor
Each of the persons who is a director at the date of approval of this report confirms that:
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to act as auditor and appropriate arrangements have been put in place for them to be deemed as auditor in the absence of an Annual General Meeting.

By order of the Board and signed on its behalf by

DM Leadbetter
16 August 2018

NEP UK Film I Limited
Unit E2
Sussex Manor Business Park
Gatwick Road
Crawley, RH10 9NH

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements ;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

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

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

By order of the Board and signed on its behalf by

DM Leadbetter
16 August 2018

NEP UK Film I Limited
Unit E2
Sussex Manor Business Park
Gatwick Road
Crawley, RH10 9NH

Independent auditor's report to the members of NEP UK Film I Limited (continued)

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of NEP UK Film I Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company cash flow statements;
- the related notes 1 to 36.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of NEP UK Film I Limited (continued)

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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.

Charles Morell

Charles Morelli (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Crawley, United Kingdom
16 August 2018

Consolidated Income Statement

	Note	31 December 2017 £000s
Revenue	5	44,722
Cost of sales		(33,532)
Gross profit		**11,190**
Operating expenses and income		(18,119)
Operating loss	6	**(6,929)**
Finance income	10	1
Finance costs	10	(840)
Loss before income tax		**(7,768)**
Income tax credit	11	974
Loss from continuing operations		**(6,794)**
Loss on discontinued operation, net of tax	31	(2,599)
Loss for the financial period		**(9,393)**
Attributable to:		
Owners of the Company		(9,350)
Non-controlling interests		(43)
		(9,393)

The notes on pages 15 to 53 are an integral part of these financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent Company income statement. The profit for the Company is detailed in note 25.

Consolidated Statement of Comprehensive Income

	Note	31 December 2017 £000s
Loss for the financial period		**(9,393)**
Other comprehensive income:		
Currency translation differences	25	(830)
Total comprehensive loss for the period		**(10,223)**
Attributable to:		
Owners of the Company		(10,182)
Non-controlling interests		(41)
		(10,223)

All amounts are attributable to equity holders of the Company. All items in other comprehensive income will be recycled subsequently to the income statement.

Consolidated and Parent Company Balance Sheets

	Note	Group 31 December 2017 £000s	Company 31 December 2017 £000s
Assets			
Non-current assets			
Property, plant and equipment	13	26,368	-
Intangible assets	14	9,442	-
Investments in subsidiaries	15	-	31,000
Deferred income tax assets	21	1,440	-
Trade and other receivables	16	108	10,753
		37,358	41,753
Current assets			
Inventories	17	85	-
Trade and other receivables	16	14,623	-
Assets classified as held for sale	31	6,974	-
Cash at bank and on hand	18	1,894	-
		23,576	-
Total assets		60,934	41,753
Liabilities			
Non-current liabilities			
Borrowings and loans	20	14,152	10,119
Deferred income tax liabilities	21	2,611	-
Provisions	22	726	-
		17,489	10,119
Current liabilities			
Trade and other payables	19	13,303	-
Current income tax liabilities		388	-
Borrowings and loans	20	993	622
Liabilities associated with assets held for sale	31	3,490	-
		18,174	622
Total liabilities		35,663	10,741
Total assets less total liabilities		25,271	31,012
Equity			
Capital and reserves attributable to equity holders of the company			
Ordinary shares	23	-	-
Share premium	25	31,000	31,000
Translation reserve	25	(832)	-
Retained earnings	25	(4,875)	12
Equity attributable to owners of the Company		25,293	31,012
Non-controlling interests	25	(22)	-
Total equity		25,271	31,012

The notes on pages 15 to 53 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 16 August 2018 and were signed on its behalf by:

Mark Wilson
Director
NEP UK Film I Limited (registered number 10482244)

Consolidated and Parent Company Statement of Changes in Equity

Group	Note	Share capital account £000s	Share premium account £000s	Translation reserve £000s	Retained earnings £000s	Total £000s	Non-controlling interest £000s	Total equity £000s
Balance at 16 November 2016		-	-	-	-	-	-	-
Profit/(loss) for the period		-	-	-	(9,350)	(9,350)	(43)	(9,393)
Other comprehensive income, net of tax	25	-	-	(832)	-	(832)	2	(830)
Total comprehensive income/(expense) for the period		-	-	**(832)**	**(9,350)**	**(10,182)**	**(41)**	**(10,223)**
Transactions with owners in their capacity as owners: Net capital contribution on disposal of operations to other NEP entities		-	-	-	4,475	4,475	-	4,475
Non-controlling interest acquired		-	-	-	-	-	19	19
Issue of shares	24	-	31,000	-	-	31,000	-	31,000
Balance at 31 December 2017		-	**31,000**	**(832)**	**(4,875)**	**25,293**	**(22)**	**25,271**

Company	Note	Share capital account £000s	Share premium account £000s	Retained earnings £000s	Total £000s
Balance at 16 November 2016		-	-	-	-
Profit for the period		-	-	12	12
Total comprehensive income for the period		-	-	**12**	**12**
Transactions with owners in their capacity as owners:					
Issue of shares	24	-	31,000	-	31,000
Balance at 31 December 2017		-	**31,000**	**12**	**31,012**

The notes on pages 15 to 53 are an integral part of these financial statements.

Consolidated and Parent Company Cash Flow statements

	Note	Group 31 December 2017 £000s	Company 31 December 2017 £000s
Cash flows from operating activities			
Cash generated from operations	26	6,299	-
Income tax paid		(290)	-
Net cash generated from operating activities		6,009	-
Cash flows from investing activities			
Purchases of property, plant and equipment and software		(10,085)	-
Proceeds from sale of property, plant and equipment		1,777	-
Interest received		268	-
Acquisition of subsidiary, net of cash acquired		15,737	-
Disposal of subsidiary		(6,983)	-
Net cash generated from investing activities		714	-
Cash flows from financing activities			
Interest paid		(1,160)	-
Proceeds from borrowings	28	4,500	-
Repayments of borrowings	28	(6,153)	-
Net cash used in financing activities		(2,813)	-
Net increase in cash and cash equivalents		3,910	-
Cash, cash equivalents and bank overdrafts at beginning of year		-	-
Exchange gains on cash and bank overdrafts		(387)	-
Cash and cash equivalents at end of year	18	3,523	-

The notes on pages 15 to 53 are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

1. General information

NEP UK Film I Limited ('the Company') and its subsidiaries (together 'the Group') is an international media services business. The Group has subsidiaries around the world and sells in the UK, USA, Europe, Asia Pacific and the Middle East.

The Company is a private company limited by shares and is incorporated and domiciled in the UK.

2. Accounting policies

2.1 Basis of preparation

The annual report and financial statements of the Company and the Group have been prepared in accordance with IFRS as adopted by the European Union (IFRS), IFRIC interpretations and the Companies Act 2006. The annual report and financial statements have been prepared under the historic cost convention.

The annual report and financial statements have been prepared on a going concern basis.
The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent Company income statement. The profit for the Company is detailed in note 25.

The presentational currency of the Group and Company is pounds sterling. The Company's functional currency is pounds sterling. All amounts included in these financial statements are rounded to the nearest thousand pounds sterling, except where explicitly stated otherwise.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

First time adoption of IFRS
These financial statements, for the thirteen months ended 31 December 2017, are the first the Group and Company have prepared in accordance with IFRS. These are the first set of financial statements prepared following the incorporation of the Company and therefore no restatement of comparative financial information was required.

The Group has not applied any exemptions on first time adoption of IFRS.

Standards, amendments and interpretations effective in the current year

There were no new standards, amendments to the standards and interpretations which were mandatory for the financial period ended 31 December 2017.

2. Accounting policies (continued)

Amendments to existing standards and interpretations that are not yet effective and have not been early adopted by the Group

Standard	*Effective Date*
IFRS 15 Revenue From Contracts With Customers	1 January 2018
Clarifications to IFRS 15 (April 2016)	1 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to IFRS 2 (June 2016) Classification and Measurement of Share-based Payment Transactions	1 January 2018
Annual Improvements to IFRSs: 2014-16 Cycle	1 January 2018
IFRS 9 Financial Instruments – Classification and Measurement	1 January 2018
IFRS 16 Leases	1 January 2019
IFRIC 23 Uncertainty of Income Tax Treatments	1 January 2019*
Amendments to IFRS 9 (Oct 2017) Prepayment Features With Negative Compensation	1 January 2019*
Annual Improvements to IFRSs: 2015-17 Cycle	1 January 2019*

*These standards and interpretations are not endorsed by the EU at present.

Management have assessed the potential impact of the above standards, amendments and interpretations on the Consolidated Financial Statements of the Group. With the exception of IFRS 16: Leases, none of the above standards are expected to have a material impact on the Group. IFRS 16 represents a significant change in the accounting and reporting of leases for lessees, requiring lessees to recognise assets and liabilities for all leases unless the underlying asset has a low value or the lease term is 12 months or less. The impact of the standard on the Group is currently being assessed and it is not yet practicable to quantify.

The impact of IFRS 15: Revenue from Contracts with Customers and IFRS 9: Financial Instruments – Classification and Measurement is not expected to be significant.

2. Accounting policies (continued)

2.2 Basis of consolidation

Subsidiaries

Subsidiaries are all entities where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally there is a presumption that a majority of voting rights results in control. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including: contractual arrangements with the other vote holders of the investee, rights arising from other contractual arrangements, and the Group's voting rights and potential voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations.

Investments in subsidiaries are accounted for at cost less impairment within the Company balance sheet.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies are consistent across all Group companies.

2.3 Business combinations

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The identifiable net assets of subsidiaries acquired from companies under common control are measured at book value. These transactions are not accounted for as business combinations and the requirements of IFRS 3: Business Combinations are not applied.

The acquisition of entities from other NEP Group companies has been accounted for via the acquisition method. Assets and liabilities have been brought in at book value and any deficit/excess between consideration paid and net assets acquired has been posted to reserves.

2.4 Discontinued operations and assets held for sale

Discontinued operations are excluded from the result of continuing operations and are presented as a single amount of profit or loss after tax in the Income Statement. The results of operations are classified as discontinued where they are a component of an entity that has either been disposed of or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, and assets arising from employee benefits, which are specifically exempt from this requirement.

2. Accounting policies (continued)

2.5 Foreign currency translation

Assets and liabilities in foreign currencies are translated into pounds sterling using exchange rates at the balance sheet date. Income statements and cashflows of overseas subsidiary undertakings are translated into pounds sterling using average exchange rates for the year.

Exchange differences are recognised as a separate component of equity where they arise from:

(i) the retranslation of the opening assets and liabilities of overseas subsidiaries;
(ii) the difference between the inclusion of profits at average exchange rates in the Consolidated Income Statement and the closing rate used for the Balance Sheet;
(iii) qualifying net investment hedges.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations designated as hedges of such investments, are taken to shareholders' equity. Otherwise, exchange differences are recognised in the income statement for the period.

When control of a foreign operation is disposed of the cumulative amount of the exchange differences deferred in the separate component of equity are recognised in the income statement as part of the gain or loss on sale.

2.6 Property, plant and equipment

Property, plant and equipment is held at cost less accumulated depreciation. The cost of property, plant and equipment includes those costs which are directly attributable to purchasing the assets and bringing them into working condition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Operating expenses' in the income statement.

Depreciation of property, plant and equipment is calculated at rates estimated to write off the cost of each asset to its residual value using the straight line method over the following estimated useful economic lives:

Freehold land	Not depreciated
Freehold and long leasehold buildings	30 – 50 years
Short leasehold buildings	Remaining period of lease
Hire stock	2 – 10 years
Other plant and equipment	3 – 10 years

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The Group reviews its depreciation rates regularly during the year to take account of any changes in circumstances. When setting useful economic lives, the principal factors the Group takes into account are the expected rate of technological developments, expected market requirements for the equipment and the intensity at which the assets are expected to be used.

Hire stock residual values are estimated at between zero and 10% of cost. Buildings and other plant and equipment are estimated to have no residual value. Residual values are reviewed, and adjusted if appropriate, at each balance sheet date.

Hire stock comprises a wide range of assets which are available to hire to customers and includes items such as LED screens, cameras, lighting equipment, audio and IT equipment. The appropriate depreciation rate is chosen for each asset within the range defined above.

Depreciation of hire stock is charged in 'Cost of sales' and the remaining depreciation is charged to 'Operating expenses' unless it directly relates to provision of services to a customer.

2. Accounting policies (continued)

2.7 Intangible assets

a) Computer software

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised over their useful economic lives (3 to 10 years).

Costs associated with developing and maintaining computer software programmes are recognised as an expense when incurred, subject to the capitalisation criteria of IAS 38 'Intangible Assets'.

b) Website costs

The Group uses websites principally for marketing purposes rather than directly for generating revenue. Accordingly all website costs are recognised in the income statement as incurred.

c) Customer relationships

Customer relationships acquired in business combinations are initially recognised at their fair value and are subsequently carried at cost less accumulated amortisation. Intangible assets attributable to specific contracts are amortised over the life of the contract, otherwise customer relationships are amortised over their useful economic lives of 13 years.

d) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the acquisition date. Goodwill on acquisition of subsidiaries is included in goodwill and intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units that are expected to benefit from the business combination in which the goodwill arose.

2.8 Impairment of non-current assets

The carrying amount of the Group's non-current assets is reviewed at each balance sheet date to determine whether there is any indication of impairment.

If an indicator of a possible impairment is noted, the need for any asset impairment provision is assessed by comparing the carrying value of the asset against the higher of fair value less costs to sell or value in use (recoverable amount). An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in operating expenses in the income statement. For the purposes of assessing impairment, the assets are grouped at the lowest levels for which they have separately identifiable cash flows (cash generating units).

2.9 Financial assets

a) Trade and other receivables

Trade and other receivables do not carry interest and are initially recognised at fair value, and subsequently carried at amortised cost, less any provision for any amount estimated to be irrecoverable. They are included within current assets, except where the receivables are expected to be settled in more than 12 months in which case they are classified as non current assets.

b) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement includes 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 balance sheet.

2. Accounting policies (continued)

2.10 Derivative financial instruments and hedging activities

The Group may use derivative financial instruments to hedge its exposure to fluctuation in foreign exchange rates. The principal instruments used are forward contracts. Forward contracts may be used where the future foreign currency cashflows are known. The Group does not hold or issue derivative instruments for speculative purposes. No derivative financial instruments were held for the period ended 31 December 2017.

Any hedges entered into by the Group are documented and assessed as per IAS39: Financial Instruments Recognition and Measurement.

2.11 Inventories

Inventories and work in progress are valued at the lower of cost and net realisable value. Consumables relate to low value items used within the business. Cost of work in progress comprises design costs, raw materials, direct labour and other direct costs and related production overheads. Cost excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses. Provision is made for obsolete, slow moving and defective stock. Work in progress contains costs in relation of jobs not yet complete at year end.

2.12 Share capital

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

2.13 Trade payables

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

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are expensed to the income statement unless used to fund a qualifying asset as described by IAS 23, in which case they are capitalised.

2.15 Current and deferred income tax

Current tax comprises the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are recognised on an undiscounted basis.

2. Accounting policies (continued)

2.16 Employee benefits

a) Pension and post-retirement benefits

Costs in respect of defined contribution type pension arrangements are charged to the income statement on an accruals basis in line with the amounts payable in respect of the accounting period.

b) Share based payment

The fair value of the employee services received in exchange for the grant of share options is recognised as an expense. The total amount to be expensed rateably over the vesting period is determined by reference to the fair value of the shares determined at the grant date. Assumptions are made about the number of shares that the employee will ultimately receive based upon the anticipated outcome of pre-determined performance related conditions. This estimate is revised at each balance sheet date and the difference is charged or credited to the income statement, with a corresponding amount to equity. A charge is also recognised in respect of the employers' National Insurance contributions as a result of the share options. The charge is based on the intrinsic value at the balance sheet date and is spread over the performance period.

2.17 Provisions

The Group may hold provisions on the balance sheet for restructuring, reorganisation, dilapidation and onerous contracts. These provisions cover costs resulting from the strategic reorganisation and relocation of personnel across the Group, headcount reductions, dilapidation costs and onerous contracts. Provisions are recognised where there is a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the time value of money would give rise to a material difference in the future cash outflows of the Group, the provisions are discounted at a rate to reflect the time value of money and the risks associated with the liability. Movements in the provision due to the passage of time are recognised within 'Finance costs'.

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rental of goods and sale of services in the ordinary course of the Group's activities. Revenue is shown net of Value Added Tax and other sales taxes, net of customer discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the following criteria have been met.

Sales of services and the rental of goods are recognised proportionally over the duration of the service or hire period, provided a right to consideration has been established. Revenue from audio visual installations is recognised upon customer acceptance.

Revenue recognised in the income statement but not yet invoiced is held on the balance sheet within 'Trade and other receivables'. Revenue invoiced but not yet recognised in the income statement is held on the balance sheet within 'Trade and other payables'. Proceeds from the disposal of hire stock are not treated as revenue.

2.19 Leases

a) Finance lease contracts

Throughout the annual report and financial statements the term finance lease refers to hire purchase contracts, finance leases and sale and leaseback arrangements with financial institutions and suppliers. Where these arrangements result in substantially all the risks and rewards of ownership resting with the Group, the assets are included in the balance sheet at cost less depreciation and the present value of future payments is shown as a liability.

The interest element of these arrangements is charged to the income statement over the period of the arrangement in proportion to the balance of capital payments outstanding.

2. Accounting policies (continued)

2.19 Leases (continued)

Assets held under finance leases are depreciated over their estimated useful life unless there is a reasonable certainty that the ownership at the end of the lease term will be passed to the Group, in which case they are depreciated over the shorter of the estimated useful life or the term of the lease. Assets held under hire purchase contracts are depreciated over their useful lives.

b) Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term. Where operating lease incentives (such as a rent free period in respect of properties) are received they are considered as an integral part of the net payment agreed for the use of the leased asset and recognised over the period of the lease on a straight line basis.

2.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recorded in the period in which they are approved and paid.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks which can be generically categorised as:

a) Market risk
b) Credit risk
c) Liquidity risk

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group may use derivative financial instruments from time to time to hedge certain risk exposures. There are no such instruments in place at 31 December 2017.

a) Market risk

(i) Foreign exchange risk
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Euro, Hong Kong Dollar and Chinese Renminbi. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Management has established policies to manage foreign exchange risk.

The Group has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is not generally hedged.

In general the Group does not hedge the foreign currency risk arising from sales by an operation denominated in a currency other than its functional currency. In the majority of cases, substantial deposits on such sales are received at the time of the order and the remaining balances are, to a large extent, matched by same currency costs. The exceptions to this policy are generally related to the purchase of property, plant and equipment or other large one-off transactions where the currency risk is hedged when the Group deems it appropriate to do so.

3.1 Financial risk factors (continued)

The following table details the Group's sensitivity to a change in sterling against the respective foreign currencies, based upon the assets and liabilities held at the reporting date. The sensitivities below represent management's assessment of the possible changes in foreign exchange rates. The analysis assumes that all other variables, including interest rates, remain constant. A positive number indicates an increase in profit after taxation and equity where sterling weakens against the respective currency. A strengthening of sterling would have the equal but opposite effect on the basis that all other variables remain constant.

	Sensitivity	Income and equity sensitivity 2017 £000s
Income sensitivity		
US Dollars	10%	(4,231)
Euro	10%	(401)
Hong Kong dollars	10%	(91)
Chinese Renminbi	10%	17
Emirati Dirham	10%	(67)
Qatari Riyal	10%	(28)
Equity sensitivity		
US Dollars	10%	105
Euro	10%	187
Hong Kong dollars	10%	-
Chinese Renminbi	10%	271
Emirati Dirham	10%	33
Qatari Riyal	10%	(12)

The exposure to movements in exchange rates arises due to outstanding non-functional currency receivables and payables at the year end.

There is no foreign exchange risk for the Company.

(ii) Cash flow and fair value interest rate risk
The Group has interest bearing assets and liabilities. Interest bearing assets relate predominantly to cash held at bank. Interest bearing liabilities relate to the Group's overdraft facilities, loan facility with its parent undertaking and interest payable on finance lease arrangements. The majority of its interest bearing financial liabilities carry a variable rate of interest. This is regarded as providing a partial hedge against the economic business cycle and takes into consideration the cash flow from operations.

It is the Group's usual practice to undertake capital expenditures initially using overdraft and cash facilities.

In order to measure risk, floating rate borrowings and the expected interest cost are forecast on a monthly basis and compared to budget using management's expectations of possible changes in interest rates. The effect on both income and equity based on exposure to borrowings at the balance sheet date for a 1% increase in interest rates is a decrease of £120,000, before tax. A 1% fall in interest rates gives the same but opposite effect. Given current interest rates management consider a 1% change in interest rates to be an appropriate approximation of risk in interest sensitivity.

The Company has interest bearing assets and liabilities. Interest bearing assets relate predominately to loans held with subsidiary undertakings. The Company's procedures for managing risk on interest receivable on loans with subsidiaries are the same as the procedures described in note 3.1(b) below for managing credit risk on amounts owed by related undertakings. Interest bearing liabilities relate to the Company's loan facility with its parent undertaking.

3.1 Financial risk factors (continued)

b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

If customers are independently rated, these ratings are considered. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. Group management monitor the ageing of receivables which are more than one month overdue and debtor days on a regular basis.

As at 31 December 2017 the Group had net trade receivables outstanding of £6,473,000. Further details of amounts overdue and impairments can be found in note 16.

The Company is exposed to credit risk on amounts owed by related undertakings. The performance of all subsidiary undertakings of the Group is monitored at Group level, including frequent projections of future performance, to ensure funding to related undertakings provides a suitable return and remains recoverable. Where losses are forecast, actions are taken to mitigate the loss and maximise the recoverability of receivables.

See note 32 for further details on the Company's transactions with its subsidiaries.

c) Liquidity risk

Prudent liquidity risk management involves maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed loans and overdraft facilities.

Management monitors rolling forecasts of the Group's liquidity position (comprising undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow. The table below analyses the Group's financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table below are contractual, undiscounted cash flows.

Group	Less than 1 year £000s	Between 1 and 2 years £000s	Between 2 and 5 years £000s	Over 5 years £000s
At 31 December 2017				
Borrowings and loans	1,008	356	427	13,374
Trade and other payables	4,483	-	-	-

The above cashflows includes interest on HP obligations but excludes interest payments on intercompany borrowings, whilst the loan remains outstanding, at the rate of 4.0 percent above EURIBOR.

Note that the balances for trade and other payables above exclude social security and other taxes as these are not classified as financial liabilities.

Management does not believe that there is a risk that the actual repayment schedule will be significantly different from the information presented in the table above given that repayments are dictated by contractual obligations.

3.1 Financial risk factors (continued)

As at 31 December the Group had the following undrawn borrowing facilities:

Group	2017 £000s
Loan and overdraft facilities	39,064
	39,064

There are no restrictions on the loans and overdraft facilities. The overdraft facilities are repayable on demand. Additional funding on intercompany borrowings is available is required.

Further details of cash and cash equivalents can be found in note 18.

Liquidity risk for the Company would arise from transactions with its related undertakings or from its overdraft and loan facility with its bankers. Liquidity risk for the Company is managed in the same way as described for interest risk in Note 3.1(a)(ii) above.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of net debt. This is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents.

	2017 £000s
Total borrowings	15,145
Less: cash at bank and on hand	(3,523)
Net debt	11,622

4. Critical accounting estimates and judgments

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

The Group makes judgments, estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Critical judgments in applying the group's accounting policies

The critical judgments, apart from those involving estimation uncertainty (which are dealt with separately below), that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Taxation provisions

The Group is subject to taxes in numerous jurisdictions. Significant judgement is often required in determining the worldwide provision for tax. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax provision, deferred tax provisions and income statement in the period in which such determination is made.

b) Deferred tax asset

The Group recognises deferred tax assets to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The future taxable profit is based upon forecast profitability of the Group's companies after adjusting for risk factors. Both the forecast profitability and application of risk factors requires significant judgement from management. Given the carrying value of the deferred tax asset is determined by forecast performance, any variances between actual and forecast performance could have a significant impact on the carrying value of the deferred tax asset and the income statement during the period.

Key sources of estimation uncertainty

The key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

c) Depreciation

The Group depreciates Hire Stock over its estimated useful economic life of between 2 and 10 years. The estimation of useful economic life involves judgement from management and is subjective. Given the value of Hire Stock maintained by the Group, the estimation will have a significant impact on the income statement in the period and the net book value of property, plant and equipment.

d) Property provisions

The Group recognises a number of dilapidation provisions in relation to its UK leasehold properties. The carrying values of the provisions are based on estimates of future claims by landlords, requiring significant judgment from management. Given the carrying value of the dilapidation provisions, any variances between actual and forecast costs could have a significant impact on the carrying value of the dilapidation provision and the income statement during the period.

e) Estimated impairment of goodwill

In accordance with the accounting policy stated in note 2.7, the Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 14).

After performing testing, it was concluded that no goodwill was impaired during the period.

f) Acquisition accounting relating to the Avesco purchase

The purchase price of Avesco has been allocated to the assets and liabilities acquired based on their respective fair market values. Property, plant and equipment were valued at fair value by estimating the replacement costs of such assets. Acquired intangibles were recognised for customer relationships which were valued using a discounted cash flow analysis. Significant assumptions were used in the valuation of the customer relationship assets and were based on company specific information. Such assumptions include future revenues and expenditure, estimated remaining life of customer relationships, returns on contributory assets and taxation

5. Revenue

No single customer contributed revenues of greater than 10% of the Group's total revenue for 2017.

Revenue recognised in the income statement is analysed as follows:

Revenue	2017 £000s
Revenue from audiovisual and broadcast services	44,722
	44,722

5. Revenue (continued)

It is not practicable to analyse the revenue listed above between hire of goods and provision of services as the sales are interlinked and viewed as one amount.

Revenue recognised in the income statement is analysed by geographical destination as follows:

Revenue	2017 £000s
United Kingdom	23,756
Mainland Europe	7,878
United States of America	4,724
Rest of the World	8,364
	44,722

Revenue is allocated based on the country in which the customer is located.

6. Operating loss

Operating loss is stated after charging:

	Group 2017 £000s	Company 2017 £000s
Changes in inventories of finished goods and work in progress	73	-
Depreciation	12,177	-
Amortisation	628	-
Impairment	85	-
Transportation expenses	1,311	-
Advertising costs	255	-
Operating lease payments		
- plant and machinery	475	-
- other	1,681	-
Loss on disposal of property, plant and equipment	456	-
Exchange loss	614	-

7. Employee information

a) Employee benefit expense

	Group 2017 £000s
Wages and salaries	16,530
Social security costs	1,709
Pension costs - contribution plans (note 8)	680
	18,919

The company incurred no employee costs during the period.

b) Average number of people employed

The average number of persons employed including executive Directors was:

Group	Group 2017 Number
Operations	303
Administration	62
	365

The company had no employees during the period.

c) Directors' remuneration

	Group 2017 £000s
Directors' remuneration:	
Aggregate emoluments	435
Pension costs - contribution plans	5
Highest paid director:	
Aggregate emoluments	308
Pension costs - contribution plans	-

Two of the directors were also directors of NEP Group, Inc., the ultimate parent company. Their remuneration was for services to the group as a whole and was paid by another group company. It is not possible to determine the amount relating to the Group.

Two of the directors were entitled to shares under the NEP Group, Inc. Equity Incentive Plan.

Retirement benefits were accruing for one director under defined contribution type pension arrangements.

8. Pension and post retirement benefits

The Group operates defined contribution type pension arrangements for certain of its employees both in the UK and overseas. The assets of these arrangements are held by financial institutions entirely separate from those of the Group.

The cost of these pension arrangements was £680,000 and £60,000 of contributions were unpaid at the year end and held within trade and other payables.

9. Auditors remuneration

The Group paid the following amounts to the company's auditors or its associates in respect of the audit of financial statements and other services provided to the Group.

	2017 £000s
Audit of the annual report and financial statements	36
Audit of subsidiaries	171
Total audit	207
	207

10. Finance income and costs

	2017 £000s
Interest on short term bank deposits	1
Finance income	1
Interest on bank borrowings	(5)
Interest element of HP obligations	(70)
Interest on intercompany borrowings	(753)
Other finance costs	(12)
Finance costs	(840)
Net finance costs	**(839)**

11. Income tax credit

Analysis of taxation credit for the year

	2017 £000s
Current tax	
Current tax on profits for the period	88
Overseas tax	39
Adjustments in respect of prior periods	9
Total current tax	**136**
Deferred tax (note 21)	
Origination and reversal of temporary differences	(755)
Impact of change in the UK tax rate	(347)
Adjustments in respect of prior years	(8)
Total deferred tax	(1,110)
Income tax credit	**(974)**

Factors affecting the taxation charge

The UK corporation tax rate was reduced from 20% to 19% with effect from 1 April 2017, resulting in a blended rate of 19.25% for the financial period. The taxation charge for the year is lower than the standard rate of corporation tax in the UK (19.25%). The differences are explained below:

	2017 £000s
Loss on continuing operations before tax	(7,768)
Tax calculated at standard rate of UK corporation tax of 19.25%	(1,495)
Group relief surrendered	528
Expenses not deductible for tax purposes	573
Unrecognised differences between capital allowances and depreciation	274
Other unrecognised temporary differences	148
German partnership losses	5
Movements in unrecognised tax losses	17
Withholding tax	39
Re-measurement of deferred tax - change in tax rates	(347)
Differences in tax rates	86
Prior period adjustments	1
Movement in deferred tax on business combination	(803)
Income tax credit	**(974)**

See note 31 for factors affecting the taxation charge on discontinued operations.

In his budget of 8 July 2015, the Chancellor of the Exchequer announced a reduction in the UK corporation tax rate to 17% with effect from 1 April 2020. This change was substantively enacted at the balance sheet date (i.e. 31 December 2017) and, accordingly, have been applied in the measurement of the company's deferred tax assets and liabilities at 31 December 2017.

12. Dividends

No dividends were approved or paid during the period. An interim dividend of £2,969,562 for the year ending 31 December 2018 was declared and paid on 1 May 2018.

13. Property, plant and equipment

Group	Land and buildings £000s	Hire stock £000s	Other plant and equipment £000s	Total £000s
Cost				
At 16 November 2016	-	-	-	-
Additions	358	9,061	186	9,605
Disposals	(214)	(2,510)	(733)	(3,457)
Business acquisitions	2,070	75,013	3,209	80,292
Business disposals	(610)	(46,920)	(2,211)	(49,741)
Reclassified as held for sale	-	(3,201)	(103)	(3,304)
Exchange differences	(14)	2,124	59	2,169
At 31 December 2017	1,590	33,567	407	35,564
Accumulated depreciation and impairment				
At 16 November 2016	-	-	-	-
Depreciation charge	577	11,103	497	12,177
Disposals	-	(1,123)	(13)	(1,136)
Business acquisitions	-	338	-	338
Business disposals	-	(3,843)	(396)	(4,239)
Reclassified as held for sale	-	(671)	(31)	(702)
Impairment	43	-	42	85
Exchange differences	29	2,586	58	2,673
At 31 December 2017	649	8,390	157	9,196
Net book amount				
At 31 December 2017	941	25,177	250	26,368
At 16 November 2016	-	-	-	-

Depreciation of £11,156,000 has been charged in 'cost of sales' and the remaining £1,021,000 has been charged to 'operating expenses'.

The following assets were held under hire purchase contracts:

Group	Hire stock £000s	2017 Total £000s
Cost	2,288	2,288
Depreciation	(913)	(913)
Net book amount	1,375	1,375

Assets held under hire purchase contracts are pledged as security for the related hire purchase liabilities.

14. Intangible assets

Group	Goodwill £000s	Customer Relationships £000s	Computer software £000s	Total £000s
Cost				
At 16 November 2016	-	-	-	-
Additions	-	-	9	9
Business acquisitions	43,273	21,038	373	64,684
Business disposals	(40,229)	(13,501)	(303)	(54,033)
Exchange differences	-	(663)	34	(629)
At 31 December 2017	**3,044**	**6,874**	**113**	**10,031**
Accumulated Amortisation				
At 16 November 2016	-	-	-	-
Amortisation charge	-	529	99	628
Business disposals	-	-	(79)	(79)
Exchange differences	-	-	40	40
At 31 December 2017	**-**	**529**	**60**	**589**
Net book amount				
At 31 December 2017	**3,044**	**6,345**	**53**	**9,442**
At 16 November 2016	-	-	-	-

All amortisation during the current and prior year is included in 'operating expenses' in the income statement.

Goodwill acquired in business combinations is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

Group	2017 £000s
Creative Technology UK	2,273
Creative Technology Spain	771
Net book value	**3,044**

Impairment tests of goodwill

The recoverable amount of the CGUs are determined from value in use calculations These calculations use cash flow projections based on the approved budget for 2018 extrapolated outwards using the estimated growth rates stated below.

The key assumptions used in the value in use calculations are as follows:

	CT UK	CT Spain
Weighted average growth rate	3%	3%
Pre-tax discount rate applied to projections	11%	11%

The assumptions have been used for the analysis of each CGU. The key assumptions used in the value in use calculation are as follows:

- Revenue growth was based on management expectations of future economic and market conditions.
- Operating cash flows were calculated based on management's expectation of revenues and operating costs.
- The discount rates used are pre-tax and reflect specific risks relating to each CGU.

After performing testing, it was concluded that no goodwill was impaired during the period. However an increase in the discount rate to 12% would have resulted in an impairment of £1.8m of goodwill. Equally a reduction in the growth rate to 2% would have resulted in an impairment of £0.8m of goodwill.

15. Investments

Investments in subsidiary undertakings

Company	2017 £000s
Cost	31,000
Provision for impairment	-
Net book value	**31,000**

Investments in Group undertakings are recorded at cost which is the fair value of the consideration paid less impairment.

The Group's subsidiary undertakings at 31 December 2017, all of which are included in the consolidation, were as follows:

Legal names	Trading name(s)	Activity	Holding	Country of incorporation
United Kingdom				
Creative Technology Limited	CT London CT Screenco	Audio visual services	Ordinary shares	England & Wales
Sports Technology Limited	Sports Technology	Audio visual services	Ordinary A shares	England & Wales
The Wireless Works (UK) Limited	Wireless Works	Non-trading	Ordinary shares	England & Wales
QA Shelfco Limited	Not applicable	Non-trading	Ordinary shares	England & Wales
Fountain Television Limited	Not applicable	Non-trading	Ordinary shares	England & Wales
InvestinMedia Holdings Limited	InvestinMedia	Investment holding	Ordinary shares	England & Wales
Creative Technology Group Limited	Not applicable	Non-trading	Ordinary shares	England & Wales
Avesco Limited	Not applicable	Dormant	Ordinary shares	England & Wales
Avesco Services Limited	Avesco Services	Head office services	Ordinary shares	England & Wales
Avesco Finance Limited	Avesco Finance	Finance		England & Wales
NEP UK Film II Limited*	NEP UK Film II	Holding company	Ordinary shares	England & Wales

15. Investments (continued)

Legal name	Trading name(s)	Activity	Holding	Country of Incorporation
United Kingdom				
Avesco Holdings Limited	Avesco Holdings	Holding company	Ordinary shares	England & Wales
Charter Broadcast Limited	Charter Broadcast	Non-trading	Ordinary shares	England & Wales
Screenco Group Limited	Not applicable	Dormant	Ordinary shares	England & Wales
Screenco Limited	Not applicable	Dormant	Ordinary shares	England & Wales
Dimension Audio Limited	Not applicable	Dormant	Ordinary shares	England & Wales
QW Shelfco Limited	Not applicable	Dormant	Ordinary shares	England & Wales
Mainland Europe				
Creative Technology Spain SL	CT Spain	Audio visual services	Ordinary shares	Spain
LED Investments International B.V.	LED Investments International	Holding company	Ordinary shares	Netherlands
Rest of World				
Creative Technology – Emirates LLC	CT Dubai	Audio visual services	Ordinary shares	Dubai
Faber Audiovisuals DMCC	Faber Dubai	Audio visual services	Ordinary shares	Dubai
Creative Technology Audio Visual Equipment Trading (Shanghai) Co., Ltd	CT Shanghai	Audio visual services	Registered capital	China
Video Technology Qatar LLC	CT Qatar	Audio visual services	Ordinary shares	Qatar
Sports Tech Australia Pty Ltd	Sports Technology Australia	Audio visual Services	Ordinary shares	Australia

At 31 December 2017 all classes of share of all these subsidiaries were 100% beneficially owned by the Group, with the exception of Sports Technology Limited and Sports Tech Australia Pty Ltd where the Group had a 66.67% beneficial ownership interest. All subsidiaries have a year end of 31 December.

* Denotes subsidiaries directly held by NEP UK Film I Limited.

15. Investments (continued)

The registered office the Group's subsidiary undertakings was Unit E2, Sussex Manor Business Park, Gatwick Road, Crawley, RH10 9NH, with the exception of the following subsidiaries:

- Creative Technology Spain SL, Registro mercantil de Barcelona, tomo 40673, folio 96, Hoja B-358437, inscripción 14ª, Spain;
- LED Investments International B.V., 22 Hemmemaweg, 9076 PH Sint Annaparochie, Netherlands;
- Creative Technology – Emirates LLC, Plot 597978, Units 1-3, Dubai Investment Park 2, PO Box 282572, Dubai, United Arab Emirates;
- Faber Audiovisuals DMCC, Unit 206, DMCC Business Centre, Level No. 1, Jewellery & Gemplex 3, Dubai, United Arab Emirates;
- Creative Technology Audio Visual Equipment Trading (Shanghai) Co., Ltd, Building 4, 659 Yin Xing Road, Putuo District, Shanghai, China 201802
- Video Technology Qatar LLC, PO Box 24863, Doha, Qatar;
- Sports Tech Australia Pty Ltd, Level 3, 8 Central Avenue, Eveleigh, NSW, 2015, Australia.

The Wireless Works (UK) Limited, NEP UK Film II Limited, Creative Technology Group Limited, InvestinMedia Holdings Limited, Avesco Holdings Limited, Avesco Finance Limited, Avesco Services Limited, QA Shelfco Limited, and Charter Broadcast Limited, subsidiary undertakings, have claimed exemption from the audit of individual company financial statements in accordance with section 479(A) of the Companies Act 2006.

NEP UK Film II Limited is a company incorporated in England and Wales with registered number 10482903.

Creative Technology Group Limited is a company incorporated in England and Wales with registered number 01788363.

InvestinMedia Holdings Limited is a company incorporated in England and Wales with registered number 01807922.

Avesco Holdings Limited is a company incorporated in England and Wales with registered number 05417688.

Avesco Finance Limited is a company incorporated in England and Wales with registered number 01784991.

Avesco Services Limited is a company incorporated in England and Wales with registered number 02285513.

QA Shelfco Limited is a company incorporated in England and Wales with registered number 02720446.

Charter Broadcast Limited is a company incorporated in England and Wales with registered number 02594283.

16. Trade and other receivables

	Group 2017 £000s	Company 2017 £000s
Trade receivables	7,052	-
Less provision for impairment of trade receivables	(579)	-
Trade receivables - net	6,473	-
Receivables from Group undertakings	4,776	10,753
Other receivables	541	-
Prepayments	1,933	-
Accrued income	1,008	-
	14,731	10,753
Less non-current portion:		
Receivables from Group undertakings	-	(10,753)
Other receivables	(108)	-
Current portion	14,623	-

All non-current receivables are due within 5 years from the balance sheet date. Current amounts receivable are unsecured, interest free and repayable on demand.

Other receivables relates to miscellaneous items such as rental deposits and Carnet deposits. Receivables from Group undertakings are unsecured, repayable on demand and bear interest based on local interbank rates. These receivables are not considered impaired as they are all due from subsidiary undertakings which will receive sufficient Group support to satisfy these debts.

For the Company, receivables from Group undertakings are repayable in the year ending 31 December 2020.

For both Group and Company there is no difference between the carrying value and fair value of trade and other receivables.

Management estimates impairment of trade receivables based on a combination of age of debt and knowledge of the customer. Therefore, debts falling due over our standard terms of 30 days are not necessarily considered impaired. As of 31 December 2017, the value of trade receivables relating to customers with no impairment of their trade receivables balance is £6,473,000. An analysis of debtors past due but not impaired is as follows:

Group	2017 £000s
31-60 days	881
61-90 days	193
91-120 days	270
121+ days	96
At 30 September	1,440

With respect to trade receivables that are neither past due nor impaired, there are no indications at the reporting date that the payment obligations will not be met. These amounts relate to a number of independent customers for whom there is no recent history of default, and their credit quality has been assessed by reference to external credit ratings agencies where available.

As of 31 December 2017, the value of the trade receivables relating to customers with part or the whole of their trade receivables balance impaired is £579,000. The ageing analysis of these trade receivables is as follows:

16. Trade and other receivables (continued)

Group	2017 £000s
0-30 days	-
31-60 days	2
61-90 days	-
91-120 days	12
121+ days	565
At 30 September	**579**

The Group provision for impairment of trade receivables at 31 December 2017 is £579,000. Movements in the provision are as follows:

Group	2017 £000s
At 16 November 2016	-
Provision acquired in business combination	(1,284)
Provision for receivables impairment made during the period	(254)
Receivables written off during the period	29
Unused amounts reversed	176
Business disposals	407
Reclassified as held for sale	319
Exchange differences	28
At 31 December 2017	**(579)**

The creation and release of provision for impaired receivables has been included in 'operating expenses' in the income statement. Amounts charged to the doubtful debt allowance account are generally written off when there is no expectation of recovering additional cash. The other classes within trade and other receivables do not contain impaired assets.

The carrying value of trade and other receivables are denominated in the following currencies:

	Group 2016 £000s	Company 2017 £000s
Sterling	8,511	10,753
Euros	316	-
US Dollar	1,303	-
Other currencies	4,601	-
	14,731	**10,753**

The maximum exposure to credit risk at the reporting date is the fair value of each class of financial asset mentioned above. The Group does not hold any collateral as security.

17. Inventories

Group	2017 £000s
Consumables	85
	85

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £73,000. There were no inventories in the Company.

There were no write downs or reversal of write downs of inventories during the current or prior period.

18. Cash and cash equivalents

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	Group 2017 £000s	Company 2017 £000s
Cash at bank and on hand	1,894	-
Cash included in assets held for sale (note 31)	1,629	-
	3,523	-

19. Trade and other payables

	Group 2017 £000s	Company 2017 £000s
Trade payables	2,054	-
Social security and other taxes	659	-
Other payables	548	-
Accruals	2,959	-
Deferred income	5,202	-
Payables to Group undertakings	1,881	-
	13,303	-

Amounts owed to other Group undertakings are unsecured, repayable on demand and interest free.

20. Borrowings and loans

	Group 2017 £000s	Company 2017 £000s
Non current		
Intercompany borrowings (note 3.1c)	13,943	10,119
HP liabilities (note 3.1c)	209	-
	14,152	10,119
Current		
Intercompany borrowings (note 3.1c)	392	622
HP liabilities (note 3.1c)	601	-
	993	622

The fair value of borrowings is equal to their carrying amount. The fair value of current intercompany borrowings approximates to the carrying amount because of the short maturity of these instruments. The fair value of non current intercompany borrowings approximates to the carrying value in the balance sheet as they are floating rate loans where interest charged is settled on a quarterly basis and payments are reset to market rates at regular intervals.

The carrying amount of the Group's borrowings are denominated in the following currencies:

	2017 £000s
Sterling	15,126
Euros	19
	15,145

20. Borrowings and loans (continued)

Company borrowings of £10,741,000 relate to intercompany borrowings which are denominated in Sterling and unsecured. The loan bears interest based on EURIBOR.

Group borrowings of £14,335,000 relate to intercompany borrowings which are denominated in Sterling and unsecured. The loans bear interest based on EURIBOR.

HP liabilities
The finance companies, to whom the HP obligations exist, hold a charge over the assets that they have financed.

Intercompany borrowings	Group 2017 £000s
In 1 year or less	392
Later than 1 year and no later than 5 years	569
Later than 5 years	13,374
	14,335

Gross HP liabilities - minimum lease payments	2017 £000s
In 1 year or less	619
Later than 1 year and no later than 5 years	211
	830
Future finance charges on HP obligations	(20)
Present value of future HP liabilities	810

Present value of HP liabilities	2017 £000s
In 1 year or less	601
Later than 1 year and no later than 5 years	209
	810

The company finances certain purchases of tangible fixed assets through HP contracts and finance leases. The average lease term is three years. The effective interest rate on these agreements is between 4% and 7%.

21. Deferred income tax

Deferred income 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 income taxes relate to the same fiscal authority.

Group deferred tax asset

	Decelerated capital allowances £000s	Tax losses and other timing differences £000s	Total £000s
Deferred tax assets			
At 16 November 2016	-	-	-
Acquired in business combination	1,857	2,691	4,548
Credited/(charged) to the income statement	209	(332)	(123)
Business disposals	(801)	(2,185)	(2,986)
Exchange differences	1	-	1
At 31 December 2017	1,266	174	1,440
Unrecognised deferred tax assets			
At 31 December 2017	1,556	1,938	3,494

The gross tax losses for which no deferred tax asset was recognised were £4,121,000.

An element of the total deferred tax assets are unrecognised due to uncertainties concerning the extent and timing of recoverability. These are dependent on the generation of certain classes of taxable profits by the Group's operations.

Deferred taxation assets have only been recognised for companies with a past history of profitability and where taxable profits are expected to arise in the future against which the tax losses and accelerated capital losses can be offset.

The amount of deferred tax asset due to be recoverable in less than one year is £228,000. The unrecognised deferred tax assets are not expected to expire.

Group deferred tax liability

	Accelerated capital allowances £000s	Total £000s
Deferred tax liabilities		
At 16 November 2016	-	-
Acquired in business combinations	14,164	14,164
Credited to the income statement	(998)	(998)
Business disposals	(10,545)	(10,545)
Exchange differences	(10)	(10)
At 31 December 2017	2,611	2,611

22. Provisions

Group	Restructuring and reorganisation costs (i) £000s	Onerous leases and dilapidations (ii) £000s	Total £000s
At 16 November 2016	-	-	-
Acquired in business combinations	524	862	1,386
Charged to the income statement	-	50	50
Released during the year	-	(6)	(6)
Used during the year	(186)	(58)	(244)
Business disposals	(349)	(122)	(471)
Exchange differences	11	-	11
At 31 December 2017	**-**	**726**	**726**

Present value of provisions due to expire:	2017 £000s
Later than 1 year and no later than 5 years	726
	726

(i) Restructuring and reorganisation costs
These related to the provision for costs associated with the restructuring of certain companies in the Group.

(ii) Onerous leases and dilapidations
Various leasehold properties within NEP UK Film Limited companies have been vacated. As a result provisions were made for ongoing rental costs and dilapidations in respect of these properties. The Directors continue to review the levels of provision held, taking into account the expected periods to market and assign the leases, and adjust the provision accordingly. These provisions have been discounted using appropriate rates.

23. Share capital

Group and company	2017 number	2017 £000s
Allotted, called up and fully paid		
Ordinary shares of £1 each	32	-
At 16 November 2016	1	-
Issue of shares	31	-
At 31 December 2017	32	-

24. Share based payment

The NEP Group, Inc. Equity Incentive Plan (the "Plan") provides for the grant of incentive share options in shares of NEP Group, Inc. to certain key management of the Group.

Movements in share options during the year can be summarised as follows:

Group	number
Options outstanding as at 16 November 2016	-
Options granted during the year	10,000
Options forfeited during the year	(600)
Options outstanding as at 31 December 2017	**9,400**
Exercisable as at 31 December 2017	**-**

The options vest annually in five equal instalments, with the first vesting date being 1 January, 2018, subject to the employees continued employment at the applicable vesting date. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The fair value of the share options is recorded over the vesting period based on the fair value at the date of grant. The fair value of the options at the date of the grant was calculated using a Black-Scholes model. The model had the following assumptions:

Group	2017
Expected dividend yield	-%
Expected life (years)	7.0
Expected volatility	30.95%-32.51%
Risk free interest rate	2.02%-2.26%

The expected volatility was estimated by taking the average historic volatility of a group of comparable publicly traded companies over a period equal to the expected life of the options. The risk free interest rate is the estimated average interest rate based on US Treasury zero-coupon notes with terms consistent with the expected life of the awards.

The Plan rules state that the exercise price per share subject to an option granted to an employee shall equal the fair market value per share as of the date the option is granted. The options were granted in a single tranche on 19 January 2017, with all options being granted at the at an exercise price of $83.72 and therefore this represents the weighted average exercise price on grant. As such the weighted average exercise price for the options forfeited during the year and the options outstanding as at 31 December 2017 was also $83.72. There were no options outstanding at 16 November 2016 or exercisable at 31 December 2017.

As the fair market value of the options at the date of issuance was equal to the option price, no expense was recognised in the income statement in the period in relation to share options.

25. Capital and reserves

Group	Share capital account £000s	Share premium account £000s	Translation reserve £000s	Retained earnings £000s	Total £000s	Non-controlling interest £000s	Total equity £000s
At 16 November 2016	-	-	-	-	-	-	-
Profit for the year	-	-	-	(9,350)	(9,350)	(43)	(9,393)
Currency translation differences	-	-	(832)	-	(832)	2	(830)
Net capital contribution on disposal of operations to other NEP entities	-	-	-	4,475	4,475	-	4,475
Non-controlling interest acquired	-	-	-	-	-	19	19
Issue of shares	-	31,000	-	-	31,000	-	31,000
At 31 December 2017	-	31,000	(832)	(4,875)	25,293	(22)	25,271

Company	Share capital account £000s	Share premium account £000s	Retained earnings £000s	Total £000s
At 16 November 2016	-	-	-	-
Profit for the year	-	-	12	12
Issue of shares	-	31,000	-	31,000
At 31 December 2017	-	31,000	12	31,012

The profit for the parent Company for the year was £12,000,000.

The share capital account includes share capital and shares issued at nominal value only. The translation reserve includes exchange differences which are recognised as a separate component of equity (see note 2.5). The retained earnings reserve represents accumulated profit and loss.

26. Cash generated from operations

	Group 2017 £000s	Company 2017 £000s
Operating loss	(6,929)	-
Operating loss from discontinued operations	(2,420)	-
Adjustments for:		
- depreciation of plant, property and equipment	12,177	-
- amortisation of intangible assets	628	-
- loss on sale of plant, property and equipment	456	-
- impairment of plant, property and equipment	85	-
- disposal of subsidiaries	1,866	-
- negative goodwill	(557)	-
- unrealised foreign exchange gains/(losses), net	528	-
Changes in working capital:		
- inventories	115	-
- trade and other receivables	1,747	-
- receivables from Group undertakings	(1,458)	-
- trade and other payables	259	-
Net movement in provisions	(198)	-
Cash generated from operations	6,299	-

27. Analysis of net debt

Group	At 16 November 2016 £000s	Net cash flow £000s	Other non cash changes £000s	Currency translation differences £000s	At 31 December 2017 £000s
Cash at bank and in hand	-	3,910	-	(387)	3,523
Net cash	-	3,910	-	(387)	3,523
HP obligations due in less than one year	-	1,761	(2,366)	4	(601)
HP obligations due in more than one year	-	-	(210)	1	(209)
Intercompany borrowings due in less than one year	-	(108)	(284)	-	(392)
Intercompany borrowings due in more than one year	-	-	(13,943)	-	(13,943)
Net debt	-	5,563	(16,803)	(382)	(11,622)

Company	At 16 November 2016 £000s	Net cash flow £000s	Other non cash changes £000s	At 31 December 2017 £000s
Intercompany borrowings due in less than one year	-	-	(724)	(724)
Intercompany borrowings due in more than one year		-	(10,017)	(10,017)
Net debt	-	-	(10,741)	(10,741)

Other non-cash changes relate to the passage of time and transactions financed through intercompany borrowings

28. Reconciliation of net debt

Group	2017 £000s
Change in cash in the year	3,910
Repayment of intercompany borrowings	4,392
Repayment of hire purchase obligations	1,761
New intercompany borrowings	(4,500)
Changes in net debt arising from cash flows	5,563
Acquisitions and disposals plus other non-cash changes	(16,803)
Currency translation differences	(382)
Change in net debt	(11,622)
Opening net debt	-
Closing net debt	(11,622)

Company	2017 £000s
Change in net cash in the year	-
Repayment of intercompany borrowings	102
New intercompany borrowings	(10,843)
Change in net debt	(10,741)
Opening net debt	-
Closing net debt	(10,741)

29. Financial Instruments

Financial instruments by category

Set out below is a comparison by category of carrying amounts (which is considered to be the same as fair value in all cases) of all of the Group's financial instruments that are carried in the financial statements.

Group **Assets as per balance sheet**	2017 £000s
Loans and receivables	
Trade and other receivables	11,790
Cash at bank and in hand	3,523
	15,313

Group **Liabilities as per balance sheet**	2017 £000s
At amortised cost	
Borrowings and loans	15,145
Trade and other payables	4,483
	19,628

Company **Assets as per balance sheet**	2017 £000s
Loans and receivables	
Trade and other receivables	10,753
Cash and cash equivalents	-
	10,753

Company **Liabilities as per balance sheet**	2017 £000s
At amortised cost	
Borrowings and loans	10,741
Trade and other payables	-
	10,741

30. Commitments and contingent liabilities

Capital commitments

The Group had £893,000 of capital commitments for the purchase of property, plant and equipment at the balance sheet date which had not been recognised in the financial statements.

Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Group	Land and buildings 2017 £000s	Other 2017 £000s
No later than 1 year	1,615	271
Later than 1 but no later than 5 years	3,134	368
Later than 5 years	796	-
	5,545	639

30. Commitments and contingent liabilities (continued)

The Company has no operating lease commitments.

Contingent liabilities

The company has guaranteed the liabilities of the following subsidiaries in order for them to be exempt from audit:
- NEP UK Film II Limited
- Creative Technology Group Limited
- InvestinMedia Holdings Limited
- Avesco Holdings Limited
- Avesco Finance Limited
- Avesco Services Limited
- Charter Broadcast Limited
- QA Shelfco Limited
- The Wireless Works Limited

31. Discontinued operations

Creative Technology Group, Inc.
On 4 January 2017 Avesco Holdings Limited, a subsidiary of the company, sold Creative Technology Group, Inc ("CT US") to a fellow group undertaking for a consideration of £82,773,172. CT US represents a separate major geographical area of operations, however as its disposal was to a fellow group undertaking the financial impact of the disposal has been taken directly to the reserves.

mcicreate
On 24 August 2017 Avesco Holdings Limited, a subsidiary of the company, sold mcicreate Limited ("mcicreate") to for a consideration of £786,000. As mcicreate represents a separate major line of business, its results and the loss on disposal have been classified as a discontinued operation.

Creative Technology Asia Pacific ("CTAP")
On 28 December 2017 Avesco Holdings Limited, a subsidiary of the company, sold Creative Technology (Asia Pacific) Co., Limited ("CT Hong Kong") to a fellow group undertaking for a consideration of 1 Hong Kong Dollar. On 2 January 2018 Avesco Holdings also sold Creative Technology Audio Visual Equipment Trading (Shanghai) Co., Ltd ("CT Shanghai") to a fellow group undertaking for a consideration of 4,000,000 US Dollars. CT Hong Kong and CT Shanghai, together CT Asia Pacific ("CTAP"), represent a separate major geographical area of operations however as their disposal was to a fellow group undertaking the financial impact of the disposal has been taken directly to the reserves. The net assets of CT Shanghai have been classified as held for sale.

31. Discontinued operations (continued)

The consolidated income statement and consolidated cash flow statement include the following amounts in relation to discontinued operations:

Consolidated income statement	CT US	mcicreate	CTAP	Total 2017
	£000s	£000s	£000s	£000s
Revenue	-	6,180	9,759	15,939
Expenses	-	(7,035)	(9,534)	(16,569)
Loss on disposal of discontinued operation	-	(1,790)	-	(1,790)
Operating Loss	-	(2,645)	225	(2,420)
Finance costs	-	-	7	7
Income tax expense	-	(29)	(157)	(186)
Loss on discontinued operation, net of tax	-	(2,674)	75	(2,599)
Consolidated cash flow statement				
Operating activities	-	(333)	3,297	2,964
Investing activities	(6,579)	(290)	(2,168)	(9,037)
Financing activities	-	(18)	(133)	(151)
Cash (used in)/generated by discontinued operations	(6,579)	(641)	996	(6,224)

The results of discontinued operations are wholly attributable to the owners of the Company.

The consolidated statement of financial position includes the following amounts which have been classified as held for sale in relation to the sale of CT Shanghai:

Assets and liabilities classified as held for sale	Total 2017
	£000s
Property, plant and equipment	2,602
Intangible assets	411
Trade and other receivables	2,332
Cash at bank and on hand	1,629
Total assets classified as held for sale	6,974
Trade and other payables	(3,477)
Current income tax liabilities	(13)
	(3,490)
Net assets of disposal group	3,484

31. Discontinued operations (continued)

Factors affecting the taxation charge

The taxation charge on discontinued operations for the year is lower than the standard rate of corporation tax in the UK (19.25%). The differences are explained below:

	2017
	£000s
Loss on discontinued operations before tax	(2,420)
Tax calculated at standard rate of UK corporation tax of 19.25%	(466)
Group relief surrendered	211
Expenses not deductible for tax purposes	486
Prior period adjustments	(113)
Movement in unrecognised tax losses	66
Difference in tax rates	(8)
Other unrecognised temporary differences	10
Movement in deferred tax on business combination	**186**
Current tax	26
Deferred tax	160
Income tax charge	**186**

32. Related party transactions

Group

The Group has taken advantage of the exemption available under IAS 24 'Related party disclosures' not to disclose transactions and balances between Group entities that have been eliminated on consolidation.

The Group has generated revenue of £2,890,640, and incurred costs of £1,695,726 and management fees of £820,317 from Group entities that have not been eliminated on consolidation. The Group has paid interest of £752,845 to Group entities that have not been eliminated on consolidation.

Other than the Directors of the Company, the Group does not have any further individuals classified as key management as per IAS 24. Details of the Directors remuneration are set out in note 7.

The Directors of the Company have had awards under the NEP Group, Inc. Equity Incentive Plan (see note 24). The fair value attributable to the Directors' portion of the awards in the year ended 31December 2017 is £nil.

Mr J Crump, son of Mr DA Crump, a director of the Group, was employed on standard group contractual terms by Creative Technology – Emirates LLC, a 100% owned subsidiary of the Group, during the period.

Company

During the year the Company received interest of £534,602 and paid interest of £522,569 to group undertakings.

At the year end balances due from subsidiaries to the Company amounted to £10,753,000 and due to subsidiaries from the Company amounted to £10,741,000.

33. Acquisitions

Current year acquisitions

Avesco Group plc

On 4 January 2017 NEP UK Film II Limited ("NEP Film II"), a subsidiary of the company, acquired 100% of the ordinary share capital of Avesco Group plc ("Avesco"), a company incorporated in England and Wales which specialises in the provision of audio visual services to the live events market. Avesco was acquired because there are potential synergies with the operations of NEP Group, Inc. and its subsidiaries.

The fair value of the identifiable assets acquired and liabilities assumed as at the date of acquisition were as follows:

Recognised amounts of identifiable assets acquired and liabilities assumed	Book Value 2017 £000s	Fair Value 2017 £000s
Property, plant and equipment	54,775	78,030
Other intangible assets	149	373
Customer relationships	-	21,038
Inventory	880	880
Trade and other receivables	27,190	27,190
Deferred tax assets	4,246	4,548
Cash and cash equivalents	15,917	15,917
Trade and other payables	(32,316)	(32,584)
Current tax liabilities	(2,169)	(2,169)
Deferred acquisition payments	(162)	(228)
Bank borrowings	(4,000)	(4,000)
HP liabilities	(12,708)	(12,708)
Provisions for liabilities and charges	(1,386)	(1,386)
Deferred tax liabilities	(5,760)	(14,164)
Identifiable net assets acquired	**44,656**	**80,737**
Non-controlling interest acquired		(19)
Goodwill		43,273
		123,991
Consideration		
Cash consideration		123,991
		123,991

The cash consideration consisted of £123,991,000 on completion, and was settled in cash by another group undertaking.

33. Acquisitions (continued)

The cash flows on acquisition were as follows:

Analysis of cash flows on acquisition

	£000s
Net cash acquired	15,917
	15,917

From the date of acquisition, Avesco contributed £44,722,000 of revenue and £11,392,000 to loss before tax from continuing operations of the Group.

Faber Middle East
On 1 August 2017 Avesco Holdings Limited, a subsidiary of the company, acquired 100% of the ordinary share capital of LED Investments International B.V., a company incorporated in the Netherlands, from a fellow group undertaking. As a result of this transaction the company also acquired Faber Audiovisuals DMCC, a subsidiary of LED Investments International B.V. This transaction was between companies under common control and therefore the requirements of IFRS 3: Business Combinations have not been applied.

Mediatec Solutions (UK) Limited
On 31 March 2017 Creative Technology Limited, a subsidiary of the company, acquired the trade and assets of Mediatec Solutions (UK) Limited, a company incorporated in England and Wales which specialises in the provision of audio visual services to the live events market. Mediatec Solutions (UK) Limited is a fellow group undertaking. This transaction was between companies under common control and therefore the requirements of IFRS 3: Business Combinations have not been applied.

34. Disposals

See note 31 for further details on the disposal of Creative Technology Group, Inc., mclcreate Limited, and Creative Technology Asia Pacific.

CT Holland and CT Germany
On 31 March 2017 the company disposed of the following subsidiaries to a fellow group undertaking:
- CT Germany Limited;
- CT Germany GmbH;
- CT Creative Technology GmbH & Co KG;
- Jongenelen Holding BV; and
- Creative Technology Holland BV.

These companies are not considered to represent a separate major geographical area of operations or line of business and therefore have not been classified as a discontinued operation.

35. Ultimate parent and controlling party

The company's immediate parent company is NEP/NCP Holdco, Inc., a company incorporated in Delaware, USA. The ultimate parent company and controlling party is NEP Group, Inc., a company incorporated in Delaware, USA. NEP Group, Inc. is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2017. The registered offices of NEP/NCP Holdco, Inc. and NEP Group, Inc. are 2 Beta Drive, Pittsburgh, PA 15238, USA.

NEP UK Film II Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2017.

36. Post balance sheet events

On 1 July 2018 NEP Visions Limited and NEP (UK) Investments Limited (which owns 100% of the share capital of Bowtie Television Limited) were acquired from a fellow NEP subsidiary for a consideration of $60m.