ONE MEDIA iP

ONE MEDIA iP GROUP Plc

ANNUAL REPORT & ACCOUNTS FOR
THE YEAR ENDING 31 OCTOBER 2013

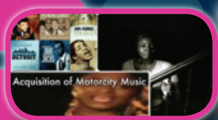
ONE MEDIA iP
COMPANY FOUNDED
BY MICHAEL INFANTE

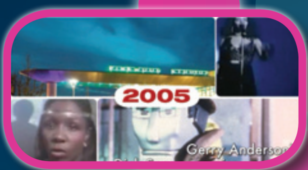
ESTABLISHED AT
PINEWOOD STUDIOS

ACQUISITION OF 2500
NORTHERN SOUL,
MOTORCITY &
HI-NRG TRACKS

A DEAL WITH
GERRY ANDERSON
ON DICK SPANNER

**ITUNES DOWNLOADS
EXCEEDS HALF A
BILLION SONGS**





LISTED ON PLUS SX
RAISING £825,000

ACQUISITION
OF A FURTHER
15000 NOSTALGIC
MUSIC TRACKS

OMiP JOINS THE BPI
INDIE COMMITTEE

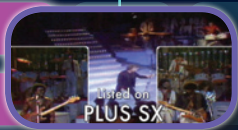
**STRATEGIC DEAL
WITH THE ORCHARD
ITS DIGITAL
DISTRIBUTOR**

FIRST DIGITAL
TRACK RELEASED
ON ITUNES -
EVELYN THOMAS

**GOOGLE
PURCHASES YOUTUBE**

TWITTER LAUNCHES

**ITUNES SELLS ITS
ONE BILLIONTH SONG**



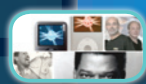
OMiP EXCEED 50,000
TRACKS IN THE
LIBRARY

amazon.com AMAZON MP3
STORE OPENS

**DIGITAL ACCOUNTS FOR
15% OF GLOBAL MUSIC
INDUSTRY REVENUE**

**100 MILLIONTH APPLE
IPOD SOLD**

**APPLE INTRODUCES
THE IPHONE**



2005

2006

2007

THOUSANDS MORE TRACKS ADDED TO THE LIBRARY NOW OVER 75,000

ACQUIRED HUNDREDS HOURS OF **CLASSICAL MUSIC**

DIRECTOR NIGEL SMETHERS JOINS THE BOARD

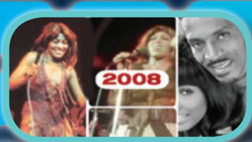
SPOTIFY LAUNCHES

NETFLIX STORE OPENS

ITUNES TOPS 5 BILLION SONGS SOLD

iTunes

Spotify

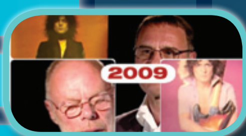


2008

ACQUIRED HUNDREDS OF LIVE TRACKS BY NEW WAVE ARTISTS INCLUDING THE **SEX PISTOLS, LOU REED AND IGGY POP**

GROUP'S MAIDEN PROFIT REPORTED
NOW OVER 100,000 TRACKS

LOVEFILM HAS OVER 1 MILLION SUBSCRIBERS



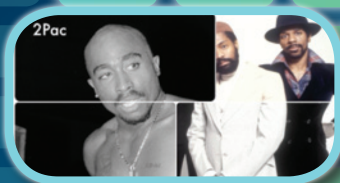
2009

MUSIC LIBRARY EXPANDED TO OVER **125,000 TRACKS**

OMiP BUYS BACK 52.7% OF ITS OWN SHARES

ELIGIBLE FOR EIS AND VCT INVESTMENT

APPLE RELEASES THE FIRST IPAD
ITUNES STORE TOPS 10 BILLION SONGS SOLD



2010

DISTRIBUTION OF **JONGLEURS COMEDY** RECORDINGS

MICHAEL INFANTE WON THE CEO / CHAIRMAN OF THE YEAR PLUS AWARD

MAIDEN DIVIDEND DECLARED

INVESTMENT IN DIGITAL STORAGE AND DELIVERY PLATFORM (PINEWOOD DATA CENTRE)

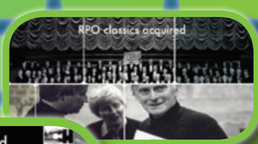
LIBRARY NOW OVER 150,000 TRACKS

REPORTED PROFIT INCREASED BY 32.5%

EU RECOMMENDS EXTENSION TO COPYRIGHT TERMS

3.6 BILLION DOWNLOADS WERE PURCHASED GLOBALLY IN 2011, UP 17% FROM 2010

DIGITAL NOW ACCOUNTS FOR 50% OF MUSIC SALES IN THE USA



2011

LAUNCHED OUR FIRST 100 MUSIC VIDEOS ON ITUNES

CHILDREN'S SPOKEN WORD RELEASED PERFORMED BY BRITAIN'S CELEBRITY ELITE

PREMIER PARTNERSHIP AGREEMENT SIGNED WITH YOUTUBE

NORTHERN SOUL YOUTUBE VIDEO CHANNEL ACQUIRED WITH OVER 20M VIEWS TO DATE

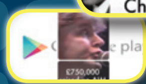
EARLY SOOTY TV SHOWS ACQUIRED

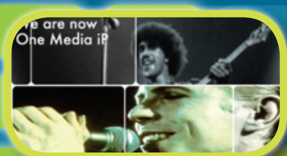
ACQUISITION OF MEN & MOTORS FROM ITV & GRANADA

men&motors

ONE MEDIA PUBLISHING GROUP Plc. BECOMES ONE MEDIA iP GROUP Plc

THE ITUNES STORE IS AVAILABLE IN 119 COUNTRIES





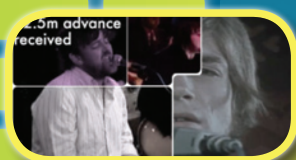
2012

OVER 100,000,000 MILLION MINUTES OF OUR CONTENT VIEWED ON YOUTUBE

$2.5M ADVANCE RECEIVED IN DISTRIBUTION DEAL

APPOINTMENT OF AIM ADVISORS

CONTINUING GROWTH ON THE MUSIC LIBRARY NOW OVER 170,000 TRACKS



2013

5,000 VIDEOS

5,000 VIDEOS

MORE MUSIC & VIDEO ACQUISITION

MORE MUSIC & VIDEO ACQUISITION

170,000 MUSIC TRACKS

OVER 600 DIGITAL STORES SUPPLIED

17,000

CONTINUED GROWTH, PROFIT AND DIVIDEND POLICY

OVER 17,000 DIGITAL ALBUMS AVAILABLE

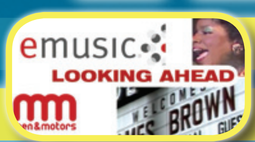
CONTINUED GROWTH, PROFIT AND DIVIDEND POLICY

CONTENT IS KING

- ITUNES SELLS ITS 25 BILLIONTH SONG
- SPOTIFY
- ITUNES
- AMAZON MP3
- DEEZER
- EMUSIC
- GOOGLE PLAY
- YOUTUBE
- RAPSODY
- 7 DIGITAL

GREATER DIGITAL MARKET EXPANSION, WITH DIGITAL NOW AVAILABLE ON SMART TV'S, WI FI IN CAR ENTERTAINMENT

APPOINTMENT OF AIM ADVISORS



ONE MEDIA iP Group Plc

Company Information

Directors
Michael Antony Infante JP
Nigel Smethers
Scott Cohen
Roman Poplawski

Secretary
Nigel Smethers

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London EC2A 1NT

Solicitors
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London W1B 2AD

Marriott Harrison
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Berkshire RG1 4AP

ONE MEDIA iP Group Plc

Contents

ONE MEDIA^iP Group Plc

Executive Chairman's Statement
For the year ended 31 October 2013

2013 was a transformational year for the Group as One Media continued to build on its strong foundation of solid profitability and commercial expertise.

This year under review marks the end of a highly productive and busy period for One Media: achieving key financial targets, successfully listing the Group on AIM and maintaining growth. The Board is pleased with the Group's financial performance and sees its dividend policy to be continuing and sustainable.

Following a period of uncertainty surrounding the future of the ICAP Securities & Derivatives Exchange ("ISDX"), the Board concluded that the time was opportune for One Media to move to AIM to further grow and protect shareholder value. This was achieved in April 2013 following a successful placing. The decision to move markets followed months of careful planning and resulted in a swift, cost effective and well-publicised transaction where Group shares were placed to a 'core' number of institutional investors raising £750,000. The total cost of the listing was completed at a comparatively low cost of £247,060 of which £196,559 is in the profit and loss account and £50,501 set against the share premium account.

I would like to thank management, staff and our advisory teams for all their hard work during this intensive period. The Group, which remains profitable, debt free and cash resourced, is well positioned to pursue its acquisitive policy of intellectual copyrights and growth.

Financial Overview

Once again this year we have seen our revenue grow with a final reported figure of £2,649,130, an increase of 26.8% on the £2,089,841 last year. Profit from continuing operations, before the £196,599 spent on the AIM float, is reported at £523,648, a 22.4% improvement on the equivalent figure of £427,674 for 2012. On a "like for like" basis, profit after tax from continuing operations in 2013 is, after an estimated tax charge of £104,683 (2012: £88,668), up 24.3% at £421,765 from the reported £339,220 for the financial year ended in October 2012.

The profit after tax attributable to equity shareholders of £238,909 (2012: £339,220), reported for the financial year, is after costs of £196,559 relating to the AIM float (2012: £nil) and a tax charge of £90,980 (2012: £88,668).

At the end of the year we have cash balances of £1,688,093 (2012: £368,655), having raised in the Placing on AIM a gross amount of £750,000, which after all costs, revenue and capital resulted in a net fundraising of £502,940. In addition, during the year employees exercised at various times, options and warrants raising a further £23,000. Operationally we received from The Orchard, the Group's digital distributor, an advance of USD$2.5m (GBP£1.6m) against royalties.

Finally two dividends paid in the year totaled £70,135 (2012 £70,974). The first was paid on the 29th November 2012 at 0.037p per share and the second on 9th July 2013 of 0.078p per share.

Content and Rights Acquisition

Historically, the Group has regularly reported its various catalogue acquisitions and marketing initiatives via the Regulated News Service (RNS) system. As part of our AIM strategy this will be reserved for price sensitive information and key corporate news. We will be using the RNS Reach services for non-price sensitive information and followers of One Media will find us very proactive on both Twitter and Facebook together with our web site www.onemediaip.com for more day to day information.

Before I expand into the content and rights acquisitions of the past financial year, I would firstly like to address One Media's corporate strategy and how it monetises content is outlined below. There are many misnomers on how money is earned when it comes to consuming content on legitimate, free-to-view web sites. It is obvious when it comes to 'downloading' an audio track from an online retailer such as iTunes, the consumer pays a set fee for a music track/video and receives the content to their device. So how do YouTube and other free streaming sites work for us?

Executive Chairman's Statement
For the year ended 31 October 2013
Review of Activities - continued

Advertising revenues or 'Ad-funded' as it is known, achieves this. For every second that a track/video is streamed One Media receives a portion of the advertising revenues paid by the advertisers that appear either within the film (as a banner) or on the 'side bars' of a screen or as pre-roll adverts that the consumer must view prior to engaging in the chosen video. Additional revenue is earned should the consumer 'click through' for further information on a particular advert. On some sites there is additionally a subscription to pay in which the content provider becomes a share participant based on the number of tracks/minutes consumed.

Video content

During the period under review, the Board made some significant investments into both audio and video to enhance One Media's content libraries.

Our intention to focus primarily on video content was spearheaded by the deal secured with Granada/ITV; following Granada's decision to take the Men & Motors TV Channel off air in 2010 to make way for their High Definition (HD) broadcast channels, One Media acquired the 3,000+ episodes for its 'on-line' digitally delivered initiative via YouTube and other similar sites. The first task was to disseminate the original broadcast tapes into a digital format that could be easily manipulated into a data friendly format, compatible with the Group's internal music management system, so that our Creative Technicians could repackage/repurpose the shows.

Utilising the services available here at Pinewood Studio it is pleasing to see in a short time we have converted all of the 3,000 programs and created a further 12,500 short excerpts from the original programs within the first year. The excerpts are predominantly short two to three minute clips from the shows that have been deemed entertaining for digital broadcast via YouTube for home or mobile entertainment. These have been well received and we are creating a strong following of digital video viewers. In addition, the Group is in discussions with third parties for further usage of the Men & Motors brand and content and we look forward to bringing you more news on this in the future.

To further the Group's initiative of focusing on nostalgic videos, One Media acquired control under license of a variety of TV shows.

In November 2012, the Group acquired the classic Sooty TV shows. This included eight TV shows presented by Sooty's creator, Harry Corbett. The shows date back to the original Sooty episodes of the 1950s through to the 1970s including such classics as 'The Sooty Olympics' and 'Sooty's Birthday'. The popularity of the Sooty brand, which we believe is a British media icon, remains popular with today's 'pre-school' groups.

In the first half of this financial year, One Media acquired under license 'The Adventures of Skippy', as well as `Skippy the Movie', that were first produced in the 1990s. These episodes follow on from the original `Skippy' series of the 1960s, and developed a widespread following when first broadcast. These have been made available for viewing on the Group's YouTube, 'Skippy Channel'.

During this period, the Group also acquired the footage of an `Alien Autopsy' and the documentaries relating to the 1990s autopsy on the body of an extra-terrestrial purported to have been recovered from the crash of a UFO near Roswell, New Mexico.

The Group's acquisition initiative often involves revisiting previously completed deals to either extend or improve the terms of agreement. The Board is pleased to report that it has secured exclusive digital rights to a catalogue of video programs first licensed to the Group in September 2011. Containing over 400 hours of content, the 200+ music video-documentaries feature behind-the-scenes and `fan-based special feature' looks at artists such as; David Bowie, the Rolling Stones, Marc Bolan, Limp Bizkit, Lennon & Harrison (the Guitars that Gently Weep), Thin Lizzy, Elvis, Bob Marley, The Royal Philharmonic Orchestra, Andy Williams and the late Tony Bennett.

Executive Chairman's Statement
For the year ended 31 October 2013
Review of Activities - continued

Along with extending licensing deals One Media is also committed to profit margin improvement. The Board does not hesitate to use the Group's cash resource to invest in content that has a proven track record under our stewardship. This was demonstrated by the USD$122,550 used to buy-out various onward royalty commitments on past deals, which the Group believes to be a sound investment.

Finally, at the end of October 2013, we acquired under license the video distribution rights for over 300 `Animal video documentaries' targeted at younger viewers, `Keep Fit' video material for the health conscience and `Underground Breakdance' video content for the acrobatic. This has further diversified our portfolio of video offering, which we believe is essential in growing our market share.

Market Overview

The digital world is evolving at a fast pace and we are making sure that we keep up with the developments. iTunes and Amazon remain the largest digital download retailers but the 'streaming stores' such as Spotify and Deezer and are becoming increasingly important as the digital markets mature. The Board anticipates these models becoming stronger over the coming years with new streaming services such as 'Beats Music', 'Apple Radio' and the anticipated launch of 'YouTube Music' set to enhance this growing sector. It is still too early to analyse the worldwide music industry digital data for Calendar year 2013 on the growth of digital music, but what we do know is that according to Nielson (an industry data source), in the USA, music streaming grew 32% to 118bn transactions.

"Despite shifts in how music is consumed, we see continued growth in overall music consumption," reported Nielsen, "the industry remains vibrant as consumption continues to change and expand."

As a cautious management team, we carefully analyse the impact of streaming over downloading as part of our day-to-day business. We greet the streaming models with enthusiasm and anticipate their importance to the digital market will be as important as the introduction of downloading changed the markets back in 2006 when One Media first started and physical product had the lion's share of the market.

We also see social media playing a far greater role in the marketing of the Group's content via the many digital stores with which we trade. We have dedicated Twitter and Facebook pages which can be accessed via our website and are used to further our interaction with the market.

Broadband providers with their increasing band width now cater for film in high definition to be streamed to every device, whether static or on the move and the advent of 'Smart TVs will completely change the way we engage with our video entertainment. A 'Smart TV' is now fully enabled to receive more than just the programming broadcasted by either terrestrial or satellite broadcasters constrained within our shores, but also Wi-Fi. Furthermore, the new world of 'Apps' gives access to both national and international viewing via Wi-Fi from ones broadband supplier. This will allow content delivery services to supply the public with 'genre friendly content' tailored to their individual viewing requirements and made available as and when the consumer is ready to view. In the same way that web pages work, 'Play listing' and recommendations from your previous viewing experiences are immediately 'on hand' to guide you through the millions of hours now available on-line to view. At present YouTube leads this advance but we expect many more 'free-to-view' platforms to launch within the near future. One Media believes this will significantly increase the amount of content that users are consuming on a daily basis.

The new challenge facing viewers is how to find time to watch everything that is available. From the home entertainment revolution, as aforementioned, coupled with the in-car revolution, with cars moving to *'Bluetooth' and '4G'*, One Media anticipates a growing demand of content, both old and new, to meet this new technologically savvy audience.

Executive Chairman’s Statement
For the year ended 31 October 2013
Review of Activities – continued

Employees

As Chairman and Chief Executive, and on behalf of my fellow Board members, I would like to formally thank our staff for the contribution they have made in a year where we have continued to grow our business successfully. It is our aim to become a leading player within our space. It is the enthusiasm, dedication and creativity of our wider team that realises the delivery of our strategy each year. Our staff remains motivated and are committed to the achievement of our agreed 2014 business plan, which projects further growth across all aspects of the Group.

Outlook

The Group’s *modus operandi* of supplying all routes to market with nostalgic content is now well established within the digital community; ‘Content is King’ remains our basic *mantra.* We are repurposing our vast library of content to suit consumer requirements, whether it is for a three minute clip for a mobile device or a full length version of a programme for television. This will be key in our success in light of the developments we have identified in the market overview above.

One Media’s team of Creative Technicians remain diligent in the preparation of both audio and visual content in defining the metadata, our digital DNA, which remains key to identifying and finding One Media content online and adhering to the moving pace of the digital stores individual ‘style guides’. This is the ‘hub’ of One Media’s marketing initiative. The Board anticipates further expansion and investment in the Group’s expansive library of content in the coming period.

One Media invests time and expertise to fully understand the changing nature and viewing habits of its consumers, in order to adapt content to match consumer routines. With the considerable amount of content being input into cyberspace on the increase, our teams are trained to not only monitor the content being produced but also further promote and market our content through all aspects of social media.

We believe 2014 will continue to be a progressive year for One Media. The digital music and video industry remains in a state of evolution and your Company will continue to exploit and develop its model to meet the demands of these changes as it has done since its launch in 2006. One Media has continued to acquire further content, within our digital arena, enhancing our catalogue and library of rights. The Group retains a strong cash position; is debt free; profitable and is paying a healthy dividend.

The digital music and video industry remains in a state of evolution and your Company will continue to exploit and develop its model to meet the demands of these changes as it has done since its launch in 2006. We are focussing on greater exploitation combined with our growing industry market knowledge to deliver more shareholder-enhanced value within the sectors in which we operate.

The Board looks forward to enhancing both shareholder value and consumer digital experiences in 2014 and beyond, capitalising on its new listing on AIM and growing underlying value.

Michael A Infante
Chairman
12 February 2014

Report of the Directors
For the year ended 31 October 2013

The Directors present their annual report together with the audited consolidated statements of the Group for the year ended 31 October 2013.

Principal activities

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

Directors

The following Directors held office during the year:
Michael Antony Infante JP
Scott Cohen
Nigel Smethers
Roman Poplawski

Directors and their interests

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

	Ordinary share of 0.5p each	
	At 31 October 2013	At 31 October 2012
	Nos	Nos
Michael Antony Infante JP	25,577,862	26,044,737
Nigel Smethers	1,343,371	1,343,371
Scott Cohen	500,000	500,000
Roman Poplawski	3,943,377	3,943,377

	Warrants in Ordinary share of 0.5p each	
	At 31 October 2013	At 31 October 2012
	at 1.5p each Nos	at 1.5p each Nos
Michael Antony Infante JP	4,000,000	4,000,000
Nigel Smethers	250,000	250,000
Scott Cohen	250,000	250,000
Roman Poplawski	750,000	750,000

The above warrants were granted on 17 September 2012 and are due to expire on 15 September 2015.

Report of the Directors
For the year ended 31 October 2013 – continued

Directors and their interests continued

	Share Options in Ordinary share of 0.5p each At 31 October 2013	At 31 October 2012
	at 2.75p each Nos	at 2.75p each Nos
Michael Antony Infante JP	500,000	500,000
Nigel Smethers	500,000	500,000
Scott Cohen	500,000	500,000
Roman Poplawski	500,000	500,000

The options are exercisable at 2.75p per share on or by 6 March 2018.

Future Developments

Likely future developments in the company's business have been included within the Executive Chairman's Statement on pages 1 to 4.

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the Profit or Loss of the Group for that period. In preparing these financial statements, the Directors are required to:

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

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

Statement of disclosure to auditor

Each of the persons who are Directors of the Group at the time when the Report of the Directors is approved has confirmed that they have:

- taken all necessary steps that ought to have been taken as Directors to be aware of any information needed by the Company and Group Auditor in connection with preparing this report, and
- so far as they are aware there is no relevant audit information of which the Company and Group Auditor is unaware.

Report of the Directors
For the year ended 31 October 2013 - continued

Auditors

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

On behalf of the Board

Michael Antony Infante JP
Director
12 February 2014

Corporate Governance Report
For the year ended 31 October 2013

Directors

The Group supports the concept of an effective Board leading and controlling the Group, supported by a Management Team responsible for the operating subsidiaries. The Group Board is responsible for approving Group policy and strategy. It meets formally, at least quarterly, with regular face to face weekly contact maintained between most members as well as the dissemination of information using the most up to date electronic communication methods. All Directors have access to independent professional advice at the Group's expense.

Relation with shareholders

The Group values the views of its shareholders and recognises their interest in the Group's performance and strategy. Regular updates on performance and significant events are provided through the AIM Market platform, using the medium of the RNS, and through specially arranged investor updates with institutions and representative shareholder groups.

The Annual General Meeting is used to communicate with private investors who are encouraged to participate. The Directors are available to answer questions. Separate resolutions will be proposed on each issue so that they can be given proper consideration and there will be a resolution to approve the annual report and accounts.

Internal control

The Board is responsible for maintaining a strong system of internal control of safeguarding shareholders' investment and the Group's assets and for reviewing effectiveness. The system of internal financial control is designed to provide reasonable, but not absolute statement against material misstatement or loss.

In addition to the traditional financial internal controls the Group seeks to protect our licences by a well structured and controlled process of drafting, reviewing, approving and then subsequently monitoring. This process applies to both the purchase of our music rights and the distribution of our products to all our customers.

During the year, consequent on the move to the AIM Market, an Audit Committee has been established chaired by Roman Poplawski supported by Scott Cohen, both of whom are Non-Executive Directors. The Committee is responsible for ensuring that the financial performance of the Group is properly monitored and reported on. The Audit Committee meets with the auditors at the audit planning stage and for the final audit meeting prior to Board approval of the accounts.

Corporate Governance Report
For the year ended 31 October 2013 continued

Report on Remuneration

Directors' remuneration

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

Policy on Executive Directors' remuneration

A separate Remuneration Committee has been established chaired by Scott Cohen supported by Roman Poplawski, both of whom are Non-Executive Directors. There are no specific performance conditions with any bonus or additional payments made at the discretion of the board following the recommendation of the remuneration committee.

Remuneration of the Directors for the year ended 31 October 2013 is as follows:

	Fees and emoluments Year ended 31 October 2013	Fees and emoluments Year ended 31 October 2012
	£	£
Michael Antony Infante JP	108,280	103,452
Nigel Smethers	60,998	33,498
Scott Cohen	13,498	5,998
Roman Poplawski	40,998	25,998
	223,774	168,946

Bonuses and Performance Conditions

Included in the Fees and Emoluments for Michael Antony Infante are taxable benefits in respect of health insurance £2,820 (2012: £2,454), taxable benefit for a company car of £4,462 (2012: £nil) and attributable share option cost of £998 (2012: £998). Michael Antony Infante did not receive a bonus in the year (2012: £10,000). Fees and Emoluments for Nigel Smethers includes attributable share option costs of £998 (2012: £998). Nigel Smethers did not receive a bonus in the year (2012: £5,000). R Poplawski's Fees and Emoluments includes £12,500 (2012: £5,000) for his role as Non-Executive Director, £27,500 (2012: £20,000), in respect of his role as Business Affairs Adviser providing advice on legal and contractual matters, and £998 (2012: £998) attributable to share option costs. S Cohen received £12,500 (2012: £5,000) for his role as non-executive director and £998 (2012: £998) attributable to share option costs.

Directors’ contracts do not include any specific performance criteria but implicit within their terms of their engagements is that at all times they will seek to enhance shareholder value. Apart from warrants and share options granted there are no other specific long term incentive plans for any of the Directors. The Company received qualifying services from 4 (2012: 4) Directors under long term incentive qualifying schemes.

During the year the four Directors did not exercise any warrants or share options. In the year ended 31 October 2012 a total of 10,500,000 warrants were exercised. The aggregate amount of taxable gain by exercise of warrants during the year ended 31 October 2012 was £40,000.

Notice periods

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

Operating and Financial Review
For the year ended 31 October 2013

Business review and future developments

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

Whilst the Group focus is primarily on the digital market place, traditional routes to market are not being ignored. Changes in the retail sector are accelerating and there continues to be both national and global economic problems. The Directors consider there is still substantial potential whilst recognising that risks exist.

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

A dividend of £70,135 (2012: £70,974) was paid in the year.

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

Financial and non-financial key performance indicators

Cost of catalogue acquisition and number of tracks "ingested"
Management are continually searching to acquire additional music, video, spoken word and digital book catalogues to exploit through the digital medium and other routes to market. The costs of catalogue acquisition "ingestion" are constantly monitored to ensure that a safe and adequate return on investment is made. During the year £485,354 (2012: £643,431) was spent on catalogue and intangible asset additions.

Rate of commercialisation of licences and intellectual property
Measured by the growth in value and volume of digital revenues, license deals and sales contracts signed. During the year revenue increased to £2,649,130 (2012: £2,089,841) a 26.8% year on year increase. Progress assessment includes regular updates on key partners, distribution outlets and market segments.

Overhead growth
Management closely monitors the growth in overheads, carefully balancing the need to reward people properly based on both performance and external market factors, and other overhead expenditure. Where a step change in overheads is predicted this must be justified in both financial and strategic terms. During the year overheads increased to £851,890 (2012: £678,793) a 25.5% increase.

Share price movements and changes in shareholders are constantly monitored as a major contributor to long term planning
The Board constantly review share price movements both for the impact of Regulated News Service announcements and trading in shares on the AIM Market. This indicator is a major contributor to medium and long term decisions.

Management of capital
The Group has no external financing and is not therefore currently subject to any external constraints on its management of working capital. Dividend policy is determined by the availability of profit and reserves from which to pay dividends, the Group's policy and cost of acquiring additional music catalogues and the desire to reward shareholders for their investment in the Group.

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

Operating and Financial Review
For the year ended 31 October 2013 - continued

Business risks

Reliance on key personnel
The Group is dependent on the knowledge, expertise and experience of its key personnel. In total, the Group employs fewer than 15 people. In the event that a key member of the team was to leave the employment of the Group this could lead to significant disruption and could have a material impact on the future profitability of the Group.

Reliance on The Orchard – concentration of distribution risk
In the financial year ending 31 October 2013 approximately 94% of the Group's turnover was channeled via The Orchard, the distribution aggregator that the Group uses to sell its content to end-user download and streaming sites such as iTunes and Spotify. In the event that The Orchard agreement was terminated or that The Orchard ceased to operate, this could have a material impact on the Group's operations and profitability, whilst the Group changed its systems to work either with a new aggregator or trade directly with the end-user distribution sites.

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

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

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

Currency – revenues received in US$
In the financial year to 31 October 2013 approximately 96% of the Group's turnover was generated in US dollars, whilst the majority of the Group's costs are denominated in Sterling. The Group is therefore exposed to the US$/£ exchange rate and so any material adverse movement in this exchange rate can have a material financial impact on the Group.

Market dominance of Big 4
The Group operates in a market dominated by established traditional companies such as EMI, Universal, Warner and Sony (the "Big 4"). The Big 4 own or have the rights to a vast amount of content, a large amount of which may be similar to that owned or exploited by the Group. There is a risk that the Big 4 could exploit their recognised brands and use their marketing budgets to compete with the Group's targeted market, the consequence of which could lead to reduced sales and profitability for the Group.

Digital retailers' pricing policy changes
The Group is dependent upon digital retailers such as iTunes and Spotify in order to sell its products in the digital market place. Changes in their pricing policies or terms of sale would impact the performance of the Group.

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

Operating and Financial Review
For the year ended 31 October 2013 - continued

Digital route to market
The digital market place has its own challenges with a reliance on consumers becoming internet literate and homes achieving a decent broadband connection. OMiP is a B2B and B2C supplier. We have no digital site of our own but supply over 200 legitimate digital stores worldwide through our key business partner. We are not dependent on any one store's marketing strengths as we supply our content to all.

Financial risk management objectives and policies

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

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

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

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

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

Significant shareholding
Apart from the Directors' shareholdings above the Company has been notified that there are two holdings in excess of 3% of the issued share capital of the Company at 31 January 2013. Helium Special Situations Fund is holding 11.2 % (7,300,000 ordinary shares of 0.5p each), and Hugh Martin Oliver Bett 3.2% (2,100,000 ordinary shares of 0.5p each).

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

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

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

Operating and Financial Review
For the year ended 31 October 2013 - continued

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

Payment to suppliers
The Group's policy is to agree the terms of payment with each supplier, when agreeing contracts and purchasing terms, and to settle each transaction in accordance with those terms. Group trade payables at the year end were £72,958 (2012: £63,081). The Directors do not consider, because of the nature of Group’s business, that the traditional calculation of day’s purchases outstanding is relevant. Therefore no calculation of day’s purchases outstanding is provided.

Key accounting policies
Principal accounting policies are included on pages 21 to 27, including critical accounting estimates and judgements on page 25.

Cash flows
Full details of cash flows generated by the business are disclosed within the Consolidated Cash Flow Statement on page 20. The group generates sufficient cash flows through its ordinary operations, in combination with funds generated by company's listing on AIM, to achieve its objectives set out in the Executive Chairman's Report on pages 1 to 4.

Compliance
This statement has been prepared in accordance with ASB's 2006 Reporting Statement.

On behalf of the Board

Michael Antony Infante JP
Director
12 February 2014

Independent Auditors' Report to the Shareholders of One Media iP Group Plc

We have audited the Group financial statements of One Media iP Group Plc for the year ended 31st October 2013, which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Statement of Changes in Equity, the Group and Parent Company Statement of Financial Position, the Group and Parent Statement of Cash Flows and the related notes set out on pages 16 to 40. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

Respective responsibilities of the Directors and Auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

Unqualified opinion on financial statements

In our opinion the financial statements:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 October 2013 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS adopted for use in the European Union; and
- 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
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Executive Chairman's Statement and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report
to the Shareholders of One Media iP Group Plc

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; 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.

Alexander Peal BSc. (Hons) FCA DChA (Senior Statutory Auditor)

12 February 2014
for and on behalf of
James Cowper LLP

Chartered Accountants and Statutory Auditor
3 Wesley Gate
Queen's Road
Reading, Berkshire
RG1 4AP

ONE MEDIA[IP] Group Plc

Registered Number: 05799897
Consolidated Statement of Comprehensive Income
For the year ended 31 October 2013

	Note	Year ended 31 October 2013	Year ended 31 October 2012
		£	**£**
Revenue	1	2,649,130	2,089,841
Cost of sales		(1,273,592)	(983,374)
Gross profit		1,375,538	1,106,467
Administration expenses		(851,890)	(678,793)
Profit from continuing operations	2	523,648	427,674
Other expenses –AIM float and associated costs	2	(196,559)	-
Operating profit		327,089	427,674
Finance income	3	2,800	214
Profit on ordinary activities before taxation	4	329,889	427,888
Tax expense		(90,980)	(88,668)
Profit for period attributable to equity shareholders		**238,909**	**339,220**
Basic adjusted earnings per share	**7**	**0.70p**	**0.73p**
Diluted adjusted earnings per share	**7**	**0.61p**	**0.62p**
Basic earnings per share	**7**	**0.40p**	**0.73p**
Diluted earnings per share	**7**	**0.35p**	**0.62p**

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

The accompanying principal accounting policies and notes form part of these financial statements.

ONE MEDIA iP Group Plc

Registered Number: 05799897
Consolidated Statement of Changes in Equity
For the year ended 31 October 2013

	Share Capital	Share redemption reserve	Share premium	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£	£
At 1 November 2011	**218,143**	**239,546**	**643,271**	**4,791**	**119,537**	**1,225,288**
Proceeds from the issue of new shares	55,000	-	75,000	-	-	130,000
Share based payment charge	-	-	-	7,625	-	7,625
Profit for the year	-	-	-	-	339,220	339,220
Dividends	-	-	-	-	(70,974)	(70,974)
At 1 November 2012	**273,143**	**239,546**	**718,271**	**12,416**	**387,783**	**1,631,159**
Proceeds from the issue of new shares	51,625	-	670,874	-	-	722,499
Share based payment charge	-	-	-	13,776	-	13,776
Profit for the year	-	-	-	-	238,909	238,909
Dividends	-	-	-	-	(70,135)	(70,135)
At 31 October 2013	**324,768**	**239,546**	**1,389,145**	**26,192**	**556,557**	**2,536,208**

As detailed in note 14 Share capital the following transactions were undertaken:

For the year ending 31 October 2012:

- During the year a total of 11,000,000 warrants were exercised by Directors and Employees between June and September 2012. As summarised above, the nominal value of the warrants exercised was £55,000 and the Share premium arising was £75,000.

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For the year ending 31 October 2013:

- During the year a total of 9,375,000 ordinary shares of 0.5p each were issued at 8p pursuant to the Placing on the AIM market, a total of £750,000 being raised with costs associated with the issue at £50,501.
- In addition Employees exercised, at various time during the year, a total of 700,000 options at 2.75p a share and 250,000 warrants at 1.5p a share over ordinary shares of 0.5p each. The total raised as a result of these exercises was £23,000.

ONE MEDIA IP Group Plc

Registered Number: 05799897

Consolidated Statement of Financial Position at 31 October 2013

	Note	Year ended 31 October 2013	Year ended 31 October 2012
		£	£
Assets			
Non-current assets			
Intangible assets	8	1,808,535	1,442,140
Property, plant and equipment	9	26,439	47,755
		1,834,974	1,489,895
Current assets			
Trade and other receivables	11	481,453	405,762
Cash and cash equivalents	12	1,688,093	368,655
Total current assets		2,169,546	774,417
Total assets		**4,004,520**	**2,264,312**
Liabilities			
Current liabilities			
Trade and other payables	13	1,468,312	633,153
Total liabilities		1,468,312	633,153
Equity			
Called up share capital	14	324,768	273,143
Share redemption reserve	15	239,546	239,546
Share premium account	15	1,389,145	718,271
Share based payment reserve	15	26,192	12,416
Retained earnings	15	556,557	387,783
Total equity		**2,536,208**	**1,631,159**
Total equity and liabilities		**4,004,520**	**2,264,312**

The notes on pages 28 to 40 form part of these financial statements.

The Consolidated Financial Statements were approved by the Directors on 12 February 2014 and signed on their behalf by

:

Michael Antony Infante JP
Director

The accompanying principal accounting policies and notes form part of these financial statements.

ONE MEDIA iP Group Plc

Registered Number: 05799897

Company Statement of Financial Position at 31 October 2013

	Note	Year ended 31 October 2013	Year ended 31 October 2012
		£	**£**
Assets			
Non-current assets			
Investments	**10**	493,817	493,817
Current assets			
Trade and other receivables	**11**	1,419,427	1,057,030
Cash and cash equivalents	**12**	647,270	214,778
Total current assets		2,066,697	1,271,808
Total assets		**2,560,514**	**1,765,625**
Liabilities			
Current liabilities			
Trade and other payables	**13**	22,842	25,571
Total liabilities		22,842	25,571
Equity			
Called up share capital	**14**	324,768	273,143
Share redemption reserve	**15**	239,546	239,546
Share premium account	**15**	1,389,145	718,271
Share based payment reserve	**15**	26,192	12,416
Retained earnings	**15**	558,021	496,678
Total equity		**2,537,672**	**1,740,054**
Total equity and liabilities		**2,560,514**	**1,765,625**

The notes on pages 28 to 40 form part of these financial statements.

The Company Financial Statements were approved by the Directors on 12 February 2014 and signed on their behalf by:

Michael Antony Infante JP
Director

ONE MEDIA[iP] Group Plc

Registered Number: 05799897
Consolidated and Company Cash Flow Statement
For the year ended at 31 October 2013

	Year ended 31 October 2013 Group	Year ended 31 October 2012 Group	Year ended 31 October 2013 Company	Year ended 31 October 2012 Company
	£	£	£	£
Cash flows from operating activities				
Operating profit before tax	329,889	427,888	131,478	308,320
Amortisation	118,959	98,296	-	-
Depreciation	27,389	25,106	-	-
Share based payments	13,776	7,625	13,776	7,625
Finance income	(2,800)	(214)	-	-
(Increase) in receivables	(75,691)	(102,229)	(362,397)	(298,684)
Increase/(decrease) in payables	819,873	210,176	(2,729)	(1,071)
Corporation tax paid	(75,694)	(82,410)	-	-
Net cash inflow from operating activities	1,155,701	584,238	(219,872)	16,190
Cash flows from investing activities				
Investment in intellectual property rights	(485,354)	(643,431)	-	-
Investment in property, plant and equipment	(6,073)	(41,162)	-	-
Finance income	2,800	214	-	-
Net cash used in investing activities	(488,627)	(684,379)	-	-
Cash flows from financing activities				
Proceeds from the issue of new shares	773,000	130,000	773,000	130,000
Share issue costs	(50,501)	-	(50,501)	-
Dividends paid	(70,135)	(70,974)	(70,135)	(70,974)
Net cash inflow(outflow) from financing activities	652,364	59,026	652,364	59,026
Net change in cash and cash equivalents	1,319,438	(41,115)	432,492	75,216
Cash at the beginning of the year	368,655	409,770	214,778	139,562
Cash at the end of the year	**1,688,093**	**368,655**	**647,270**	**214,778**

Principal Accounting Policies
For the year ended 31 October 2013

Basis of preparation

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

Basis of consolidation

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

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

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

Revenue

The Group follows the principles of IAS18 "Revenue" in determining the appropriate revenue recognition policies. In principle therefore, revenue is recognised to the extent that the Group has obtained the right to consideration through its performance.

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

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

Commercial advances

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

Principal Accounting Policies
For the year ended 31 October 2013

Taxation

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

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

Intangible assets

Licences and other intangible assets
Licences and other intangible assets, including labour capitalised under IAS38 Intangible Assets, are valued at cost less accumulated amortisation. Capitalised labour represents costs incurred in "ingesting" products and the compilation of existing content into new and revised albums. Amortisation is calculated to write off the cost in equal amounts over the life of the licences and other intangible assets (between 26 months and 25 years). Licences and intangible assets are subject to annual impairment reviews.

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

Impairment intangible assets, property, plant and equipment

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

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

Principal Accounting Policies
For the year ended 31 October 2013

Impairment of intangible assets, property, plant and equipment – continued

An impairment loss is recognised in the income statement for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units are charged to the assets in the cash generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the assets recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of amortisation, if no impairment had been recognised.

Financial assets

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

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

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

Available for sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in other categories of financial assets. Available for sale assets are measured subsequently at fair value with changes in value recognised in equity through the statement of changes in equity. Where fair value cannot be measured reliably such financial assets are held at cost. Gain or losses arising from investments classified as available for sale are recognised in the income statement when they are sold or when the investment is impaired.

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

Cash and cash equivalents

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

Equity

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

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

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

Principal Accounting Policies
For the year ended 31 October 2013

Financial liabilities

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

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

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

Provisions, contingent liabilities and contingent assets

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

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

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

Property, plant and equipment

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

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

Principal Accounting Policies
For the year ended 31 October 2013

Property, plant and equipment - continued

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

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

Investment in subsidiary

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

Foreign currency

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

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

Operating segments

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

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

Critical accounting estimates and judgements

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

Business combinations

On initial recognition, the assets and liabilities of the acquired business are included in the Consolidated Statement of Financial Position at their fair values. In measuring fair value management use estimates about future cash flows and discount rates.

Principal Accounting Policies
For the year ended 31 October 2013

Impairment of assets

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

Internally generated intangible assets and software systems

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

Share option and warrant policy

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

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

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

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

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

Adoption of new or amended IFRS's

a) The Group has adopted the following revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the year beginning 1 November 2013.

- Amendments to IFRS 7 *Financial Instruments: Disclosures*
- Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)

Principal Accounting Policies
For the year ended 31 October 2013

Adoption of new or amended IFRS's - continued

(b) The following new standards, amendments to existing standards or interpretations have been issued, but are not effective for the financial year ending 31 October 2013 and have not been adopted early:

- IFRS 9 Financial Instruments (date to be confirmed)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2013)
- IFRS 11 Joint Arrangements (effective 1 January 2013)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- IAS 19 Employee Benefits (Revised June 2011) (effective 1 January 2013)
- IAS 27 (Revised), Separate Financial Statements (effective 1 January 2013)
- IAS 28 (Revised), Investments in Associates and Joint Ventures (effective 1 January 2013)
- Presentation of Items of Other Comprehensive Income - Amendments to IAS 1 (effective 1 July 2012)
- Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7 (effective 1 January 2013)
- Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 (effective 1 January 2014)
- Mandatory Effective Date and Transition Disclosures - Amendments to IFRS 9 and IFRS 7 (effective 1 January 2015)
- Government Loans - Amendments to IFRS 1 (effective 1 January 2013)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (effective 1 January 2013)
- Annual Improvements 2009-2011 Cycle (effective 1 January 2013)
- Transition Guidance - Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective 1 January 2013)

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

Notes to the Consolidated Financial Statements
For the year ended 31 October 2013

1. Revenue

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

	Year ended 31 October 2013	Year ended 31 October 2012
	£	£
United Kingdom	86,868	99,876
North America and Canada	2,558,999	1,988,939
Europe	3,263	1,026
	2,649,130	2,089,841

The Group considers it has one business segment with all its Profit ultimately earned in the United Kingdom as shown in the Consolidated Statement of Comprehensive Income shown on page 16.

Included in revenues for the year ended 31 October 2013 is £1,163,614 (2012: £1,059,746) from its largest ultimate customer and £513,362 from its second largest (2012: £300,192). Together these represent 63.3% (2012: 65.1%) of the total Group revenue for the year.

2. Operating profit

Operating profit is stated after charging:

Group	Year ended 31 October 2013	Year ended 31 October 2012
	£	£
Directors' remuneration	223,774	168,946
Amortisation of licences and other intangible assets	118,959	98,296
Depreciation of plant, property and equipment	27,389	25,106
Operating leases	49,723	37,170
Auditors' remuneration - audit fees	9,650	8,400
Auditors' remuneration - taxation	3,100	1,300
Auditors' remuneration - other	40,000	1,300
Bad debts	384	(1,280)
Difference on foreign exchange	16,592	11,892
Other expenses – AIM float and associated costs	196,559	-

Included in audit fees above is £4,650 (2012: £4,500) for the audit of the parent Company.

Notes to the Consolidated Financial Statements
For the year ended 31 October 2013

3. Finance cost and finance income

	Year ended 31 October 2013	Year ended 31 October 2012
	£	£
Interest receivable	2,800	214

4. Taxation

	Year ended 31 October 2013	Year ended 31 October 2012
	£	£
Analysis of the charge for the year		
Adjustments to tax charge in respect of prior years	(15,543)	468
UK corporation tax charge	106,523	88,200
UK corporation tax	90,980	88,668

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 23% (2012: 24%). The actual tax charge for the periods is different than the standard rate for the reasons set out in the following reconciliation:

Reconcilation of current tax charge	Year ended 31 October 2013	Year ended 31 October 2012
	£	£
Profit on ordinary activities before tax	329,889	427,888
Tax on profit on ordinary activities at 23.44% (2012: 24.83%)	77,326	106,244
Effects of:		
Non deductible expenses	45,191	7,508
Marginal relief	(4,227)	(5,045)
Adjustments to tax charge in respect of previous periods	(15,543)	468
Depreciation in excess of capital allowances	5,734	(8,467)
Other differences	(17,501)	(8,061)
Utilisation of tax losses	-	(3,959)
Current tax charge	90,980	88,668

Notes to the Consolidated Financial Statements
For the year ended 31 October 2013

4. Taxation - continued

The Group has estimated trading losses of £17,020 (2012: £374) available for carry forward against future trading profits.

No deferred taxation asset has been recognised as it is not material. If deferred taxation on losses was recognised the amount would be £3,404 (2012: £90).

5. Employee information

	Year ended 31 October 2013	Year ended 31 October 2012
	£	£
Directors' emoluments - excluding applicable share option charge	167,282	134,954
Fees paid to directors	52,500	30,000
Share option charge	13,776	7,625
Wages and salaries	379,929	296,018
Social security costs	65,539	42,169
	679,026	510,766

Included within fees paid to Directors is £27,500 (2012: £20,000) in respect of legal services provided by Mr R Poplawski in his role as Business Affairs Adviser to One Media iP Limited.

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

	Year ended 31 October 2013	Year ended 31 October 2012
Office and management	11	11

6. Parent Company Profit and Loss Account

The profit for the year to 31 October 2013 dealt within in the financial statements of the parent Company was £131,478 (2012: £308,320). As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is prepared for the parent Company.

Notes to the Consolidated Financial Statements
For the year ended 31 October 2013

7. Earnings per share

The weighted average number of shares in issue for both the basic earnings per share calculations is 59,999,725 (2012: 46,769,794) and for both the diluted earnings per share assuming the exercise of all warrants and share options is 69,244,109 (2012: 54,639,657).

7 .1 The calculation of adjusted earnings per share, on profit after tax from continuing activities, is based on the profit for the period of £329,889, after adding back Other expenses - AIM float and associated costs of £196,559 and adjusting for a tax charge of £104,683 to reflect the underlying profit. A profit after tax of £421,765 results, which is directly comparable with the previously reported figure for 2012 of £339,220. Based on the weighted average number of shares in issue during the year of 59,999,725 (2012: 46,769,794) the basic earnings per share is 0.70p (2012: 0.73p). The diluted earnings per share is based on 69,244,109 shares (2012: 54,639,657) and is 0.61p (2012: 0.62p).

7 .2 The calculation of the basic earnings per share is based on the profit for the period of £238,909 (2012: £339,220) divided by the weighted average number of shares in issue of 59,999,725 (2012: 46,769,794), the basic earnings per share is 0.40p (2012: 0.73p). The diluted earnings per share, assuming the exercise of all warrants and options is based on 69,244,109 (2012: 54,639,657) shares and is 0.35p (2012: 0.62p).

8. Intangible assets - Group

	Licenses and other intangible assets £	Total £
Cost		
At 1 November 2011	1,213,671	1,213,671
Additions	643,431	643,431
At 31 October 2012	1,857,102	1,857,102
Additions	485,354	485,354
At 31 October 2013	2,342,456	2,342,456
Amortisation		
At 1 November 2011	316,666	316,666
Charge for the year	98,296	98,296
At 31 October 2012	414,962	414,962
Charge for the year	118,959	118,959
At 31 October 2013	533,921	533,921
Net book value		
At 31 October 2013	1,808,535	1,808,535
At 31 October 2012	1,442,140	1,442,140

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

Notes to the Consolidated Financial Statements
For the year ended 31 October 2013

9. Property, plant and equipment - Group

	Office equipment	Fixtures and fittings	Total
	£	£	£
Cost			
At 1 November 2011	77,880	16,068	93,948
Additions	34,238	6,924	41,162
Disposals	(22,848)	(5,234)	(28,082)
At 31 October 2012	89,270	17,758	107,028
Additions	6,073	-	6,073
Disposals	(31,756)	-	(31,756)
At 31 October 2013	63,587	17,758	81,345
Amortisation			
At 1 November 2011	52,648	9,601	62,249
Charge for the year	20,797	4,309	25,106
Disposals	(22,848)	(5,234)	(28,082)
At 31 October 2012	50,597	8,676	59,273
Charge for the year	21,470	5,919	27,389
Disposals	(31,756)	-	(31,756)
At 31 October 2013	40,311	14,595	54,906
Net book value			
At 31 October 2013	23,276	3,163	26,439
At 31 October 2012	38,673	9,082	47,755

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

Notes to the Consolidated Financial Statements
For the year ended 31 October 2013

10. Investment in subsidiary undertakings

	Total £
At 1 November 2012 and 31 October 2013	493,817

The Company holds interests in the following subsidiary undertakings.

Company	Country of incorporation	Nature of business	Class of shares	Share held %	Status
One Media iP Limited Company number 05536271	England and Wales	Audio-visual content	Ordinary	100%	Operating
Collecting Records LLP Company number OC307927	England and Wales	Audio-visual content	Partnership	99%	Dormant
One Media Intellectual Property Limited Company number 08224199	England and Wales	Audio-visual content	Ordinary	100%	Dormant
One Media Publishing Limited Company Number 082123128	England and Wales	Audio-visual content	Ordinary	100%	Dormant

The Company's investment at the balance sheet date is 100% of the share capital of the unlisted companies One Media iP Limited, One Media Intellectual Property Limited and One Media Publishing Limited.
One Media iP Group Plc owns 99% of the Limited Liability Partnership Collecting Records LLP with the other 1% of the Limited Liability Partnership Collecting Records LLP held by One Media iP Limited.

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

11. Receivables

	Year ended 31 October 2013 Group	Year ended 31 October 2012 Group	Year ended 31 October 2013 Company	Year ended 31 October 2012 Company
	£	£	£	£
Amounts owed by group undertakings	-	-	1,400,299	1,053,292
Trade receivables	14,815	41,451	-	-
Other receivables	425,827	345,905	3,921	1,428
Prepayments	40,811	18,406	15,207	2,310
	481,453	405,762	1,419,427	1,057,030

Trade and other receivables are usually due within 30 to 60 days and do not bear any effective interest. No provision was made for doubtful debts at 31 October 2013 (2012: £2,860). The movement in the provision for impairment during the year is as follows:

Notes to the Consolidated Financial Statements
For the year ended 31 October 2013

11. Receivables - continued

	Total
	£
At 1 November 2011	4,140
Decrease in the provision for impairment	(1,280)
At 31 October 2012	2,860
Decrease in the provision for impairment	(2,860)
At 31 October 2013	-

12. Cash and cash equivalents

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

	Year ended 31 October 2013 Group	Year ended 31 October 2012 Group	Year ended 31 October 2013 Company	Year ended 31 October 2012 Company
	£	£	£	£
GB£	1,603,661	295,522	647,270	214,778
US$	84,242	72,403	-	-
Euro	190	730	-	-
	1,688,093	368,655	647,270	214,778

13. Trade and other payables

	Year ended 31 October 2013 Group	Year ended 31 October 2012 Group	Year ended 31 October 2013 Company	Year ended 31 October 2012 Company
	£	£	£	£
Current				
Trade payables	72,958	63,081	16,792	-
Social security and other taxes	17,962	14,470	-	-
Corporation tax	105,776	87,604	-	-
Accruals & deferred Income	906,977	160,733	6,050	25,571
Other payables	364,639	307,265	-	-
	1,468,312	633,153	22,842	25,571

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

Notes to the Consolidated Financial Statements
For the year ended 31 October 2013

14. Share capital
Group and Company

	2013	2012
	£	£
Authorised:		
200,000,000 ordinary shares of 0.5p each	1,000,000	1,000,000
Issued:		
64,953,698 (2012: 54,628,698) ordinary shares of 0.5p each	324,768	273,143

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

For the year ending 31 October 2012:

- During the financial year ended 31 October 2012 a total of 11,000,000 warrants were exercised by Directors and employees as follows:

Number of warrants exercised	Date exercised	Par Value	Share Capital £	Share Premium arising £
1,000,000	11 June 2012	0.5p	5,000	10,000
4,000,000	13 June 2012	0.5p	20,000	20,000
4,000,000	10 August 2012	0.5p	20,000	20,000
500,000	10 August 2012	0.5p	2,500	7,500
500,000	11 September 2012	0.5p	2,500	5,000
500,000	17 September 2012	0.5p	2,500	5,000
500,000	17 September 2012	0.5p	2,500	7,500
11,000,000			55,000	75,000

For the year ending 31 October 2013:

- On 10th April 2013, pursuant to the Placing on the AIM Market, 9,375,000 ordinary shares of 0.5p were issued at price of 8p per share. The difference between the total consideration received of £750,000 and the nominal value of shares issued of £46,875 has been transferred to the share premium account. The costs associated with the issue dealt with through the share premium account were £50,501.
- On 10th July 2013 an employee exercised options on 100,000 ordinary shares of 0.5p each at a price of 2.75p per share. The difference between the total consideration received of £2,750 and the nominal value of the shares issued of £500 has been transferred to the share premium account.
- On 27th September 2013 an employee exercised options on 500,000 ordinary shares of 0.5p each and 250,000 warrants on ordinary shares of 0.5p each. The difference between the total consideration received of £17,500 and the nominal value of the shares issued of £3,750 has been transferred to the share premium account.
- Finally On 22nd October 2013 an employee exercised options on 100,000 ordinary shares of 0.5p each at a price of 2.75p per share. The difference between the total consideration received of £2,750 and the nominal value of the shares issued of £500 has been transferred to the share premium account.

Notes to the Consolidated Financial Statements
For the year ended 31 October 2013

14. Share capital - continued

The movement in warrants during the year was as follows:

Date of grant	Number of warrants	Par Value	Exercise price	Period of subscription
17 September 2012	5,750,000	0.5p	1.5p	3 years
Warrants outstanding at 31 October 2012	5,750,000			
Exercised in year				
27 September 2013	(250,000)	0.5p	1.5p	3 years
Warrants outstanding at 31 October 2013	5,500,000		1.5p	3 years

The number of Directors holding warrants at 31 October 2013 was 4 (2012: 4) and senior staff 1 (2012: 2).

The fair value of the outstanding warrants at 31 October 2013, based on the Black-Scholes model was 1.5p per share based on a risk free interest rate of 1% and a volatility of 30%. The warrants have been issued to underpin key Directors and senior staff service conditions. The share based payment charge in relation to these warrants is spread over the period of subscription. A share based payment charge of £6,588 has been made for the year ended 31 October 2013 (2012: £439).

During the year none of the Directors exercised warrants, 250,000 warrants were exercised by a senior member of staff. In the year ended 31 October 2012 11,000,000 warrants were exercised by Directors and employees.

Included in the financial statements is £8,400 due to the Group by an employee in respect of PAYE & NI due on the exercise of warrants on 27th September 2013. This amount was repaid in December 2013. Included in the Consolidated Statement of Financial Position at 31 October 2012 was £16,800 due to the Group by Michael Antony Infante in respect of PAYE and NI due on the exercise of his warrants during the year. This amount was repaid on 20 February 2013 at the same time as the Group settling the equivalent outstanding liability to HMRC.

At 31 October 2013 2,900,000 (2012: 3,600,000) share options of 2.75p were outstanding. The number of Directors holding share options at 31 October 2013 was 4 (2012: 4) and senior staff and employees 4 (2012: 5). The share options have been issued to underpin key Directors and senior staff service conditions. The share based payment charge in relation to these share options is spread over the period of subscription

The options were granted on 7 March 2011 when the share price was 2.75p per share. The Fair Value of these options, based on the Black Scholes model, was 4.15p per share based on a risk free interest rate of 5% and a volatility of 40%. The options are exercisable on or before 6th March 2018. A share option charge of £7,188 has been made for the year ended 31 October 2013 (2012: £7,186).

Notes to the Consolidated Financial Statements
For the year ended 31 October 2013

15. Company reserves

	Share redemption reserve	Share premium	Share based payment reserve	Retained earnings	Total
	£	£	£	£	£
At 1 November 2011	**239,546**	**643,271**	**4,791**	**259,332**	**1,146,940**
Proceeds from the issue of new shares	-	75,000	-	-	75,000
Share based payment charge	-	-	7,625	-	7,625
Profit for the year	-	-	-	308,320	308,320
Dividends	-	-	-	(70,974)	(70,974)
At 1 November 2012	**239,546**	**718,271**	**12,416**	**496,678**	**1,466,911**
Proceeds from the issue of new shares	-	721,375	-	-	721,375
Share issue costs	-	(50,501)	-	-	(50,501)
Share based payment charge	-	-	13,776	-	13,776
Profit for the year	-	-	-	131,478	131,478
Dividends	-	-	-	(70,135)	(70,135)
At 31 October 2013	**239,546**	**1,389,145**	**26,192**	**558,021**	**2,212,904**

The Consolidated Statement of Changes in Equity is shown on page 17.

16. Dividends per share

The total dividends paid in the year ended 31 October 2013 was £70,135 (2012: £70,974). These dividends were paid in two installments. On 29th November 2012 at 0.037p per share and on 9th July 2013 a further dividend of 0.078p per share was paid.

17. Contingent liabilities

Due to the nature of the business, from time to time, claims will be made against the Group. Nonetheless, the Directors are not aware of any claims that are likely to be successful and, in their opinion, result in a material liability. In 2013 and 2012 the Directors were not aware of any claims that were likely to be successful and result in a material liability.

18. Capital commitments

There were no capital commitments at 31 October 2013 or at 31 October 2012.

Notes to the Consolidated Financial Statements
For the year ended 31 October 2013

19. Operating lease commitments

	Within one year	1 to 5 years	2013 Total	Within one year	1 to 5 years	2012 Total
	£	£	£	£	£	£
Rent	34,489	-	34,489	47,362	31,575	78,937
Vehicles	7,070	4,252	11,322	9,083	9,083	18,166
	41,559	4,252	45,811	56,445	40,658	97,103

The lease for rent is due to expire on 31 July 2014 and for the vehicles leases during 2014 and 2015. The Company has no operating lease commitments.

20. Financial instruments

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

Financial assets by category

The IAS 39 categories of financial asset included in the Consolidated Statement of Financial Position are as follows:

	Loans and receivables	Non financial assets	2013 Total	Loans and receivables	Non financial assets	2012 Total
	£	£	£	£	£	£
Licenses and other intangible assets	-	1,808,535	1,808,535	-	1,442,140	1,442,140
Property, plant and equipment	-	26,439	26,439	-	47,755	47,755
Trade receivables	14,815	-	14,815	41,451	-	41,451
Other receivables	425,827	-	425,827	345,905	-	345,905
Prepayments	40,811	-	40,811	18,406	-	18,406
Cash and cash equivalents	1,688,093	-	1,688,093	368,655	-	368,655
	2,169,546	1,834,974	4,004,520	774,417	1,489,895	2,264,312

Included within loan and receivables above are cash and cash equivalents of £647,270 (2012: £214,778), and trade and other receivables of £19,128 (2012: £3,738) excluding amounts owed by group undertakings in relation to the company.

Notes to the Consolidated Financial Statements
For the year ended 31 October 2013

20. Financial instruments - continued

Financial liabilities by category

The IAS 39 categories of financial liabilities included in the Consolidated Statement of Financial Position are as follows:

	Other financial liabilities at amortised cost	Liabilities within the scope of IAS 39	2013 Total	Other financial liabilities at amortised cost	Liabilities within the scope of IAS 39	2012 Total
	£	£	£	£	£	£
Trade payables	72,958	-	72,958	63,081	-	63,081
Social security and other taxes	17,962	-	17,962	14,470	-	14,470
Corporation tax	105,776	-	105,776	87,604	-	87,604
Accruals and deferred income	-	906,977	906,977	-	160,733	160,733
Other payables	364,639	-	364,639	307,265	-	307,265
	561,335	906,977	1,468,312	472,420	160,733	633,153

Included within other financial liabilities are trade payables of £16,792 (2012: £Nil), and other payables of £6,050 (2012: £25,571) in relation to the company.

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

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

Credit risk

The Group's credit risk is primarily attributable to its trade receivables, other receivables and cash and cash equivalents. The amounts presented in the Consolidated Statement of Financial Position are net of any allowances for doubtful receivables. The Group has a significant concentration of credit risk associated with its distributor of digital content, The Orchard. Cash at bank is all held with highly rated banks or deposit takers, the suitability of which is constantly reviewed. The maximum credit to which the Group is exposed, including Cash at bank of £1,688,093 is £2,169,546 (2012: £774,417).

Liquidity risk

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

All the financial liabilities noted above, with the exception of the liability to corporation tax of £105,776 (2012: £87,604) are expected to result in cash outflow within six months of the year end. At 31 October 2013, £455,559 (2012: £384,816) of the financial liabilities were expected to result in cash outflow within six months of the year end.

Notes to the Consolidated Financial Statements
For the year ended 31 October 2013

20. Financial instruments - continued

Currency risk

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

21. Related party transactions

There were no related party transactions in the year under review or in the year ended 31 October 2012, other than transactions with the directors as disclosed in the Directors' Report and note 5 to the financial statements.

At 31 October 2013 the principal operating subsidiary One Media iP Limited owed the Company £1,400,298 (2012: £1,053,292). No formal inter-company loan agreement is in existence between the Company and its subsidiaries. During the year the Company made a management charge of £297,000 (2012: £208,122) against One Media iP Limited and received a dividend of £300,000 (2012: £300,000).

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