ONE MEDIA iP Group Plc

Company Information

Directors	Michael Antony Infante JP Nigel Smethers Scott Cohen Roman Poplawski
Secretary	Nigel Smethers
Registered Office	Pinewood Studios 623 East Props Building Pinewood Road Iver Heath Buckinghamshire SL0 0NH
Nomads	Cairn Financial Advisers LLP 61 Cheapside London EC2V 6AX
Brokers	Charles Stanley Securities 131 Finsbury Pavement London EC2A 1NT
Solicitors	Marriott Harrison Staple Court 11 Staple Inn Buildings London WC1V 7QH
Bankers	Barclays Bank Plc Level 27, I Churchill Place London E14 5HP
Registrars	Share Registrars Ltd 9 Lion and Lamb Yard Farnham Surrey GU9 7LL
Auditors	James Cowper Kreston 3 Wesley Gate Queen's Road Reading, Berkshire Berkshire RG1 4AP

ONE MEDIA iP Group Plc

Contents

Executive Chairman's Statement
For the year ended 31 October 2014

Leading and embracing change is what One Media was born to do. When the Group was founded in August 2005, and subsequently listed on Ofex (now ISDX) in 2006, it was amidst a changing world of music formats. Then it was the era of the birth of digital and the downsizing of the Compact Disc markets. Ten years on and we are witnessing a new generation of digital music and video marketing initiatives with another shift in consumer behaviour. Let's take a brief look at how we have consumed music over the life of our industry. It all started long before the ability to capture sound was possible. Musicians were hired to play for those that could afford it, every live performance a one-off. A purist industry one might say. Along came Leon Scott in 1857 with his Phonoautograph, the precursor to Thomas Edison's Phonograph in 1877, and within a decade the gramophone was established. The ability to record and replay sound was here to stay and by 1890 a fledgling recording entertainment industry was born. The physical format existed as the mainstream commercial method of selling music for the next 110 years. We saw LPs, Cassette Tapes, Compact Discs, and finally at the end of the 1990s people 'in the know' were talking about MP3s. The ability to transfer music digitally existed several years before the ability to monetise it. Apple's iTunes store revolutionised digital music sales in 2002 with the launch of the iPod. So why do I mention this history? Well, whilst our digital age is not about to change, the model of how we pay for content is. Paying for content was always a given. You bought a record for money that you passed to a shopkeeper and over the last 12 years much of this has been done digitally. You paid your money to "Mr Apple" and others and you downloaded a tune to your preferred device. This was now yours to keep. Subscription stores such as Spotify have now changed this model forever.

The invention by Apple of the smartphone (the iPhone) has transformed the way we consume music. The iPod was an isolated music device for storing tunes, enabled by connectivity to your PC. The smartphone with its connectivity and 4G ability does not need to store music in the same way, it just needs a signal. So enter the new players in the form of the telecom providers, such as Vodafone and O2 that now facilitate the many 'streaming services' to your smartphone. Your mobile phone no longer needs to hold gigabytes of music as this is now stored remotely in the cloud by the many music and video providers that offer in excess of 20 million songs, all for the asking on a variety of terms. All you need to do is subscribe. This revolution has taken less than five years to change the way we acquire our music and in the last year it has come of age. iTunes previously dominated the market with approximately 85% but today, their download model controls approximately 44**%**, and continues to reduce. The phrase 'ad-funded' has also crept into our vocabulary, which basically means 'free to listen so long as you endure a commercial'. Alternatively, you can pay a monthly subscription to your service provider and have the adverts removed.

All of this leads to a change in the consumption of music and the way it is monetised. Never before have there been so many music transactions worldwide and never before has music become a commodity attached to the many service providers and the emerging music stores. All of this ultimately will be good for content owners like ourselves, but currently we are experiencing a shift as the market takes a new shape for the future.

We maintain a cautious acquisition strategy where value is paramount as is the ability to enhance earnings, and as the industry adjusts to its new monetisation model, we are examining our potential acquisition opportunities very carefully.

Executive Chairman's Statement
For the year ended 31 October 2014
Review of Activities - continued

Financial Overview

Once again this year we have seen our revenue grow with a final reported figure of £2,900,090, an increase of 9.5% on the £2,649,130 from last year. Profit from continuing operations is reported at £637,623, a 21.7% improvement on the equivalent figure of £523,648 for 2013. This has been achieved by a combination of revenue growth, achieving gross margins at 51.7% (2013: 51.9%) and holding our overheads to £861,814 (2013 £851,890), despite incurring a foreign exchange loss of £56,360 (2013: £16,592). This demonstrates the operational leverage within our business whilst maintaining tight control of administrative costs.

Revenue increased by 9.5% despite the volatility in the USD$ exchange rate experienced during the year, which ranged between $1.60 to $1.71. Compared to the rates experienced in the previous financial year we estimate that there was an adverse impact of approximately £125,000 on our digital income received in USD$.

The profit after tax attributable to equity shareholders of £620,360 is reported for the financial year, an increase of £381,451 from the £238,909 reported for 2013. A significantly reduced corporation tax provision of £21,913 (2013: £90,980) has been made. Advantage has been taken, within this provision, to utilise the beneficial allowances given by HMRC resulting from the exercise of options and warrants by employees and directors. It is estimated that the full year corporation tax charge would be £129,317 higher if advantage had not been taken of these HMRC provisions.

EBITDA, calculated on profit from continuing activities before interest, tax, depreciation and amortisation, increased by 23.6% to £827,794 (2013: £669,996).

At the end of the year we have cash balances of £1,219,466 (2013: £1,688,093), having raised £92,500 through the exercise of options and warrants. Operationally we received from The Orchard, the Group's digital distributor, an advance of USD$2m (GBP£1.2m) against royalties the outstanding balance of which is included in current liabilities. Net cash generated by operating activities was £1,116,074 (2013: £1,155,701), cash outflow relating to the acquisition of content and rights of £1,576,463 (2013: £485,354) and dividends of £100,598 (2013 £70,135).

We continue to operate a steady, considered approach with our acquisition programme and will broaden our IP search for content, considering forums and avenues outside of the traditional music platforms to expand our investment portfolio as we mature.

Finally two dividends were paid in the year totalling £100,598 (2013: £70,135). These dividends were paid in two instalments, on 25 November 2013 at 0.077p per share and on 8 July 2014 a further dividend of 0.071p per share was paid.

Content and Rights Acquisition

Our acquisition of the Point Classics catalogue is one that has most excited us in 2014. This catalogue, of over 4,000 exclusively owned classical recordings is well known to us, and forms the basis of a solid commercial enterprise that will scale. This extensive collection containing works by over 100 composers including Mozart, Vivaldi, Beethoven performed by acclaimed Orchestras, positions us with a well-rounded, world-class commercial classical catalogue. We believe the acquisition price of US $1.6m represented great value. We are currently ingesting the recordings into the One Media in-house system, and distribution to the many digital stores is underway. Additionally, we have created a dedicated Point Classics YouTube channel, initially featuring 30-second video 'shorts' utilising the 'best bits' so that consumers can take a tour of our catalogue with the aid of colourful graphic animation. www.youtube.com/user/PointClassics

In the period under review we also made other significant investments of both audio and video content. We acquired, under license, the Church Street Station and Rock 'n' Roll Palace catalogues for £300,000 which are now available on our dedicated YouTube channels. One Media, acting as a Multi Channel Network (MCN), operates 18 such channels which can all be viewed via the front page of our website. (www.onemediaip.com)

Executive Chairman's Statement
For the year ended 31 October 2014
Review of Activities - continued

Content and Rights Acquisition continued

We continue to develop our YouTube network and are very pleased with the growing audience to our Men & Motors channel, which we acquired from Granada/ITV in 2012 and subsequently launched online during 2013. We continue to explore new opportunities as we rebuild the Men & Motors brand and audience awareness.

Our newly appointed in-house Brand and Communications Manager (Alice Dyson-Jones) will be communicating 'trade news' and brand enhancement via the music and financial press from time to time. All stories will appear on the Group's website, Twitter and Facebook. Any acquisitions of material size will be reported via the Regulated News Channels in the normal way.

Our investment of US $100,000 on the acquisition of a variety of smaller content catalogues is as follows:

- The Group acquired the exclusive rights to Irish diva Rose-Marie's back catalogue of 20 Gold and Platinum selling albums, including songs from the 'Old Country' and great standards such as Danny Boy, Ave Maria, Crazy and Beautiful Dreamer to name a few.

- The Delta Leisure video deal featured over 250 hours of special interest programmes, and is now presented on our Great British Channel. These instructional or 'Well-Being' videos are of particular interest to YouTube audiences, with viewing figures growing steadily. Programmes like 'Easy Yoga' and "How to" videos on Massage and Relaxation, as well as classic 'Cold War Aircraft' and 'Military Memorabilia' all perform well on this platform. www.youtube.com/user/GreatBritishChannel

- After acquiring the spoken word version of Aubrey Malone's fictional work, the 'Lost Elvis Diaries' in 2013, it was always our intention to convert this from an audio-only product to a visual programme. From assets acquired within the deal, we have created a YouTube channel of animated video diary entries read by an Elvis impersonator. This concept really brings the story alive and if it proves its worth, paves the way to exploit the vast quantity of high quality spoken word files we have within our library, to view follow the link: www.youtube.com/user/elvisdiaries

- Using the company's cash resources to convert long-term licenses into ownership has always been part of our *modus operandi*. Often when we enter deals the target is not a seller. In the early stages we usually enter long-term license arrangements with an 'option to buy'. This we have now done with longstanding licensor Tropicana, featuring the music of legendary producer Ian Levine. One Media now owns this exciting catalogue of over 3,000 exclusive Motorcity, Hi-NRG and Northern Soul tracks. Songs performed by Evelyn Thomas, Frankie Gaye, Syreeta, Martha Reeves, Johnny Bristol, Miquel Brown Dobie Gray, The Miracles and the Ladies of the Supremes to name just a few of the hundreds of artists featured in this collection. Follow the link to view: www.youtube.com/user/IanLevine

Market Overview

Recording industry revenues in the UK, as published by the BPI (British Phonographic Industry), fell by 4.1% in 2014 to stand at £699.6m. Streaming was again the bright spot for the industry with revenues climbing to £114.7m, a year-on-year increase of almost 50%. Streaming's impressive performance in 2014 meant that its share of industry turnover reached 16.4% across subscription, ad-funded and cloud platforms. Subscriptions were the sector demonstrating the strongest rate of growth with revenues rising by 58.4% to £86.6m. Digital downloads all suffered losses in 2014 with revenues across track, album and video sales down by 12.2%. (Source: BPI)

One Media has continued to out-perform the market given these numbers in such transformational times, considering our entire market presence resides only in the digital sector with no physical side (CD/DVD) to our business. Internally, we have implemented a department for copyright enforcement. Using our bespoke system software we are able to search music sites and YouTube for unlawful use, resulting in content being removed from stores and the claiming of any unpaid Royalties.

Executive Chairman's Statement
For the year ended 31 October 2014
Review of Activities – continued

Employees

Our systems are robust and coping with growth without the need for additional significant investment in staff or new systems. As our team grows in experience we are remunerating them based on ability, experience and responsibility. Our team of eight in-house Creative Technicians, that are responsible for ingesting all of the Groups digital content, have all been accredited in accordance with the 'YouTube Creator Academy' (An in-depth training program in channel management and best practice.). In 2015, we created a new position of Brand & Communications Manager. Alice Dyson-Jones joined the team in November 2014 bringing vast experience in the video and broadcast industry. Alice will additionally be responsible for Financial PR. Mary Kuehn (our USA based trading director of One Media iP Ltd) is liaising with our emerging American clients for the groups licensing activities, specifically on our newly acquired Point Classics catalogue. Philip Miles, our UK trading company's Technical Director has undertaken a review of all system procedures and is enhancing our technical abilities to ensure the Group's system management is market leading. All of the team contribute to a very high level and I would like to thank them all and my co-directors, Nigel Smethers, Scott Cohen and Roman Poplawski, for their dedication, experience and effort throughout 2014.

Outlook

'Content is King' remains our basic mantra. An expansion into manipulating data for other uses is something that the Group is exploring. As we reach out to more consumers and collect intelligence on buying patterns and digital requirements, our focus is honed more specifically to matching what consumers want to listen to and view. We are currently exploring technical methods of copyright enforcement utilising both in-house and propriety software. Additionally research into 'platform hosting' is being undertaken by the technical team for information sharing and monetising the data we hold into new arenas. It is early days, but we are enthused by the many new monetisation opportunities that this may present to the Group. As previously stated the UK music market declined and there has been a shift from 'Downloading' to 'Streaming' of music and video. We anticipate that the downloading market share will continue to reduce but that streaming will grow. It is then a question as to whether the streaming model picks up the downloading shortfall on a balanced basis. In the long term, as the streaming consumer market matures, companies like One Media will benefit. The reason for this is as follows: Download purchases are limited to single track or album search made by the consumer on a decisive purchase objective. Under this model you will rarely download and pay for a track or multiple artist tracks in which you merely have a passing interest. It becomes cost prohibitive. Streaming is different, here you can listen/stream millions of tracks for a set price within a period and the consumer will experiment and consequently consume far deeper back-catalogue as offered by your Group. So we would anticipate a shift in the old 80/20 rules whereby 80% of our turnover is governed by 20% of our catalogue. The fact is that we have already noticed 'album tracks' that hitherto were undiscovered since the fall of the CD, being streamed and are now gaining traction and new audiences. This is very encouraging and good for the music and monetisation of our deeper unknown content. One Media generates revenues from the streaming stores every time the track is streamed, so for popular tracks reaching higher income is no longer capped by the download price that is currently achieved.

The music landscape has evolved unrecognisably since the early days of the gramophone. Each step of the evolution has presented new challenges and whilst the mediums may have changed along the way, the opportunity to monetise audio and visual IP is undeniable. We remain confident in our activities and are flexible enough to move with the changes and set new horizons and opportunities for all of our content.

I would like to thank the management and staff of One Media, and our professional advisory teams. The Group, which remains profitable, debt free and cash resourced, is well positioned to pursue its strategy of continued growth through the acquisition of intellectual copyrights.

Michael Infante JP
Chairman and CEO
6 March 2015

Report of the Directors
For the year ended 31 October 2014

The Directors present their annual report together with the audited Consolidated financial statements of the Group for the year ended 31 October 2014.

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 2014	**At 31 October 2013**
	Nos	**Nos**
Michael Antony Infante JP	25,577,862	25,577,862
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 2014	**At 31 October 2013**
	at 1.5p each Nos	**at 1.5p each Nos**
Michael Antony Infante JP	-	4,000,000
Nigel Smethers	-	250,000
Scott Cohen	-	250,000
Roman Poplawski	-	750,000

The above warrants were granted on 17 September 2012.

As announced on 10 April 2014 Michael Infante sold 1,800,000 of his 1.5 pence warrants at 12.5 pence per warrant to an institutional investor, who immediately exercised them with the company at 1.5 pence per warrant. A further 3,450,000 warrants were exercised by Michael Infante and the other directors at 1.5 pence per warrant and immediately sold to other institutional investors at 14 pence per share. The resulting 5,250,000 ordinary shares were admitted for trading on 15 April 2014.

Report of the Directors
For the year ended 31 October 2014 – continued

Directors and their interests continued

	Share Options in Ordinary share of 0.5p each	
	At 31 October 2014	At 31 October 2013
	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 2014 - continued

Auditors

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

On behalf of the Board

Michael Antony Infante JP
Director
6 March 2015

Corporate Governance Report
For the year ended 31 October 2014

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 for 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 assurance against material misstatement or loss.

In addition to the traditional financial internal controls the Group seeks to protect our licenses 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.

The Audit Committee is 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.

Having served as Senior Statutory Auditor for five years, following the signing of the Consolidated financial statements for the year ended 31 October 2013, Alexander Peal BSc. (Hons) FCA DChA was due to rotate as engagement partner. Further to discussions with both the Executive Directors and the auditors, James Cowper Kreston, the Audit Committee agreed to the re-appointment of Alexander Peal BSc. (Hons) FCA DChA as Senior Statutory Auditor for a further two years in order to ensure continuity following the AIM flotation in April 2013. This extension is accordance with the guidelines on Auditors’ ethical standards 3.

Corporate Governance Report
For the year ended 31 October 2014 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

The Remuneration Committee is chaired by Scott Cohen supported by Roman Poplawski, both of whom are Non-Executive Directors. The Remuneration Committee met with the Executive Chairman at the beginning of the financial year to discuss, and subsequently agreed, his recommendations for Executive Directors remuneration for the year

Remuneration of the Directors for the year ended 31 October 2014 is as follows:

	Fees and emoluments Year ended 31 October 2014	Fees and emoluments Year ended 31 October 2013
	£	£
Michael Antony Infante JP	115,344	108,280
Nigel Smethers	68,736	60,998
Scott Cohen	21,116	13,498
Roman Poplawski	53,353	40,998
	258,549	223,774

Bonuses and Performance Conditions

Included in the Fees and Emoluments for Michael Anthony Infante JP are taxable benefits in respect of Health Insurance of £3,713 (2013: £2,820), taxable benefit for a company car of £4,712 (2013: £4,462), attributable share option cost of £2,889 (2013: £998) and pension £1,030 (2013 £nil). Michael Infante did not receive a bonus in the year (2013 : £nil) . Fees and Emoluments for Nigel Smethers include attributable share option cost of £1,116 (2013: £998) and pension £670 (2013 £nil). Nigel Smethers did not receive a bonus in the year (2013: £nil). R Poplawski Fees includes £20,000 (2013: £12,500) for his role as Non-executive Director and £32,000 (2013: £27,500), in respect of his role as Business Affairs Adviser providing advice on legal and contractual matters, and £1,353 (2013: £998) attributable share option costs. S Cohen received £20,000 (2013: £12,500) for his role as non-executive director and £1,116 (2013: £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 (2013: 4) Directors under long term incentive qualifying schemes.

As a consequence of the Warrant sale and exercise on 10 April 2014 Michael Infante had a taxable gain of £496,689 and Nigel Smethers £30,987 upon which Income Tax and National insurance was paid by them at their upper marginal rates. As a consequence of this exercise the Company and Group has claimed Corporation Tax relief of £129,327 relating to these and other option exercises as disclosed in note 4.

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 2014

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 continue to accelerate and there are still both national and global economic problems. The Directors consider, however, that there are substantial opportunities and 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 £100,598 (2013: £70,135) 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 £1,576,463 (2013: £485,354) 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 £2,900,090 (2013: £2,649,130) a 9.5% 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 £861,814 (2013: £851,890) a 1.5% 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 2014 - 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 2014 approximately 82% (2013: 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 2014 approximately 93% (2013: 96%) of the Group's revenue was generated in US dollars, whilst the majority of the Group's costs are denominated in Sterling. The Group is therefore exposed to the US$/£ exchange rate and so any material adverse movement in this exchange rate can have a material financial impact on the Group.

Market dominance of Big 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 2014 - 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 11 February 2015. Helium Special Situations Fund is holding 8.7 % (6,150,000 ordinary shares of 0.5p each) and ISIS EP LLP 6.97% (4,925,000 ordinary shares of 0.5p each).

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

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 2014 - 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.

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
6 March 2015

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

We have audited the Consolidated financial statements of One Media iP Group Plc for the year ended 31 October 2014, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company 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/ukp.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 Consolidated and of the Parent Company's affairs as at 31 October 2014 and of the Consolidated 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, Operating and Financial Review, Corporate Governance Report 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)

6 March 2015
for and on behalf of
James Cowper Kreston

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 2014

	Note	Year ended 31 October 2014	Year ended 31 October 2013
		£	£
Revenue	1	2,900,090	2,649,130
Cost of sales		(1,400,653)	(1,273,592)
Gross profit		1,499,437	1,375,538
Administration expenses		(861,814)	(851,890)
Profit from continuing operations	2	637,623	523,648
Other expenses –AIM float and associated costs	2	-	(196,559)
Operating profit		637,623	327,089
Finance income	3	4,650	2,800
Profit on ordinary activities before taxation	4	642,273	329,889
Tax expense		(21,913)	(90,980)
Profit for period attributable to equity shareholders		**620,360**	**238,909**
Basic adjusted earnings per share	7	**0.91p**	**0.70p**
Diluted earnings per share	7	**0.83p**	**0.61p**
Basic earnings per share	7	**0.91p**	**0.40p**
Diluted adjusted earnings per share	7	**0.83p**	**0.35p**

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.

Registered Number: 05799897
Consolidated Statement of Changes in Equity
For the year ended 31 October 2014

	Share Capital	Share redemption reserve	Share premium	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£	£
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 1 November 2013	**324,768**	**239,546**	**1,389,145**	**26,192**	**556,557**	**2,536,208**
Proceeds from the issue of new shares	28,750	-	63,750	-	-	92,500
Share based payment charge	-	-	-	10,615	-	10,615
Release from share based payment reserve				(15,592)	15,592	-
Profit for the year	-	-	-	-	620,360	620,360
Dividends	-	-	-	-	(100,598)	(100,598)
At 31 October 2014	**353,518**	**239,546**	**1,452,895**	**21,215**	**1,091,911**	**3,159,085**

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

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.

.**For the year ending 31 October 2014:**

- On 4 November 2013 one employee exercised 500,000 options at 2.75p a share over ordinary shares of 0.5p each with a total of £13,750 raised as a result of this exercise.

- On 9 April 2014 an institution exercised their right to convert 1,800,000 1.5p warrants in ordinary shares of 0.5p each, bought from Michael Infante, and the Directors collectively exercised a further 3,450,000 1.5 p warrants in ordinary shares of 0.5p each. A total of 5,250,000 ordinary shares of 0.5p each were issued raising £78,750.

ONE MEDIA iP Group Plc

Registered Number: 05799897

Consolidated Statement of Financial Position at 31 October 2014

	Note	At 31 October 2014	At 31 October 2013
		£	£
Assets			
Non-current assets			
Intangible assets	8	3,214,744	1,808,535
Property, plant and equipment	9	11,312	26,439
		3,226,056	1,834,974
Current assets			
Trade and other receivables	11	517,255	481,453
Cash and cash equivalents	12	1,219,466	1,688,093
Total current assets		1,736,721	2,169,546
Total assets		**4,962,777**	**4,004,520**
Liabilities			
Current liabilities			
Trade and other payables	13	1,803,692	1,468,312
Total liabilities		1,803,692	1,468,312
Equity			
Called up share capital	14	353,518	324,768
Share redemption reserve	15	239,546	239,546
Share premium account	15	1,452,895	1,389,145
Share based payment reserve	15	21,215	26,192
Retained earnings	15	1,091,911	556,557
Total equity		**3,159,085**	**2,536,208**
Total equity and liabilities		**4,962,777**	**4,004,520**

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

The Consolidated Financial Statements were approved by the Directors on 6 March 2015 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 2014

	Note	At 31 October 2014	At 31 October 2013
		£	£
Assets			
Non-current assets			
Investments	10	493,817	493,817
Current assets			
Trade and other receivables	11	2,085,212	1,419,427
Cash and cash equivalents	12	268,945	647,270
Total current assets		2,354,157	2,066,697
Total assets		**2,847,974**	**2,560,514**
Liabilities			
Current liabilities			
Trade and other payables	13	25,900	22,842
Total liabilities		25,900	22,842
Equity			
Called up share capital	14	353,518	324,768
Share redemption reserve	15	239,546	239,546
Share premium account	15	1,452,895	1,389,145
Share based payment reserve	15	21,215	26,192
Retained earnings	15	754,900	558,021
Total equity		**2,822,074**	**2,537,672**
Total equity and liabilities		**2,847,974**	**2,560,514**

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

The Company Financial Statements were approved by the Directors on 6 March 2015 and signed on their behalf by:

Michael Antony Infante JP
Director

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

Registered Number: 05799897
Consolidated and Company Cash Flow Statement
For the year ended at 31 October 2014

	Year ended 31 October 2014 Group	Year ended 31 October 2013 Group	Year ended 31 October 2014 Company	Year ended 31 October 2013 Company
	£	£	£	£
Cash flows from operating activities				
Operating profit before tax	642,273	329,889	281,885	131,478
Amortisation	170,254	118,959	-	-
Depreciation	19,917	27,389	-	-
Share based payments	10,615	13,776	10,615	13,776
Finance income	(4,650)	(2,800)	-	-
(Increase) in receivables	(35,802)	(75,691)	(665,785)	(362,397)
Increase/(decrease) in payables	416,742	819,873	3,058	(2,729)
Corporation tax paid	(103,275)	(75,694)	-	-
Net cash inflow from operating activities	1,116,074	1,155,701	(370,227)	(219,872)
Cash flows from investing activities				
Investment in intellectual property rights	(1,576,463)	(485,354)	-	-
Investment in property, plant and equipment	(4,790)	(6,073)	-	-
Finance income	4,650	2,800	-	-
Net cash used in investing activities	(1,576,603)	(488,627)	-	-
Cash flows from financing activities				
Proceeds from the issue of new shares	92,500	773,000	92,500	773,000
Share issue costs	-	(50,501)	-	(50,501)
Dividends paid	(100,598)	(70,135)	(100,598)	(70,135)
Net cash inflow(outflow) from financing activities	(8,098)	652,364	(8,098)	652,364
Net change in cash and cash equivalents	(468,627)	1,319,438	(378,325)	432,492
Cash at the beginning of the year	1,688,093	368,655	647,270	214,778
Cash at the end of the year	**1,219,466**	**1,688,093**	**268,945**	**647,270**

Principal Accounting Policies
For the year ended 31 October 2014

Basis of preparation

The Company is a public limited company incorporated and domiciled in England under the Companies Act 2006. The Board has adopted and complied with International Financial Reporting Standards (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 18 April 2013.

Basis of consolidation

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

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

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

Revenue

The Group 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 amounts 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 2014

Taxation

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

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

Intangible assets

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

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

Impairment 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 2014

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 2014

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 2014

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 2014

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

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 Company's financial statements for the year beginning 1 November 2013.

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement

Principal Accounting Policies
For the year ended 31 October 2014

Adoption of new or amended IFRS's - continued

- IAS 19 (Revised) Employee Benefits
- IAS 27 (Revised) Separate Financial Statements
- IAS 28 (Revised) Investments in Associates and Joint Ventures.
- IAS 32 Offsetting Financial Assets and Financial Liabilities
- IAS 36 Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39 Novation of Derivatives and Continuation of Hedge Accounting
- Investment Entities - Amendments to IFRS 10, IFRS 12 and IAS 27
- Presentation of Items of Other Comprehensive Income - Amendments to IAS 1
- Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7
- Annual Improvements to IFRSs 2009-2011 Cycle

The directors have assessed that the adoption of these revisions and amendments did not have an impact on the financial position or performance of the Company.

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

- IFRS 9 Financial Instruments (effective 1 January 2017)
- IFRS14 Regulatory Deferral Accounts (effective 1 January 2016)
- IFRS15 Revenue from Contracts with Customers (effective 1 January 2017)
- IFRIC 21 Levies (effective 17 June 2014)

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 2014

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 2014	Year ended 31 October 2013
	£	£
United Kingdom	124,878	86,868
North America and Canada	2,686,692	2,558,999
Europe	88,520	3,263
	2,900,090	2,649,130

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 2014 is £926,759 (2013: £1,163,614) from its largest ultimate customer and £605,041 from its second largest (2013: £513,362. Together these represent 52.8% (2013: 63.3%) of the total Group revenue for the year.

2. Operating profit

Operating profit is stated after charging:

Group	Year ended 31 October 2014	Year ended 31 October 2013
	£	£
Directors' remuneration	258,549	223,774
Amortisation of licences and other intangible assets	170,254	118,959
Depreciation of plant, property and equipment	19,917	27,389
Operating leases	50,207	49,723
Auditors' remuneration - audit fees	11,000	9,650
Auditors' remuneration - taxation	3,500	3,100
Auditors' remuneration - other	-	40,000
Bad debts	10,080	384
Difference on foreign exchange	56,360	16,592
Other expenses – AIM float and associated costs	-	196,559

Included in audit fees above is £5,000 (2013: £4,650) for the audit of the parent Company.

Notes to the Consolidated Financial Statements
For the year ended 31 October 2014

3. Finance cost and finance income

	Year ended 31 October 2014	Year ended 31 October 2013
	£	£
Interest receivable	4,650	2,800

4. Taxation

	Year ended 31 October 2014	Year ended 31 October 2013
	£	£
Analysis of the charge for the year		
Adjustments to tax charge in respect of prior years	(2,501)	(15,543)
UK corporation tax charge	24,414	106,523
UK corporation tax	21,913	90,980

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 21% (2013: 23%). The actual tax charge for the periods is different than the standard rate for the reasons set out in the following reconciliation:

Reconciliation of current tax charge	Year ended 31 October 2014	Year ended 31 October 2013
	£	£
Profit on ordinary activities before tax	642,273	329,889
Tax on profit on ordinary activities at 21.83% (2013: 23.44%)	140,210	77,326
Effects of:		
Non-deductible expenses	9,494	45,191
Marginal relief	-	(4,227)
Adjustments to tax charge in respect of previous periods	(2,501)	(15,543)
Depreciation in excess of capital allowances	4,056	5,734
Share scheme deduction	(129,327)	-
Other differences	(19)	(17,501)
Current tax charge	21,913	90,980

Notes to the Consolidated Financial Statements
For the year ended 31 October 2014

4. Taxation - continued

The Group has estimated trading losses of £324 (2013: £17,020) 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 £68 (2013: £3,404).

5. Employee information

	Year ended 31 October 2014	Year ended 31 October 2013
	£	£
Directors' emoluments - excluding applicable share option charge	178,375	167,282
Fees paid to directors	72,000	52,500
Share option charge	10,615	13,776
Wages and salaries	342,465	379,929
Social security costs	53,362	65,539
	656,817	679,026

Included within fees paid to Directors is £32,000 (2013: £27,500) 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 2014	Year ended 31 October 2013
Office and management	12	11

6. Parent Company Profit and Loss Account

The profit for the year to 31 October 2014 dealt within in the financial statements of the parent Company was £281,885 (2013: £131,478). 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 2014

7. Earnings per share

The weighted average number of shares in issue for both the basic earnings per share calculations is 68,421,508 (2013: 59,999,725) and for both the diluted earnings per share assuming the exercise of all warrants and share options is 74,587,534 (2013: 69,244,109).

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 £620,360 (2013: £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 with a profit after tax of £421,765 resulting). Based on the weighted average number of shares in issue during the year of 68,421,508 (2013: 59,999,725) the basic earnings per share is 0.91p (2013: 0.70p). The diluted earnings per share is based on 74,587,534 shares (2013: 69,244,109) and is 0.83p (2013: 0.61p).

7 .2 The calculation of the basic earnings per share is based on the profit for the period of £620,630 (2013: £238,909) divided by the weighted average number of shares in issue of 68,421,508 (2013: 59,999,725), the basic earnings per share is 0.91p (2013: 0.40p). The diluted earnings per share, assuming the exercise of all warrants and options is based on 74,587,534 (2013: 69,244,109) shares and is 0.83p (2013: 0.35p).

8. Intangible assets - Group

	Licences and other intangible assets	Total
	£	£
Cost		
At 1 November 2012	1,857,102	1,857,102
Additions	485,354	485,354
At 31 October 2013	2,342,456	2,342,456
Additions	1,576,463	1,576,463
Disposals	(74,115)	(74,115)
At 31 October 2014	3,844,804	3,844,804
Amortisation		
At 1 November 2012	414,962	414,962
Charge for the year	118,959	118,959
At 31 October 2013	533,921	533,921
Charge for the year	170,254	170,254
Disposals	(74,115)	(74,115)
At 31 October 2014	630,060	630,060
Net book value		
At 31 October 2014	3,214,744	3,214,744
At 31 October 2013	1,808,535	1,808,535

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 2014

9. Property, plant and equipment - Group

	Office equipment	Fixtures and fittings	Total
	£	£	£
Cost			
At 1 November 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
Additions	2,666	2,124	4,790
Disposals	(23,276)	(9,239)	(32,515)
At 31 October 2014	42,977	10,643	53,620
Depreciation			
At 1 November 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
Charge for the year	18,151	1,766	19,917
Disposals	(23,276)	(9,239)	(32,515)
At 31 October 2014	35,186	7,122	42,308
Net book value			
At 31 October 2014	7,791	3,521	11,312
At 31 October 2013	23,276	3,163	26,439

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 2014

10. Investment in subsidiary undertakings

	Total £
At 1 November 2013 and 31 October 2014	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 2014 Group	Year ended 31 October 2013 Group	Year ended 31 October 2014 Company	Year ended 31 October 2013 Company
	£	£	£	£
Amounts owed by group undertakings	-	-	2,066,170	1,400,299
Trade receivables	53,748	14,815	-	-
Other receivables	427,600	425,827	2,793	3,921
Prepayments	35,907	40,811	16,249	15,207
	517,255	481,453	2,085,212	1,419,427

Trade and other receivables are usually due within 30 to 90 days and do not bear any effective interest. A provision of £10,080 was made for doubtful debts at 31 October 2014. (2013: £nil). 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 2014

11. Receivables - continued

	Total
	£
At 1 November 2012	2,860
Decrease in the provision for impairment	2,860
At 31 October 2013	-
Increase in the provision for impairment	10,080
At 31 October 2014	10,080

12. Cash and cash equivalents

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

	Year ended 31 October 2014 Group	Year ended 31 October 2013 Group	Year ended 31 October 2014 Company	Year ended 31 October 2013 Company
	£	£	£	£
GB£	1,109,078	1,603,661	268,945	647,270
US$	103,544	84,242	-	-
Euro	6,844	190	-	-
	1,219,466	1,688,093	268,945	647,270

13. Trade and other payables

	Year ended 31 October 2014 Group	Year ended 31 October 2013 Group	Year ended 31 October 2014 Company	Year ended 31 October 2013 Company
	£	£	£	£
Current				
Trade payables	86,945	72,958	19,250	16,792
Social security and other taxes	10,333	17,962	-	-
Corporation tax	23,487	105,776	-	-
Accruals & deferred Income	1,246,708	906,977	6,650	6,050
Other payables	436,219	364,639	-	-
	1,803,692	1,468,312	25,900	22,842

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 2014

14. Share capital

Group and Company

	2014	2013
	£	£
Authorised:		
200,000,000 ordinary shares of 0.5p each	1,000,000	1,000,000
Issued:		
70,703,698 (2013: 64,953,698) ordinary shares of 0.5p each	353,518	324,768

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

For the year ending 31 October 2013:

- On 10 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 10 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 27 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 22 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.

For the year ending 31 October 2014:

- On 4 November 2013 one employee exercised options on 500,000 ordinary shares of 0.5p each at 2.75p per. The difference between the total consideration received of £13,750 and the nominal value of the shares issued of £2,500 has been transferred to the share premium account.

- On 9 April 2014 an institution exercised their right to convert 1,800,000 1.5p warrants in ordinary shares of 0.5p each and the Directors collectively exercised a further 3,450,000 1.5 p warrants in ordinary shares of 0.5p each. A total of 5,250,000 ordinary shares of 0.5p each were issued raising £78,750. The difference between the amount raised of £78,750 and the nominal value of the shares issued of £26,250 has been transferred to the share premium account.

Notes to the Consolidated Financial Statements
For the year ended 31 October 2014

14. Share capital - continued

The movement in warrants has been 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
Exercised in year				
27 September 2013	(250,000)	0.5p	1.5p	3 years
Warrants outstanding at 31 October 2013	5,500,000			
Exercised in year				
9 April 2014	(5,250,000)	0.5p	1.5p	3 years
Warrants outstanding at 31 October 2014	250,000		1.5p	3 years

No Directors held warrants at 31 October 2014 (2013: 4). The outstanding warrants are held by one senior member of staff (2013: 1).

The fair value of the outstanding warrants at 31 October 2014, 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 were 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 £2,753 has been made for the year ended 31 October 2014 (2013: £6,588).

All amounts due from the Executive Directors in respect of PAYE & NI resulting from the sale and exercise of the warrants on 9 April 2014 have been paid to the Group. Included in the financial statements at 31 October 2013 was £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.

At 31 October 2014 2,400,000 (2013: 2,900,000) share options of 2.75p, granted on 7 March 2011, were outstanding. The number of Directors holding share options at 31 October 2014 was 4 (2013: 4) and senior staff and employees 4 (2013: 4). The options are exercisable on or before 6 March 2018

On 5 June 2014 a further 700,000 share options of 14.5p were issued to 7 members of staff and remain outstanding at 31 October 2014. These options are exercisable on or before 4 June 2021.

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

The 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%. A share option charge of £4,791 has been made for the year ended 31 October 2014 (2013: £7,188).

The share price when of the options were granted on 5 June 2014 was 14.5p per share. The Fair Value of these options, based on the Black Scholes model, was 21.87p per share based on a risk free interest rate of 5% and a volatility of 40%. A share option charge of £3,071 has been made for the year ended 31 October 2014.

Notes to the Consolidated Financial Statements
For the year ended 31 October 2014

15. Company reserves

	Share redemption reserve	Share premium	Share based payment reserve	Retained earnings	Total
	£	£	£	£	£
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 1 November 2013	**239,546**	**1,389,145**	**26,192**	**558,021**	**2,212,904**
Proceeds from the issue of new shares	-	63,750	-	-	63,750
Share based payment charge	-	-	10,615	-	10,615
Release from share based payment reserve	-	-	(15,592)	**15,592**	-
Profit for the year	-	-	-	281,885	281,885
Dividends	-	-	-	(100,598)	(100,598)
At 31 October 2014	**239,546**	**1,452,895**	**21,215**	**754,900**	**2,468,556**

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

16. Dividends per share

The total dividend paid in the year ended 31 October 2014 was £100,598 (2013: £70,135). These dividends were paid in two installments. On 25 November 2013 at 0.077p per share and on 8 July 2014 a further dividend of 0.071p 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 2014 and 2013 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 2014 or at 31 October 2013.

Notes to the Consolidated Financial Statements
For the year ended 31 October 2014

19. Operating lease commitments

	Within one year	1 to 5 years	2014 Total	Within one year	1 to 5 years	2013 Total
	£	£	£	£	£	£
Rent	32,701	-	32,701	34,489	-	34,489
Vehicles	16,735	23,954	40,689	7,070	4,252	11,322
	49,436	23,954	73,390	41,559	4,252	45,811

The lease for rent is due to expire on 31 July 2015 and for the vehicles leases during 2015 and 2017. 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	2014 Total	Loans and receivables	Non financial assets	2013 Total
	£	£	£	£	£	£
Licenses and other intangible assets	-	3,214,744	3,214,744	-	1,808,535	1,808,535
Property, plant and equipment	-	11,312	11,312	-	26,439	26,439
Trade receivables	53,748	-	53,748	14,815	-	14,815
Other receivables	427,600	-	427,600	425,827	-	425,827
Prepayments	35,907	-	35,907	40,811	-	40,811
Cash and cash equivalents	1,219,466	-	1,219,466	1,688,093	-	1,688,093
	1,736,721	3,226,056	4,962,777	2,169,546	1,834,974	4,004,520

Included within loan and receivables above are cash and cash equivalents of £268,945 (2013: £647,270), and trade and other receivables of £19,042 (2013: £19,128) excluding amounts owed by group undertakings in relation to the company.

Trade Debtors at 31 October 2014 of £53,748 (2013: £14,815) include £34,245 (2013:£9,563) payable in $USD and £5,985 (2013: £445) payable in Euro.

Notes to the Consolidated Financial Statements
For the year ended 31 October 2014

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	2014 Total	Other financial liabilities at amortised cost	Liabilities within the scope of IAS 39	2013 Total
	£	£	£	£	£	£
Trade payables	86,945	-	86,945	72,958	-	72,958
Social security and other taxes	10,333	-	10,333	17,962	-	17,962
Corporation tax	23,487	-	23,487	105,776	-	105,776
Accruals and deferred income	-	1,246,708	1,246,708	-	906,977	906,977
Other payables	436,219	-	436,219	364,639	-	364,639
	556,984	1,246,708	1,803,692	561,335	906,977	1,468,312

Included within other financial liabilities are trade payables of £19,250 (2013: £16,792), and other payables of £6,650 (2013: £6,050) 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 £1,219,466 is £1,736,721 (2013: £2,169,546).

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 £23,487 (2013: £105,776) are expected to result in cash outflow within six months of the year end. At 31 October 2014, £533,497 (2013: £455,559) 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 2014

20. Financial instruments - continued

Currency risk

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

Included in Cash and cash equivalents, Trade receivables and Other receivables is USD$900,152 (2013: USD$498,607 equivalent to £562,595 (2013: £498,607) and Euro 16,292 (2013: Euro 807) equivalent to £12,829 (2013 £635) payable in Euro. If the foreign exchange rate was 10% different from the rate used at the year end there would be an under/over statement of assets of £63,936 (2013: £55,471).

Included in Accruals & deferred income and Other payables is USD$2,126,458 (2013: USD$861,327 equivalent to £1,329,037 (2013: £861,327) payable in USD$. If the foreign exchange rate was 10% different from the rate used at the year end there would be an under/overstatement of liabilities of £147,671 (2013: £95,703).

21. Related party transactions

There were no related party transactions in the year under review or in the year ended 31 October 2014 nor 31 October 2013, other than transactions with the directors as disclosed in the Directors' Report and note 5 to the financial statements.

At 31 October 2014 the principal operating subsidiary One Media iP Limited owed the Company £2,066,170 (2013: £1,400,298). 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 £300,598 (2013: £297,000) against One Media iP Limited and received a dividend of £300,000 (2013: £300,000).