

CHIME GROUP HOLDINGS LTD

COMPANY NUMBER 09702342

**Annual Report and Financial Statements
for the year ended 31 December 2016**

Chime Group Holdings Ltd

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Chime Group Holdings Ltd

1. INTRODUCTION – ABOUT CHIME

Who We Are

Chime is a global communications and sports marketing group.

Our Purpose

We transform businesses, brands and organisations through the power of sport, entertainment and communications by creating a lasting commercial and social impact.

It's a unique combination - engaging, unifying and commanding the loyalty of global audiences.

Our services include:

Sport and Entertainment

Activation
Athlete Management
Broadcast
CRM
Design
Experiential
Hospitality
Live Events
Rights Sales
Social Media
Sponsorship & Partnerships
Strategy
Strategic Consulting

Communications

Advertising
Advocacy & Customer Reference
Branding
Brand Communications
Content
Corporate Communications
Crisis Communications
Corporate Social Responsibility
Digital
Data
Internal Communications
Market Access
Media
Medical Communications
Patient Engagement
Public Relations
Research
Search (SEO)
Social Media
Specialist Audience Communication: Healthcare,
Financial Services, Technology

Recent Work:

Sport

Land Rover	Activating rugby sponsorships.
Johnnie Walker	#jointhepact: 1.5m customers committed never to drink and drive.
Lucozade	Hosted the "Fuel To Ride" event
ITU World Triathlon	Increased participation by 27%.

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Communications

We Are Macmillan Cancer Support	Our campaign delivered a 57% increase in donations.
O2	Our continued partnership with O2 helped the move from 4 th to 1 st in market share 12 months after launch.
Comparethemarket.com	Our meerkat campaign became the nation's favourite ad.
Fitness First	We helped Fitness First engage new segments covering 1m customers to over 10,000 employees in 16 countries on 5 continents.
Fujitsu	The Digital Inside Out campaign directly delivered £30m worth of sales leads.
Cisco	Working with Cisco saw an 800% increase in engagement with commercial content.
NSPCC	We delivered first of its kind research into parents' views of sexting, generating in excess of £1.5m in publicity.
easyJet	Relaunching the UK's favourite airline.
B&Q	Increasing footfall in stores across the UK.
Vitality	We launched Vitality in the UK with sports marketing, advertising and public relations.

Our Principles

We have five defining principles that lead everything that we do. They are:

SCORE

SOCIAL	– People who know how to work together
CURIOS	– Curiosity leads to continuous questioning and improvement
OPEN	– Open minds and hearts lead to better ideas and better relationships
RESPONSIBLE	– A force for good in all that we do
ENTREPRENEURIAL	– Behaving as if it is our own business

Where you can find us

We operate on a global basis servicing client needs as requested. We do this through our regional offices and hubs. You will find us in:

Europe: UK, Germany, France, Spain and the Czech Republic

North America: USA (New York, New Jersey, Connecticut, Indiana, California, S Carolina)

Asia: Japan, Hong Kong and China

Australasia: Australia and New Zealand

Middle East: UAE, Qatar and Oman

South America: Chile and Brazil

For more information on Chime – go to: www.chimegroup.com

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2. CEO INTRODUCTION

During 2016 Chime has been transformed from a listed business with a UK focus, into a global sports marketing and communications group.

We have been in private ownership since our acquisition by Providence Equity Partners in October 2015. This has fuelled this transformation and also accelerated our growth into new geographies and in the provision of new services. Our strategic target, to expand our operations in the USA, the world's largest market for communications, marketing services and sports marketing, has taken a major leap forward. Our acquisitions of LeadDog in New York and MUH-TAY-ZIK | HOF-FER in San Francisco highlight our intent to invest in award winning agencies and attract the best talent available in the USA.

We are proud of our work at the Rio Olympics, in international Cricket and Tennis and in Football at the European Championships and the Champions League. In communications, the campaigns for comparethemarket, Takeda, and easyJet are all the result of the excellent creative work consistently delivered by our agencies and their talented staff.

Chime and its five divisions are challenger brands in their marketplace. We are developing regional hubs to ensure our team can collaborate and service clients and global projects both locally and as a regional component of a worldwide contract.

Looking Forward

During the year we reviewed and began restructuring our sports business under new leadership and one brand, CSM. This will further enhance our offer to clients and acknowledge that CSM is a truly global business.

We shall expand our advertising and marketing services offer in the USA as VCCP and MUH-TAY-ZIK | HOF-FER continue to work closely together and have already opened a new office in New York.

In CIE, Open Health and the Chime Specialist Group we have market leading agencies growing in their specialist marketplaces globally as well. We will continue to support and grow these brands.

We have learnt to integrate acquisitions more quickly and effectively in order to ensure that the new business is not disrupted and the adoption of our high operating standards and sharing of resources work for all. We continue to enhance these processes.

We shall continue to assess potential acquisitions to bring in new services in new territories and broaden our offer to clients but our priority is strong organic growth which is a point of focus for our management teams.

We have strengthened our leadership team in CSM and brought in new talent via our acquisitions in both sports and advertising. Our talented staff continue to drive our progress.

2016 has been a year of positive change at Chime. Our management team has been strengthened as we develop our sport, entertainment and communications proposition globally. We have increased our geographical reach both organically and through acquisition. 2017 promises to be a year of continued growth as we develop our competitiveness globally. As a service company, all of this can only be achieved through the inspirational work of our people to whom we owe great gratitude.



Christopher Satterthwaite
CEO

24 April 2017

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3. STRATEGIC REPORT

Strategy

Our Purpose

At Chime we transform business through sport, entertainment and communications by creating lasting commercial and social impact.

The Group provides expertise in sports and entertainment and communications offering: event management and activation, consultancy, athlete representation, advertising and marketing services and insight and engagement. We have expertise in specialist markets such as financial and professional services, healthcare and technology.

The Group operates in five market segments: sports and entertainment, advertising and marketing services, specialist markets, healthcare communications and insight and engagement.

Our strategy is to expand the Group through both acquisition and organic growth. Our focus is our drive to grow in international markets, in particular in the USA, the largest market for sports and advertising and marketing services.

Our Key Strategic Priorities:

- Work in new territories with the USA as a priority
- Develop our expertise in additional sports
- Provide additional services within our existing operations
- Innovation of new products and services

We have reset the Group to these four core targets. At Chime Central our role is to support our divisions in meeting these goals.

Our reporting systems and performance measurement processes have been enhanced to provide appropriate, timely data for both management and our shareholders. This will help facilitate support when needed and helps reduce risk in the business.

Progress Towards Our Strategic Objectives

Work in new territories

During 2016 we have been active internationally both in the work that we have executed and in the expansion of our operations.

We acquired Choice Healthcare Solutions which has offices in London, Dubai and Chicago. We have also grown our corporate responsibility practice, Corporate Citizenship, to Australia and Chile, building on the success of the office in New York.

In April, Alibaba Sports Group, Alisports, and CSM entered into a partnership to develop and run a range of global sports properties and develop mass participation events across China. With the goal of China's President Xi Jinping to turn the country into a "great sports nation", creating an industry worth Rmb5tn (\$760bn) by 2025, the two organisations are working together to develop a number of sports programmes and properties for elite sport and grassroots sport participation. The partnership brings together two global powerhouses with very different skill sets but the single ambition of expanding the appeal and participation in sports across China. Alisports' depth and breadth of knowledge of e-commerce and internet-based technologies is an ideal fit with CSM's expertise and experience in all sports from creation and inception to execution and engagement. This partnership will deliver some exciting and innovative sport programmes and events to millions of fans across China.

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During the year we have increased both the number of our regional hubs and our international work. In the summer CSM brands iLuka and Icon represented clients at the UEFA European Championships in France and the Olympic and Paralympic Games in Brazil. We are establishing a business in South Korea in readiness for the Winter Olympics (in 2018). In Japan, we have started to engage with clients preparing for the Rugby World Cup (2019) and the Tokyo Olympics (2020). We shall establish a permanent base there during 2017.

USA – A strategic priority

Our international focus has been to grow in North America. In February CSM acquired JHE Productions, a live event activation agency. In May, VCCP acquired MUH-TAY-ZIK | HOF-FER our San Francisco based integrated creative agency. Together they have expanded MUH-TAY-ZIK operations by opening an office in New York to better service East Coast clients. In June CSM acquired the business and assets of C2S Marketing, which works across the USA in youth soccer. In October, LeadDog Marketing, an integrated marketing business, with a range of clients predominantly in sports joined the growing CSM family. We have also invested in and become the main sales agent for USA Rugby's commercial entity Rugby International Marketing.

At the end of 2016 the CSM leadership team was restructured. Jeff Shifrin, previously President and COO of Octagon Marketing Worldwide was appointed as Co-CEO with responsibility for the USA business operations. Jeff has built a strong central team in order to integrate and coordinate CSM's US business. Rob McQueen joined from Jack Morton as President of CSM North America and will have a particular focus on building and leading CSM's Consulting Group.

Our acquisition of Choice Healthcare, with its offices in Chicago will support our continued plan for Open to become a major player in its specialist healthcare communications market in the USA.

Our work in specialist markets continues to grow in the USA. InEvidence is working with HP and Red Hat on the West Coast whilst Harvard represents Challenger Brand Hired.com. The Corporate Citizenship office in New York continues to deliver great work including the global sustainability programme for Abbott.

Develop our Expertise in Additional Sports

We continue to expand our work to new sports. We have invested in starting CSM Active a business creating and managing mass participation events. CSM Active has already delivered the Birmingham Velo cycling event and have launched the London 10 Mile running event which takes place in June 2017.

Our recent acquisition, LeadDog, has negotiated a multi-year title sponsorship for Alliance and the Drone Racing League in the USA.

We have worked with Panasonic, Qualcomm and Jaguar on Formula E (the Grand Prix season for electric motor racing); we have worked on the creation and promotion of the Electric Run, a series of night time events combining a public 5k run with music and entertainment. Icon delivered the brand experience for UCI World Track Championships in cycling held at the London Olympic Park Velodrome. We ran the PR Campaign for the ITU World Triathlon Series in Dubai. In entertainment we conceptualised, designed and built sets for the Cannes Film Festival presentations for The Angry Birds Movie and The Shallows.

Provide Additional Services within our Existing Operations.

Good Relations, our public relations brand, has developed a crisis communications offering to meet the needs of clients in protecting their reputations during periods of crisis. Additionally in Good Relations a new brand, GR Broadcast, has been set up to deliver creative and relevant content for the growing number of digital/web media channels.

The Innovation of New Products and Services

The development of tech services to meet the challenges of technology is an opportunity which we are addressing on behalf of our clients. Fast Track's work via Twitter for Hisense during the European Championships; the LeadDog work the Drone Racing League, the work in Formula E together with the Electric Run in UAE all evidence our progress.

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We have identified the eSports will have a strong growth in the future. Our acquisition of Curb, LeadDog and MUH-TAY-ZIK | HOF-FER were identified as being complementary to this strategy.

In November CSM acquired Curb Media, an award winning experience, technology and innovations agency. This further meets the challenge of the increasing role that technology plays in sport and entertainment.

CIE continues to develop new products and methodologies for providing insight for its clients. The latest innovation is PowerProbe which gives actionable, quantifiable and qualitative data to customers in real time.

4. BUSINESS MODEL

The Group is focussed on two core areas; communications and sports marketing. Our client offer is broad and we have therefore structured our growing number of agencies into five divisions.

In each of our divisions we have specialist agencies operating in either specific marketing disciplines (e.g. public relations, corporate hospitality) or in specific markets (e.g. financial services, healthcare, and property).

Each of these agencies work with clients either as a sole entity or as part of a wider divisional contract or project. In this way we can offer clients specific individual services or a wider integrated service. We always look to 'grow' our involvement with existing clients in this way and we also attract larger client relationships through the integrated offering. We measure the number of shared clients as one of our KPIs in order to monitor our progress.

Where we do work on a number of areas for a particular client we usually contract as individual agencies in order to avoid the risk of a single large contract loss. Due to the diverse nature of our services we rarely lose a client across these multiple contracts therefore we are mitigating the risk of significant client moves.

Sport & Entertainment

CSM Sport & Entertainment is a group of internationally recognised agencies, working together to put clients and people at the heart of the world's greatest experiences in sport and entertainment. Working with brands, rights holders, governing bodies, governments, host cities and athletes across the globe, CSM specialises in strategic consultancy, rights sales, sponsorship activation, hospitality, branding and wayfinding, athlete management and communications across major sporting events.

Advertising and Marketing Services

VCCP is an advertising and marketing services group which operates in advertising, marketing services, direct marketing, digital communication, data consultancy, multimedia content and experiential, marketing consulting, retail and shopper marketing and media planning and buying.

Healthcare

Open Health is a healthcare communications and market access group. It comprises ten specialist businesses that bring a breadth of expertise focussed principally on Pharma clients. OPEN Health's companies cover most aspects of the communications mix including advertising, PR, medical communications, market access consulting, real world data collection, market research and patient engagement programmes.

Specialist Markets

The Chime Specialist Group (CSG) is a marketing and consultancy group housing five different specialist agencies in financial and professional services, technology, sustainability and sector specialist media planning. The companies are uniquely equipped to be the trusted advisors to help clients navigate, harness and drive change in their categories through their full service capabilities internationally, across the marketing mix including advertising, branding, public relations, media planning, customer advocacy, sustainability consultancy, design, digital and social communications.

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Insight & Engagement

The Insight & Engagement division brings together researchers, technologists and insight specialists who deliver to clients, globally, in real time, actionable solutions. The division has particular expertise in delivering in FMCG, financial services, utilities and retail markets with experience performance improvement plans, mystery shopping programmes and advertising and brand tracking. The Insight & Engagement division includes leading specialist brands such as Watermelon - a specialist digital agency, Cherry Picked - a specialist recruitment agency for the research market, Facts International - a specialist fieldwork agency and full service agencies Opinion Leader and CIE.

International

In line with our strategic goals we have identified that continuing our expansion internationally will bring the best returns to shareholders. A global reach also allows us to meet the challenges of major brands who require global marketing support consolidated within one provider.

In terms of operational resources we shall expand our regional hubs and shared service centres to ensure that we build local businesses that collaborate and enjoy efficiencies and economies of scale and to further our goal of an increased number of shared clients.

5. KEY PERFORMANCE INDICATORS ('KPIs')

Financial KPIs

The Group manages its internal operational performance using the following KPIs:

KPIs	Headline		Reported	
	2016 £'000s	2015 £'000s	2016 £'000s	2015 £'000s
Operating income	246,022	50,140	246,366	50,470
Operating profit /(loss)	36,991	9,363	(2,093)	(3,098)
EBITDA	41,880	10,231	18,571	755
EBITDA margin	17.0%	20.4%	7.5%	1.5%
Profit/(loss) before tax	21,912	6,964	(18,072)	(5,627)
Operating cash flows before working capital	41,573	11,156	28,526	4,710
Free cash flow	31,133	8,358	7,824	(1,118)
Cash conversion	74.3%	81.7%	42.1%	-148.1%
Average fee income per client £	126	124	126	124
% of operating income from clients shared by more than one business in the group	59%	67%	59%	67%
% of operating income from overseas offices	27%	21%	27%	21%

Note:

- The headline numbers have been adjusted for the following and are taken from tables on page 12, 13 and 15:
 - Deemed remuneration charge add back in respect of employment linked earn-out payments including LLP capital based payments;
 - Add back of charges to the income statement in respect of amortisation of acquired intangible assets recognised on acquisition of subsidiaries, costs relating to acquisition and aborted transactions and restructuring;
 - Add back of results from businesses classed as discontinued that do not meet the definition of discontinued operations under the accounting standard;
- Comparative numbers are for the period 24 July 2015 to 31 December 2015 which includes the results of Chime Group from the date of acquisition, 16 October 2015.
- Comparative client information is provided for the full year of 2015.

Non-Financial KPIs

Environment

Our 2016 target of reducing carbon emissions per full time employee (FTE) in the UK was 5%. We reduced gross emissions by 11% and emissions net of carbon offsets by 66%. We have successfully extended our carbon emissions data collection to our global operations and can report that despite our continued growth outside of the UK our footprint has remained constant. Our full report on our environmental performance can be found on page 30.

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People

Our headcount has increased during the year from 2,121 at the end of 2015 to 2,185 at the end of 2016.

In 2013, as a listed company, we undertook to collect, collate and report information on the gender diversity within our business. We have continued to do so under our new ownership. Our diversity report can be found on page 26.

Within our leadership teams we have seen a number of changes which collectively has affected the balance of women/men on our executive forums.

Women on our Executive Forums	2016	2015
Board	1 of 8	0 of 6
Audit Committee	0 of 3	0 of 3
Remuneration Committee	0 of 3	0 of 3
Chime Management Team	3 of 8	3 of 10
All Staff (FTE)	1,102 of 2,185	1,114 of 2,121

6. TRENDS AND FACTORS AFFECTING FUTURE DEVELOPMENT

Media and Consumer Trends

Chime operates in multiple markets providing a diverse range of marketing services. It is imperative that we keep pace with consumer trends, for example, in the use of technology, and factors with potential to impact our operational space, in order that we exploit opportunities and mitigate risks as they arise.

50% of TV viewers access a mobile device during live entertainment. Communication is becoming more visually focussed through platforms such as Instagram, Snapchat and Facebook. Younger generations favour visual approaches to communication and actively seek out high volumes of content. Differentiation will be achieved by creative and engaging quality content with which the audience can collaborate and share. This drives the need for our business and staff to be tech savvy in addition to producing creative solutions to ensure we address the opportunities this provides. Our acquisitions and recruitment process take account of this to ensure we stay ahead of the competition.

Global and Integrated Campaigns

Globalisation and the recognition of brands across cultures and languages continues and this will drive awards of multi-region contracts from major clients. In turn the need for coordination of campaigns has seen consolidation of such campaigns to single providers. Our growth internationally is designed to meet that trend. An example of this is that prior to our acquisitions in the USA both VCCP and CSM were seen as UK/European players engaging in international work but neither had sufficient presence to act worldwide for a major client. This restricted our opportunities.

Our rapid expansion in the USA via acquisition has met the challenge to unlock those global contract opportunities. Our current rebranding of our multiple sports brands, bringing agencies under a single CSM name, together with the close relationship between VCCP and MUH-TAY-ZIK | HOF-FER, will help support this effort.

Content

Sport is the world's largest social network. Sporting events are driving record levels of activity as fans share the experience and their reactions via their favoured networking sites. This presents a unique opportunity for brands to connect with global audiences through activities around such events as the FIFA World Cup; the Olympics, Formula 1 and the Champions League. We believe this trend will continue as fans continue to participate through mobile devices in two way conversations around their favoured sport. A parallel can be found in music and entertainment. This presents opportunities for Chime as it combines a mix of sports, entertainment and communications expertise.

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Procurement Processes

Whilst many of our clients utilise a procurement led approach in appointing agencies, the burden of meeting the challenge of a growing list of requirements now goes far beyond pricing. The opportunity to qualify and win business now additionally rests on a round of detailed enquiry criteria and disclosures regarding our operations, as customers vet their supply chain in more detail. This has affected Chime agencies in two ways. Firstly the need to increase the resources to meet the demand. Our policies evidence our ethical stance on trading and our operational standard, but manpower is still required as no two client requests are the same. Secondly the process, particularly for major sporting events, becomes protracted and we are often required to invest time and resources in the early stages of a process long before our potential for winning can be forecast. This means committing resource without certainty of income. This is a fine balance and an area which will remain under scrutiny going forward.

Political/Economic Disruption

2016 saw major shifts in the political landscape which have caused movement in the foreign exchange markets and, in particular, the value of sterling. The years between the triggering of Article 50, and the UK leaving the EU and, any trade arrangements made to replace access to the single European market, could affect our returns to shareholders. Further geopolitical uncertainty, particularly in Europe, could additionally impact growth.

Increased Regulation

Businesses face increased regulation both generic and market specific and we monitor changes and respond accordingly by adjusting our operating standards from the Group perspective to ensure each of our businesses remains compliant. For example, we are advanced in developing a response to the General Data Protection Regulations which will be implemented in May 2018. This is in recognition that the use of customer data has become a major factor in successful campaigns and events and also in all digital interaction with clients and their customers. Similarly we are reviewing our media buying practices to ensure that we are transparent in the methods used on behalf of our clients. This is in response to the current investigations taking place with some of our competitors on potentially unethical streams of income in this area. We remain vigilant and will ensure that our business heads are aware of the issues involved.

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7. FINANCIAL REVIEW

The reconciliation below sets out the headline results of the group and the related adjustments to the reported Income Statement that the directors consider necessary in order to provide an indication of the underlying trading performance.

	Headline		Adjustments		Statutory Income Statement	
	2016	2015	2016	2015	2016	2015
	£'000	£'000	£'000	£'000	£'000	£'000
Continuing Operations						
Revenue	489,608	89,024	425	794	490,033	89,818
Cost of sales	(243,586)	(38,884)	(81)	(464)	(243,667)	(39,348)
Operating income	246,022	50,140	344	330	246,366	50,470
Operating expenses	(209,031)	(40,777)	(39,427)	(12,791)	(248,459)	(53,568)
Deemed remuneration			8,343	2,115		
Loss/(profit) on businesses being discontinued			1,393	1,218		
Amortisation of acquired intangibles and goodwill impairment			15,775	2,985		
Costs of acquisitions and restructuring			13,572	6,143		
Operating profit/(loss)	36,991	9,363	(39,083)	(12,461)	(2,093)	(3,098)
Share of results of associates	776	72	-	-	776	72
Investment income	90	25	5	10	95	35
Finance costs	(15,945)	(2,496)	-	(3)	(15,945)	(2,499)
Finance cost of deferred	-	-	(472)	(60)	(472)	(60)
Finance cost of deemed remuneration	-	-	(433)	(77)	(433)	(77)
Profit/(loss) before tax	21,912	6,964	(39,983)	(12,591)	(18,072)	(5,627)
Tax	(6,080)	(1,161)	8,002	840	1,922	(321)
Profit/(loss) for the year from continuing operations	15,832	5,803	(31,981)	(11,751)	(16,150)	(5,948)
Discontinued operations						
Loss from discontinued operations	(1,553)	(1,222)	1,553	1,222		-
Profit/(loss) for the year	14,279	4,581	(30,428)	(10,529)	(16,150)	(5,948)
<i>Attributable to:</i>						
Equity holders of the parent	13,018	4,316	(30,428)	(10,529)	(17,411)	(6,212)
Minority interest	1,261	264	-	-	1,261	264
	14,279	4,581	(30,428)	(10,529)	(16,150)	(5,948)

Note:

- The headline numbers have been adjusted for the following:
 - Deemed remuneration charge add back in respect of employment linked earn-out payments including LLP capital based payments;
 - Add back of charges to the income statement in respect of amortisation of acquired intangible assets recognised on acquisition of subsidiaries, costs relating to acquisition and aborted transactions and restructuring;
 - Add back of results from businesses classed as discontinued that do not meet the definition of discontinued operations under the accounting standard;
- Comparative numbers are for the period 24 July 2015 to 31 December 2015 which includes the results of Chime Group from the date of acquisition, 16 October 2015.
- Comparative client information is provided for the full year of 2015.

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Balanced Analysis of Financial Position and Performance

2016 was the first full year for the Group under its current ownership structure. The comparative period in the financial statements is from incorporation on 24 July 2015 and incorporates the results of Chime Group from 16 October 2015 to 31 December 2015.

Operating income¹ for the year was £246.0 million compared to 2015² of £50.1million. EBITDA¹ for the year was £41.9 million compared to £10.2 million in 2015².

EBITDA

	Headline		Adjustments		Statutory Income Statement	
	2016	2015	2016	2015	2016	2015
	£'000	£'000	£'000	£'000	£'000	£'000
EBITDA:						
Operating profit	36,991	9,363	(39,083)	(12,461)	(2,093)	(3,098)
Depreciation	5,379	630	-	-	5,379	630
Amortisation (not already adjusted in headline results)	1,441	55	15,775	2,985	17,216	3,040
(Profit)/Loss on foreign exchange	(1,931)	183	-	-	(1,931)	183
EBITDA	41,880	10,231	(23,308)	(9,476)	18,571	755

Operating profit¹ for the year was £37.0 million compared to £9.4million in 2015². EBITDA margin was 17.0% compared to 20.4% in 2015². The reduction in EBITDA margin is as a result of the seasonality of our business with the 2015 margin being for the period post acquisition of Chime Group from 16 October to 31 December with trading in the fourth quarter historically being strong. The Group has historically shown margin improvements between its interim results and full year results of between of approximately 1%. The results for the Group in 2016 were also impacted by the Group investing in new start up's and investment in the US sports leadership team. Profit before tax¹ for the year was £21.9 million compared to £7.0 million in 2015², this is after charging financing costs of £15.9 million in 2016 (2015 : £2.5million).

Clients³

During 2016 the Group worked for 1,958 clients (2015:1,677). Of these clients 313 (2015:302) used more than one of our businesses which represented 59% (2015:67%) of total operating income. Average fee per client for 2016 was £126,000 (2015:£124,000). 369 (2015:302) clients paid us over £100,000 in 2016. Income from overseas offices represents 27% (2015:21%) of operating income.

Headline adjusting items

Headline adjusting items in the year amounted to £39.1 million (2015: £12.5million). These costs are made up of the following items:

- Deemed remuneration charge in respect of employment linked earn-out payments including LLP capital based payments;
- Amortisation of acquired intangible assets recognised on acquisition of subsidiaries, costs relating to acquisition and aborted transactions;
- Restructuring costs; and
- Results of discontinued businesses that do not meet the definition of discontinued operations under the accounting standard.

These costs have been recognised in the period which management believes, due to their nature or size, should be disclosed separately to give a more comparable view of the year.

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Restructuring costs incurred in 2016 predominately relate to the restructuring of our sports business following the change in leadership and to changes made in Chime head office function following the acquisition of Chime Communications Plc in 2015. The majority of these costs related to people with the remainder being property and associated costs.

Loss before tax

The loss before tax for the year was £18.1million (2015: £5.6 million). The deterioration is a result of the full year interest charge in relation to the purchase of Chime Communications Plc in 2015 and also the increase in highlighted items relating to restructuring and corporate transactions.

Tax

The tax credit for 2016 of £1.9 million comprises an underlying tax expense of £6.1 million together with a credit of £8.0 million on headline adjusting items. The full year headline tax rate is 27.7%. Net corporation tax paid in 2016 was £ 6 million.

Financial Position

The position of the Group at the period end is set out in the consolidated balance sheet on page 40 and 41 and in the related notes on pages 44 to 83. The Group is financed by a combination of debt and equity. The Group has ordinary equity of £296.2 million (2015: £265.2 million). The Group had debt of £250.1 million as at 31 December 2016 (2015: £217.7 million); the debt is secured by debentures over the assets of the Group.

During 2016 £31.0 million new ordinary share capital was issued to PM VII S.a.r.l. as detailed in note 27 to the accounts.

During 2016 the Group increased its Capital Expenditure Facility by £19 million and it's Committed Facility by £8 million with its syndicate of banks. The increases were on the same terms as the original facility. Details of the maturities of facilities are detailed in note 23 to the accounts.

Under the terms of its banking facilities the Group is required to meet three financial covenant tests on a quarterly basis. The covenants are Leverage, Interest Cover and Cash Cover. The Group complied with its covenant requirements during the year ended 31 December 2016 with management forecasts indicating continued covenant headroom for the foreseeable future.

In 2016 the Company established an Employee Benefit Trust which subscribed for new ordinary shares and preference shares in Chime Holdco Limited, a subsidiary of Chime Group Holdings Ltd, under an Investment Agreement. The shares will be held for the beneficial interest of certain senior management team members of the Group in order to align their objectives with those of our shareholders.

Cash flow

The Group had cash and cash equivalents at 31 July 2016 of £23.2 million (2015: £30.9 million) and additional available facilities of £25.0 million (2015: £29.2 million). The Group cash balance reduced in the period as follows:

	2016 £'000	2015 £'000
Headline operating cash flows before separately disclosable items impacting operating profit and working capital	28,526	4,710
Net cash inflow from operating activities	7,151	177
Net cash used in investing activities	(69,211)	(361,221)
Net cash inflow from financing activities	52,082	391,806
Net (decrease)/increase in cash and cash equivalents	(9,978)	30,762

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The Group generated £7.2 million (2015: £0.2 million) from operating activities. Investing cash flows includes £59.3 million in relation to the various acquisitions undertaken by the Group during 2016 as detailed in note 12, of which the acquisition of MUH-TAY-ZIK HOF-FER LLC in May 2016 was the largest with cash consideration of £19.7 million, and the payment of deferred consideration and deemed remuneration relating to acquisitions made in prior periods as detailed in note 26. It also includes £4.9 million of capital expenditure, of which £3.1 million related to the purchase of fixtures, fittings and computers, and £5.8 million of other intangible assets acquired. Financing activity cash flows includes £11.2 million in relation to purchase of non-controlling interests in subsidiaries.

	Headline		Adjustments		Statutory Income Statement	
	2016	2015	2016	2015	2016	2015
	£'000	£'000	£'000	£'000	£'000	£'000
EBITDA	41,880	10,231	-	(23,308)	18,571	755
Purchases of property, plant and equipment	(4,949)	(1,799)	-	-	(4,949)	(1,799)
Purchases of other intangible assets	(5,798)	(74)	-	-	(5,798)	(74)
Free cash flow	31,133	8,358	(23,308)	(9,476)	7,824	(1,118)
Cash conversion(Free cash flow/EBITDA)	74.3%	81.7%	100.0%	100.0%	42.1%	-148.1%
Add back CSM Spain sporting right purchase	3,849	0				
Adjusted free cash flow	34,982	8,358			7,824	(1,118)
Adjusted cash conversion	83.5%	81.7%			42.1%	-148.1%

Free cash flow¹ in the period was £31.1 million (2015: £8.4 million); this resulted in a cash conversion¹ of 74.3% (2015: 81.7%). The reduction in cash conversion is as a result of the Group acquiring a sporting rights intangible in Spain of £3.8 million in 2016, there was no similar transaction in 2015. If the cash conversion were adjusted to exclude the acquisition of this intangible the 2016 cash conversion would be 83.5%

The estimated earn-out (which includes consideration treated as deemed remuneration) payable in 2017 is £12.7 million.

Treasury policy

The Group's treasury policy is detailed in note 2 to the financial statements.

8. GOING CONCERN BASIS

The Group meets its day to day working capital requirements through its banking facilities above.

In preparing forecasts the Directors have taken into account the following key factors:

- the rate of growth of the UK and global economy on the Group's business;
- key client account renewals;
- planned acquisitions and disposals;
- anticipated payments under deemed remuneration and deferred and contingent consideration, and
- the level of committed and variable costs.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility and banking covenants.

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The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

More detail on the Group's cash position and facilities at 31 December 2016 as well as maturities of the financial liabilities, can be found in note 23 to the financial statements. Details of potential contingent liabilities and potential cash outflows in relation to these liabilities can be found in note 30.

9. PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

The Company has specific policies and processes in place to ensure risks are properly evaluated and managed at the appropriate level within the Group.

The control and risk management procedures are designed to highlight any weaknesses and/or failures in the system to the Board at the earliest opportunity together with action taken and/or proposed. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatements or loss.

In addition to the general economic and competitive risks affecting businesses operating in our markets, the following are considered to be the principal risks impacting the Group. These risks are regularly assessed and monitored by the senior management team in each division and by the Chime Management Team.

Principal Risk & Context	Possible Impact	Mitigation
Client Dependency	The Group receives a significant proportion of its revenues from a limited number of large clients, and the loss of those clients would adversely impact the Group's prospects, business, financial condition and result of operations.	A relatively small number of clients contribute a significant percentage of the Group's consolidated revenues. The Group continues to maintain strong relationships with key clients and seeks to establish reputations in the industry that will attract and retain further key clients and talent. Due to the number of services provided by the Group and the drive for cross Group working, on many occasions a shared client will be secured under a number of contracts. The loss of one contract does not necessarily mean the loss of that client.
Retention of Key Personnel	The Group is dependent on the talent, creative abilities and technical skills of its personnel, as well as their relationships with clients. If the Group were unable to attract and retain its key talent, or had inadequate talent management and succession planning for key management roles, the Group's performance would be adversely affected through client losses and profitability.	The Group seeks to retain and develop personnel at all levels. The Group and its divisions continue to provide training and personal development initiatives in order to further develop and retain a motivated workforce.

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Principal Risk & Context	Possible Impact	Mitigation
FINANCIAL RISKS		
Credit Risk	The Group's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. A provision for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.	The credit worthiness of our customers is assessed and monitored on an on-going basis. If necessary, credit insurance or payments in advance are sought. Debtors are reviewed regularly as part of financial management reviews. Where deemed necessary, finance managers will review any proposal for further commitments to a client where payments are outstanding.
Interest Rate Risk	The Group has significant levels of floating rate borrowings and is therefore exposed to the impact of interest rate fluctuations.	The Group's policy on interest rate risk is designed to limit the Group's exposure to fluctuating interest rates. The Group have hedged GBP110m of Term Debt with a plain vanilla interest rate swap. The swap is at a fixed rate of 1.1% per annum and the hedge ends on 22 Oct 2018. The Group considers the % hedged (70% of Term Debt) to be an acceptable level, given the low interest rate environment.
Liquidity Risk	The Group operates under a committed facility of £273.9 million, comprising £120.9 million until September 2012 and £153 million until September 2022.	Cash flow movements are monitored to ensure that sufficient financial resources are available. The Group has seen an increase in client pressure to extend credit terms and the resulting terms are being closely monitored.
Currency risk	The Group operates globally. Fluctuations in exchange rates between currencies, in which the Group operates, relative to pounds sterling, may cause fluctuations in its financial results. The main currencies which impact the Group's operations are the Euro and US Dollar.	On negotiation of contracts and, where possible, client commitments are made in sterling to alleviate risk. Additionally supply and delivery contracts are, where possible, agreed in the same currency to minimise foreign exchange losses on a particular project Assessments of the impact of significant fluctuations in exchange rates of the main foreign currencies used by the Group are regularly performed and monitored centrally.

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Principal Risk & Context	Possible Impact	Mitigation
ECONOMIC RISKS		
Political Change	The effects of political uncertainty, economic disruptions (e.g. sanctions) could influence both revenue and/or cash flow streams. The effects of political changes within territories in which we operate could affect the potential to win work (or the commercial viability of such work).	The Group, and in particular, CSM, is involved in the delivery of major sporting and entertainment events. An assessment of each event is undertaken to ensure that potential exposure and liabilities are reduced by advance funding by the client and/or by appropriate insurance. For global events (such as the FIFA World Cup or Olympics) it is likely that events would be delayed and rescheduled rather than be cancelled. The Group monitors the political and economic factors involved in conducting business around the world. In Europe the Brexit negotiations, the forthcoming elections in France and Germany all have potential impact to our ability to win, resource and deliver profits. In the USA the change of president may result in similar issues. These are being monitored.

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



Eric Hageman

Director

Date: 24 April 2017

Chime Group Holdings Ltd

10. DIRECTORS REPORT

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2016. Details of *Financial risk management*, *Events which have occurred since the end of the financial year*, and *Future developments* have been included in the Strategic report, pages 6-18.

Results

The Group's income statement is set out on page 38 and shows a loss before tax for the period to 31 December 2016 of £18.1 million (2015: £5.6 million). No dividend has been declared during 2016 or 2015.

Directors' Indemnities

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors, to the extent permitted by law and the Company's articles of association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as Directors of the Company or any of its subsidiaries. There is no agreement in place between the Company and its Directors and employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

The Company has purchased and maintains Directors' and Officers' insurance cover against legal liabilities and costs for claims in connection with any act or omission by its Directors and/or Officers in the execution of their duties.

Identity of Private Equity Firm

Chime Group Holdings Ltd is majority owned by Providence Equity Partners through its investment funds, Providence Equity Partners VII L.P., and Providence Equity Partners VII-A L.P. Providence Equity Partners is a global alternative investment firm established in 1989 focused on education, media, communications and information investments. The firm's private equity platform specialises in sector-focused buy-out transactions and growth capital investments. Providence Equity Partners made its investment in the Group through PM VII S.a.r.l.

WPP Group plc is an investor in PM VII S.a.r.l being the beneficial owner of 24.85% of Chime Group Holdings Ltd.

Incorporated on 19 October 2015 Chime Group Holdings Ltd is the vehicle used to acquire the entire share capital of Chime Communications plc in October 2015. Chime had been listed on the London Stock Exchange since 1994 and following the acquisition was de-listed on 16 October 2015.

The Board of Directors

The Role of the Board

The Board of Directors is responsible for overall strategy, acquisitions, resourcing and the consideration of significant financial matters. It usually meets four times annually and does so additionally if required. It reviews the strategic direction of the Group's trading companies, their annual budgets and their progress towards achievement of agreed targets. It is also responsible for the integrity of financial information and ensuring the financial controls and the systems of identification and management of risk, both financial and non-financial, are robust and appropriate. The Board has two standing committees: the Audit Committee and the Remuneration Committee.

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Composition of the Board

Director	First Appointed
Paul S Walsh, Non-Executive Chairman	29 January 2016
John Hahn*	22 October 2015
Andrew Tisdale*	24 July 2015
Roderik Schlosser*	22 October 2015
Steve Winters**	15 September 2016
Lindsay Pattison**	1 January 2016
Christopher Satterthwaite	22 October 2015
Eric Hageman	15 September 2016
Mark Smith	22 October 2015 (Resigned 31 December 2016)
Christopher Sweetland**	22 October 2015 (Resigned 30 June 2016)

*Representatives of Providence Equity Partners

**Representatives of WPP PLC

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Directors' Biographies

Paul S Walsh – Non-Executive Chairman

Paul is Chairman to Compass Group plc; Chairman of Avanti Communications Group plc; a Non-executive director of HSBC Holdings plc; FedEx Corporation and RM2 International S.A.

Paul is a former Chief Executive of Diageo plc, and now acts as an adviser to the Chairman and Chief Executive. He was Chief Executive Officer of the Pillsbury Company, Chairman of Ontex Group N.V. and a director of GrandMet; a non-executive director of Unilever PLC, Centrica plc and United Spirits Limited. Paul is a Member of the Business Advisory Group for Britain, Business Ambassador on the UK Government's Business Ambassador network and a Member of the Council of the Scotch Whisky Association.

John Hahn – Providence Equity Partners

John Hahn is Senior Managing Director of Providence Equity based in London. He leads the firm's international private equity investment activities and is a member of the firm's investment, portfolio review and operating committees. Mr. Hahn is a director of Chime Communications, MásMóvil (Spain), Volia (Ukraine) and UMI (India). He was previously a director of Digiturk (Turkey), eircom (Ireland), Casema (the Netherlands), Kabel Deutschland (Germany), Recoletos (Spain), Ono (Spain) and Com Hem (Sweden).

Prior to joining Providence in 2000, Mr. Hahn was a managing director at Morgan Stanley. Prior to Morgan Stanley, Mr. Hahn worked with Price Waterhouse and Federal Data Corporation.

Andrew Tisdale – Providence Equity Partners

Andrew is Managing Director of Providence Equity based in London. He is a director of Ambassador Theatre Group, Clarion Events, HSE24 and M7 and previously served on the board of ONO in Spain. Mr. Tisdale also served on the advisory board of the MBC Group, the largest TV broadcaster in MENA from 2013 to 2015. He currently serves on the Board of Advisors for Yale School of Drama. Prior to joining Providence in 2008, he was global co-head of the media and communications group and a member of Morgan Stanley's management committee for investment banking. During his 18 year tenure at Morgan Stanley, he held various roles within investment banking, including co-head of the media and communications group for North and South America and, subsequently, the same role for Europe, the Middle East and Africa. He also led Morgan Stanley's investment banking activities in Brazil. Andrew is chairman of the Remuneration Committee.

Roderik Schlosser – Providence Equity Partners

Roderik is a Director of Providence Equity based in London. He is currently a director of M7. Prior to joining Providence in 2006, he was an analyst in the telecommunications corporate finance group at Deutsche Bank. Roderik is chairman of the Audit Committee.

Steve Winters – WPP

Steve is Deputy Group Finance Director of WPP plc. He has over twenty years' of experience in financial reporting at WPP and held the role of Group Chief Accountant from 2001-2016. Prior to joining WPP, Steve worked for Coopers & Lybrand (now PWC) where he qualified as a Chartered Accountant in 1994.

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Lindsay Pattison – WPP

As UK CEO, Lindsay transformed the WPP-owned UK media agency Maxus, growing revenue, staff base and profit sevenfold in just over four years. Lindsay continued her growth within GroupM and in October 2014 was appointed CEO of Maxus Global, which in 2015 enjoyed stellar growth.

Lindsay holds a high profile in the media industry, and is regularly called upon by national and trade media as a commentator on leadership and future media trends. She is the sole female global media leader, and is a passionate advocate for business leaders taking meaningful action to improve gender equality. In 2016 she launched 'Walk the Talk', an initiative to help senior Maxus women reach the highest levels possible.

Lindsay was named one of Cranfield's FTSE Board Report's 100 Women to Watch in 2015 and in 2017 was listed for the third time in Britain's top 500 Most Influential People by Debrett's. Lindsay was also included in Ad Age's 2015 class of Women to Watch and is currently Vice Chair of the WEF Global Agenda Council on the Future of Media.

Christopher Satterthwaite – Chief Executive Officer

Christopher began his commercial career as a graduate trainee at H.J Heinz. Since then, he has been part of three different kinds of marketing communication agencies: IMP (1981-1993), then the UK's largest Sales Promotion Business; HHCL & Partners (1993-2000) – Campaign's Advertising Agency of the Decade and; Bell Pottinger (2000-2002) – the UK's leading public relations agency. He became Chief Executive of Chime Communications Ltd (previously plc) in 2003.

He is Chairman of The Roundhouse and a Director of Business in the Community.

Eric Hageman – Chief Financial Officer

Eric joined Chime in August 2016 from Telecity Group Plc where he was CFO and responsible for the successful sale to Equinix Inc. Prior to this, Eric held a number of senior executive positions at Royal KPN NV including Group CFO and CEO of KPN Belgium. Before KPN, Eric worked in London in M&A and Corporate Finance roles at Deutsche Bank and ABN Amro.

Eric holds an MBA from the London Business School and an MSc in Business Economics from Maastricht University.

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Division of Responsibilities

There is a clear division of responsibility between the Non-Executive Chairman, the Chief Executive Officer and Chief Financial Officer and the Non-Executive Directors.

The Chairman is responsible for:

- The leadership of the Board, ensuring its effectiveness and setting its agenda; and
- Facilitation of the effective contribution of Non-Executive Directors and ensuring constructive relations between them and the Executive Directors.

The Chief Executive Officer is responsible for:

- Overseeing day to day management of the Group;
- Allocating decision making and responsibility to the executive management team; and
- Ensuring the successful execution of the strategic objectives agreed by the Board.

As Executive Directors, the Chief Executive Officer and Chief Financial Officer are collectively responsible for:

- Setting the strategic direction of the Group and implementing and delivering the strategy;
- Preparing annual budgets and medium term projections for the Group and monitoring performance against these forecasts;
- Preparing annual financial statements;
- Day to day management of the Group ensuring risks are appropriately managed;
- Effective communication with all stakeholders including shareholders, employees, members and other customers; and
- Safeguarding the assets of the Group and for the prevention and detection of fraud.

The Non-Executive Directors are responsible for:

- Using their wide and varied experience to offer independent advice, scrutiny and objectivity;
- Monitoring and offering objective challenge to executive management decisions where appropriate; and
- Bringing specific expertise to the Board.

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Audit Committee

Members

Roderik Schlosser (Chairman)
Steve Winters
Eric Hageman

Role

The role of the Audit Committee is to ensure that the Company's processes and control measures are fit for purpose; that both the internal and external audit plans are appropriate and carried out diligently; to oversee responses to trends identified and oversee the response to risks and issues emanating from regulatory reporting requirements.

The Committee oversees the work carried out in identifying and managing risks within our businesses and ensures that the outcomes are dealt with in the correct manner.

Remuneration Committee

Members

Andrew Tisdale (Chairman)
Paul S Walsh
Christopher Satterthwaite

Role

The Remuneration Committee has responsibility for ensuring there is a formal, rigorous and transparent procedure for the development and implementation of policy on executive remuneration. It takes its lead from the Board on linking remuneration to achievement of both strategic and short term goals.

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Chime Management Team

The Group Management Team draws its members from three areas of Group management: Executive Directors, senior executives each with management responsibility for an individual trading division, and representatives of the business development and resourcing aspects of the Group's operations. They meet bi-monthly to discuss the implementation of strategy, progress made in meeting targets, resourcing and other Group-wide issues and initiatives. The Team is responsible for the maintenance of and compliance to Group operating standards. The Team discuss individual divisional issues in addition to those common across the Group in order to ensure best practice and experience is pooled in meeting the Group's goals.

Thanks

During the year Mark Smith, formerly Finance Director and Chief Operating Officer, left the Company. We would like to express our thanks to Mark for his considerable contribution to Chime over many years.

In March 2017, Robert Davison, who had been Group Secretary since 2004, also left the Company. The Board would like to thank Robert for his long service to Chime.

Employees

Summary

We are a Group of people based businesses. We value the contribution made to our success by the talented staff within the Group. At Chime we want people at all levels to be respected and to reach their full potential for their own benefit as much as the collective progress of the Group itself.

Nurturing talent and providing development opportunities will encourage innovation and our drive to be the best. We believe and strive to ensure that our people should be safe, and free of any form of discrimination or harassment.

We recruit our staff via a number of conduits. Utilising our own contacts in addition to social networking sites. This has enhanced our dialogue with the available talent pool. Where we utilise agents we do so only after they have a good understanding of our needs, culture and processes. We work closely with new staff to induct them quickly but comprehensively into the workplace and team spaces.

A new team member joining an agency can claim membership of that agency, the division and, of the extended Chime family. Whilst we want to encourage our brands to nurture their staff in their own way within a distinct culture, we also promote interaction across divisions ensuring that knowledge of the Group, its capabilities and successes are widely known to all.

We are aware that companies must embrace their responsibility to ensure that their staff reflect the markets they work in and face. Our approach to equal opportunities and the promotion and support of diversity reflects that we see this as a potential competitive advantage, engaging people who reflect the audiences we address both directly and on behalf of our clients.

Equal Opportunity

The Group is a meritocracy, where people can succeed by their talent, skills, knowledge and application. Our defining values and equal opportunity policy underpin our talent management processes.

In addition to salary and benefits staff are further incentivised through performance related bonus. Payments are conditional on company performance and stretching individual targets.

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Diversity Reporting

We have publicly reported on our gender diversity since January 2012. During that time Chime has grown, reorganised and finds itself today in a different form, in private not public ownership, growing at a fast rate in new geographies and in providing a wider range of services. Below we have, for consistency, reported our current gender split as we have done previously. Our reporting is being developed to reflect our new structure and our new needs. We intend to review and explain any changes at our interim review. However, it should be noted that in some countries we are prevented by local regulations from collecting certain specific data about our staff. We shall look to enhance our reporting within these restrictions.

Gender Diversity

Policy statement

We are in a creative industry. We originate and develop ideas, campaigns and events on behalf of our clients who in turn must meet the challenges of a diverse customer base. The Board believes that diversity is the soul of creativity. It aids our operations and the delivery of innovative and relevant solutions to our business offer.

We acknowledge that diversity within our staff population is important. The Board is charged with ensuring that no person receives less favourable treatment on the grounds of disability, age, gender, sexual orientation, race, religion, nationality, national or ethnic origins, political convictions or any other manner of discrimination. This applies to recruitment, development, promotion and the provision of benefits or the application of our processes.

Gender reporting

Women on our executive forums

	31 December 2016	31 December 2015
Board Directors	1 of 8	0 of 6
Non-Executive Directors	1 of 6	0 of 3
Audit Committee	0 of 3	0 of 3
Remuneration Committee	0 of 3	0 of 3
Executive Management Team	3 of 9	3 of 10

The Chime Group Holdings Limited Board as at 31 December 2015 comprised entirely of male directors. Lindsay Pattison was appointed to the Board on 1 January 2016.

Of our 2,185 staff at 31 December 2016 50% were female (2015:52%). In our Graduate Scheme our current intake of graduates is 80% female. Of our 2015/6 intake 82% were female. In addition 78% of those offered jobs were female.

Our on-going commitment

Chime continues to promote participation and encourage the aspirations of our female staff. We have a women's forum called 'Grapevine' that meets regularly to share business ideas, encourage networking and personal development. This helps empower and inspire our female staff at all levels.

Gender Pay Gap Reporting

From 2017 certain UK companies meeting size criteria will be required to report on the pay gap between men and women. As a Group Chime will not, initially, be required to do so. However, some of our subsidiaries will be required to and they will commence recording the data in the UK from April 2017. As we develop our systems and processes to record the data we shall monitor best practice and consider further disclosures at that point.

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Employment of Disabled Persons

All Chime agencies give full and fair consideration to all applications for employment made by disabled person, having regard to their aptitudes, talent and abilities. Opportunities for training, career development and promotion do not disadvantage these employees or any members of staff who become disabled during their time with us. Where our workspace or processes need to be adapted to accommodate disabled staff we will always consider reasonable measures to do so.

Young People

We are aware of the barriers many young people face when looking for meaningful and creative employment opportunities. Our Graduate Scheme in the UK has been running for more than 10 years and has regularly resulted in Chime agencies employing over 80% of the intake. During 2017 we shall review our approach to inducting young people into our business in line with UK legislation.

Innovate Board

Innovate is a group of young members of staff tasked with innovation and addressing business issues. Membership is open to all staff under the age of 28. During 2016 the Board ran initiatives on CRM, internal communications and data analysis. The Board members are given access to all agencies and all levels within the Group and each project team are mentored by one of our senior business leaders in order to facilitate access and to nurture progress.

Staff engagement

Our staff are regularly updated on the aims, progress and issues within their own agencies and the Group as a whole. Our Group Intranet provides a platform for the sharing of news, details of agency work and stores a library of resources to support them in their tasks day-to-day.

Health & Safety

We have a Group Health and Safety Policy and the Directors of each business, led by the respective Managing Director, are responsible to the Group for implementing the policy. Our Health and Safety Policy and procedures are reviewed regularly via our risk management process and findings are reported to the Audit Committee.

We take our duty of care to our staff seriously and have retained consultants, RHSS Ltd, who provide not only guidance on identification and assessment of hazards but are also available for practical support such as carrying out risk assessments for events and other activities.

We are a people business and, due to the nature of our work, the majority of our staff are office based. However, our business ICON, includes operations with a relatively small amount of manufacturing activity. As we have grown to include creating and managing live events we now have a proportion of staff working on location which brings an additional level and a variance in our health and safety risk profile. These operations are managed via the procedures within each business. Our aim is to maximise the wellbeing of our people and those we interact with. As such, the risk and historical incidence of accidents is low.

This is an on-going process and the risk assessment of new developments or increases in activities with a higher level of risk, is embedded into our review process.

Whistleblowing

The Group has a clear written whistleblowing policy and procedure which any member of staff may use to report concerns they may have about unethical or unprofessional behaviour, non-adherence to Chime standards or with applicable regulations and/or the law. EXPOLink provides a confidential helpline which is available 24 hours a day in multiple languages in order that staff can report any concerns or perceived shortcomings within our operations to an unbiased third party within Chime agencies. The helpline is promoted on all policy documents and via our intranet.

Chime Group Holdings Ltd

Ethics and Responsible Trading

CORPORATE RESPONSIBILITY

The Board acknowledges that being socially responsible is an important factor in not only the work we do for our clients but also is an important factor in the management of our own business.

We have a continuing and embedded programme to ensure that we maintain high standards. Our process design will always include assessment of our impacts but also our opportunities in socially responsible operations.

The Chief Executive, Christopher Satterthwaite, personally oversees our continuing efforts in this important area of our business. The Board and Audit Committee receive updates on our corporate responsibility initiatives and performance.

The Group also considers corporate responsibility to be an area of business opportunity. Our subsidiary, Corporate Citizenship, provides not only a focus for our investment in this field but also provides the Group with specialist expertise.

Ethics and Integrity

Chime companies create, promote and manage brands, individuals, events, commercial and governing organisations. We recognise that the integrity of our own staff and our approach to business is essential to the maintenance of our own reputation.

As such we have a published set of core defining principles ('S.C.O.R.E.') which set out our broad approach to our business. This is brought alive by our Staff Code of Conduct and our Responsible Business Code.

Staff Code of Conduct

Our Staff Code of Conduct formalises the values and further sets out the behaviour and ethical standards expected of Chime employees.

Our staff are responsible for adhering to the Code in addition to measures applied by their respective operating company. Our Code covers:-

- client and company confidentiality;
- equal opportunities and the promotion of a meritocracy;
- a safe and civilised workplace;
- proper consideration of the sensitivities of potential audiences when publishing materials;
- honest business practice and integrity;
- and compliance with all laws and regulations.

The Code remains under review in order that it may be adapted as market forces and legal requirements demand or as additional risks are identified. Whilst it is broad, it is designed, along with our guiding values, to be embedded within our diverse range of operating cultures. Our risk management processes include testing of these areas and ensures that the Code is communicated and its guidance is adopted by all.

Our divisional management teams, in promoting the Code within their own operational culture, will adapt, add to, but not dilute the Code in order to ensure that it remains fit for purpose and relevant within the applicable business.

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Operating Standards

Chime coordinates the operations of our divisional businesses and in doing so sets the expectations of the standards which must be met and maintained by each of those agencies. Each agency has adopted processes and procedures which deliver to the Group standards but within their own distinct culture. Agencies are permitted to build upon but not dilute the standards set by Chime.

We also communicate our standards of trading to staff and our external stakeholders via our Responsible Business Code which summarises our approach to doing business. This is supported by detailed specific policies and procedures on various aspects of our activities. The Responsible Business Code can be found on our website www.chimegroup.com.

Conflicts of Interest

The Group has a process for identifying potential conflicts of interests which may exist for executives, staff, working with clients and the appointment of suppliers. We believe that this is an important part of our ethical stance and acting in a transparent manner

Anti-corruption

Maintaining appropriate and clear procedures within Chime's operations to prevent corruption is paramount. We must ensure that our staff and our other stakeholders know how we approach such issues.

We shall continue to use the UK Bribery Act 2010 and the US Foreign Corrupt Practices Act as a minimum benchmark for compliance with those laws, and on behalf of, our clients and partners.

Whilst we are a UK domiciled business, our operations are international and our aim is to derive more of our income from outside of the UK. Our standards of anti-corruption measures apply to all of our businesses irrespective of where they are based or operate.

Our Staff Code of Conduct covers honest business practice and prohibits the offering, payment or solicitation of bribes or inducements.

The divisional and subsidiary management teams will continue to promote our standards and make staff aware of the consequences of non-compliance.

Where additional measures are required, by virtue of working in new markets, for clients who have specific requirements or, due to our operations engaging in new disciplines, the Group will adapt the chosen procedures to meet those needs as they arise.

In 2016 we reset our anti-corruption measures and initiated a training programme which is now mandatory for all staff. Further training and information is provided to staff who either require specific knowledge due to their role or due to their field and location of operations.

Chime Group Holdings Ltd

ENVIRONMENTAL MATTERS

Chime and the Environment

We acknowledge that our customers, staff and other stakeholders have an interest in our impact on the environment and as such, we have committed to monitor and improve our environmental performance where possible. The Group has strived to continually reduce its carbon footprint on a normalised basis since 2006. We deliver services to clients based on image, ideas, research, content and event execution. We regularly incorporate our environmental performance in business credentials presentations (including new business pitches) to clients as we believe this is an important consideration when evaluating our approach to responsible and ethical trading.

The Board receives regular updates on our work in this area as part of governance reports. Our initiatives are led by our Chief Executive, Christopher Satterthwaite, supported by divisional management.

We have considered becoming ISO accredited in order to manage our environmental and social impacts and have decided that ISO 14001 (the international standard for environmental management systems) is inappropriate for Chime as we are a mainly office based organisation and, as property leaseholders, we are primarily reliant on our landlords who retain control over issues relating to property infrastructure impacts. We do include environmental criteria in our assessment of our real estate issues.

We have continued to maintain the high standards we set ourselves during our time as a public company we were listed on FTSE4Good. We are participants in the UK Carbon Disclosure Project Climate Change Program (CDP) and aim to be reassessed for the Carbon Trust Standard in 2018. We are proud of our Business in the Community Big Tick Awards (in 2011 and 2013) for our environmental performance and continue operating within the standards that brought that recognition.

The information provided here is to inform our shareholders of our approach, successes and future targets. We shall continue to update and report on a regular basis.

Performance in 2016

During the year we further improved our data collection systems and for the first time collected emissions data from a sample of our international operations.

In 2015 we took the decision to offset our carbon emissions emanating from air travel, acknowledging that our strategic aims of continued international growth would result in an increase in our environmental impact. In 2016 we offset 5,410 tonnes of carbon emissions via our travel partner FCM. This means that we have offset almost 70% of our total carbon emissions in 2016.

Our real estate planning works complementary to our goal of improved environmental performance. The high environmental performance of 62 Buckingham Gate was a major factor in the selection of the building for the major UK hub for CSM. The building benefits from a high BREEAM rating delivered via an ISO140001 certified environmental management system, utilising the latest technology in building controls. Similarly, acknowledging that our staff are not at their desks for the majority of their time, we have adapted our working space and practices to facilitate team members working in different ways at different locations and with a varied number of technical tools. This has enabled us to drive our occupancy rates up and our office space requirements down. Less property means fewer emissions and therefore we have improved our environmental impact – we expect cost efficiencies to follow.

Chime Group Holdings Ltd

Emissions during the Year

UK

We have been calculating our UK carbon footprint since 2012. The overall footprint in 2016 was 6,310 tonnes CO₂e. This is a decrease of 11% compared to the 2015 figures.

The change in the emissions is a result of acquisitions and divestments which took place during the reporting period which changed the property portfolio in the UK and led to a decrease in overall emissions.

The UK emissions per full time employee (FTE) in 2016 decreased from 4.18 to 3.72 tonnes, a change of - 11%.

Global

Our 2016 global emissions increased very slightly from 8,015 tonnes in 2015 to 8,025 tonnes. This evidences that we are controlling the rate of emissions given our significant growth in the USA.

Scope 1 and 2 emissions (relating to office use and company-owned vehicles) contributed to 1% and 23% respectively of Chime's total global carbon footprint. Scope 3 emissions (related to business travel) contributed to 76% of Chime's global carbon footprint in 2016.

Net Emissions after Carbon Offsetting

In October 2015 we began purchasing carbon offsets in order to counteract the impact on the environment of our continued international expansion. Whilst international flights cannot be avoided our net emissions were UK 1,507 tonnes (2015: 6,025) and globally 2,615 tonnes (2015: 6,928).

Our Targets for 2016/17 and Progress Update

1. We have set a target to reduce global Scope 1 & 2 emissions year on year by 5% per full time employee. (Achieved 15% reduction between 2015/2016)
2. We commit to slow the increase in emissions resulting from air travel (Scope 3). We shall continue to offset all emissions from air travel. (Achieved 9% reduction of Scope 3 emissions per FTE between 2015/16)
3. Our investment decisions in real estate, property use, materials procurement and delivery systems will involve environmental impacts as part of the investment assessment. (Implemented and results being monitored)
4. We shall continue to work closely with our partners and suppliers to improve the environmental impact of our value chain. We shall deploy a process to verify supplier environmental standards by the end of 2017. (This remains a work in progress)

Chime Group Holdings Ltd

Outlook for 2017/18

We have made great strides in meeting our 2016 aims of improving our data collection, particularly from our overseas operations. This has not been without its challenges as we integrate the new businesses that have joined the Group.

In 2017 we intend to ensure that the data collection is further enhanced and the process becomes embedded into quarterly reporting from our agencies. In 2018 we shall be reassessed for the Carbon Trust Standard in the UK.

We shall continue to be a participant in the UK Carbon Disclosure Project (CDP) and hope to improve our scope of C: Awareness Rating attained in 2015.

In the USA, our acquisition of LeadDog in New York has grown our East Coast activities substantially. LeadDog is accredited as B Corp Company, a certification awarded for social and environmental performance. This provides validation of the Agency's programme to manage environmental impact. We intend to use the lessons learned by LeadDog and promote similar best practice across our operations in North America.

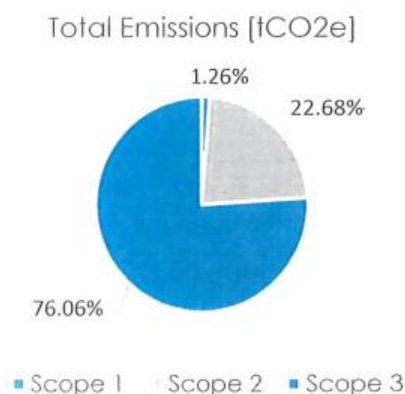
We shall continue to work with our major suppliers and ensure that best practice is embedded in our wider value chain.

Methodology for Footprint Calculation

Chime's GHG emissions data is reported in line with UK Government environmental reporting guidelines and the requirements of the UK Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. The applicable UK Government Conversion Factors for Company Reporting have been used for estimating GHG emissions for the period under review. The data reported relates to Chime's Global and UK operations for which we have direct operational control. GHG Emissions from Chime's UK operations constituted 76% of our global operations in 2016. Chime reports its carbon performance on a per full time employee basis, using the previous year as a rolling baseline.

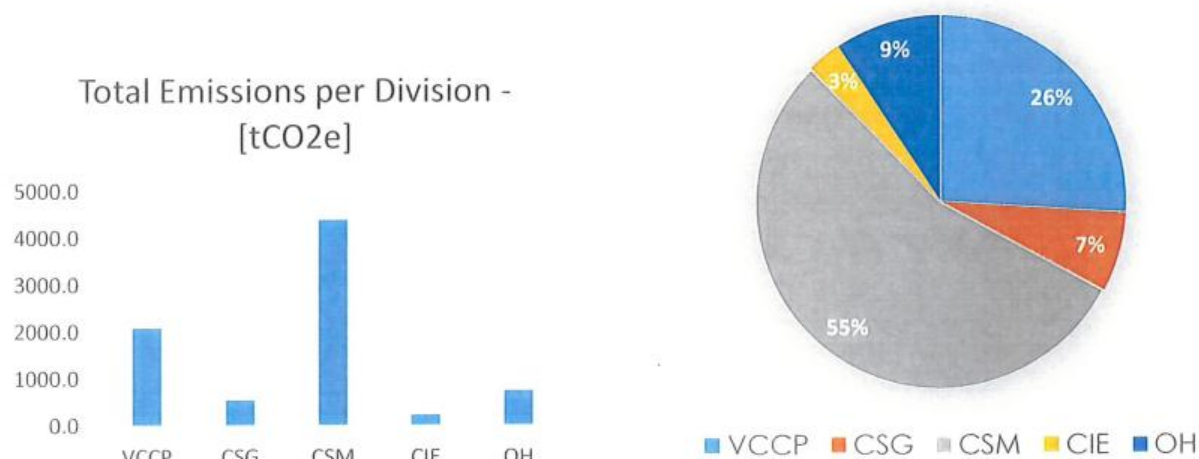
2016 Global Carbon Footprint

Total Emissions by Scope



Chime Group Holdings Ltd

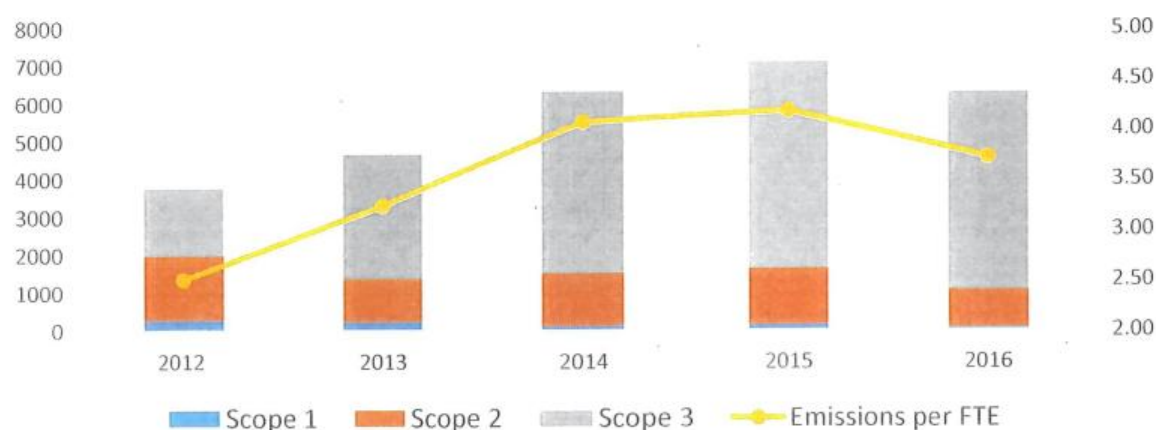
Global Emissions per Chime Division



Chime UK Carbon Footprint

UK Carbon Footprint	2012	2013	2014	2015	2016	% Change
Scope 1- Natural Gas, Company Cars, Refrigerants	274	229	125	154	71	-54%
Scope 2 – Electricity	1709	1145	1391	1481	997	-33%
Scope 3 – Air travel, other business related travel	1795	3302	4812	5477	5243	-4%
Emissions per FTE	2.50	3.24	4.07	4.18	3.72	-11%
Total Emission	3778	4676	6328	7112	6310	-11%

UK GHG Data Evolution 2012 – 2016



Chime Group Holdings Ltd

Notes on the Data

- The data covers the period from 1 January 2016 to 31 December 2016.
- The data reported relates to Chime's Global and UK operations for which we have direct operational control.
- Chime's GHG emissions data is reported in line with Defra's environmental reporting guidelines and the requirements of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.
- The applicable UK Government Conversion Factors for Company Reporting have been used for estimating GHG emissions for the period under review.
- All Scope 3 emissions is accurate data.
- At some of the office locations we were unable to procure actual data for the utility usage (Gas and Electricity). Where actual data was not available, an estimation was made based on an average country kWh per FTE.

In total 8% of the data was estimated in 2016 (30% Scope 1, 36% Scope 2).

Social, Community and Human Rights Issues

Chime acts responsibly and we conduct our business with honesty and integrity and in good faith. We set our selves high standards in our business practices and work with our value chain partners to meet the same level of business ethics.

In acting responsibly we acknowledge that our operations can have a positive influence on the communities in which we work. Whether it be during an event or through promoting a particular product. Our core values and our Responsible Business Code reflect our starting point when faced with such issues.

We also encourage and promote our agencies to use their services and talent as a force for good. We promote and facilitate volunteering by individual members of staff or groups in order that they may support worthwhile causes. Agencies also undertake work on a pro Bono basis for clients that otherwise would not obtain such support.

Chime often works with charities either on a group wide or agency basis to help support their efforts in a given activity.

Political Donations

The Group's policy is not to make direct donations to support political parties. However, the nature of the Group's work is such that to support its commercial activities, certain companies may need to attend or sponsor events which are organised by political parties or other political organisations, for which a charge is made.

In addition, the Group may invite clients and prospective clients to attend events which fall within the meaning of the Companies Act 2006 provisions. The Companies Act 2006 defines 'political party', 'political organisations', 'political donation' and 'political expenditure' widely and as a result, it is possible that political organisations may include bodies concerned with matters such as policy review and law reform, or the representation of the business community or sections of it, or the representation of other communities or special interest groups.

During the year (and in 2015) and adopting this wider definition, the Group did not make any donations deemed to be political donations.

Human Rights

We do not engage in any business activities that could implicate the Group – either directly or indirectly – in the abuse of human rights or the breach of internationally recognised labour standards.

We respect human rights as set out in the United Nations' Universal Declaration of Human Rights, as well as the core conventions of the International Labour Organization. We also support the United Nations' Guiding Principles on Business and Human Rights.

Chime Group Holdings Ltd

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

Deloitte LLP was appointed as auditor to the Company on incorporation.

Directors Responsibility Statement

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

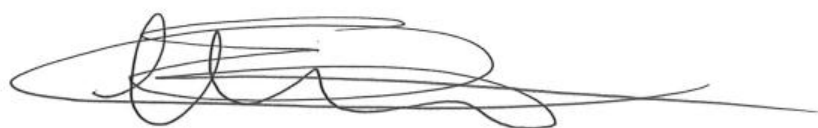
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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



Eric Hageman

Director

Date: 24 April 2017

Chime Group Holdings Ltd

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHIME GROUP HOLDINGS LIMITED

We have audited the financial statements of Chime Group Holdings Limited for the year ended 31 December 2016 which comprise the Group Income Statement, the Group Statement of Comprehensive Income; the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group and Parent Company Statements of Changes in Equity and the related notes 1 to 34 for the Group, and notes 1 to 5 for the Parent Company. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework" applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

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

Chime Group Holdings Ltd

Opinion on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

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.



Anthony Morris
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK

24 April 2017

Chime Group Holdings Ltd

Consolidated income statement
Year ended 31 December 2016

		2016	24 July 2015 - 31 December 2015
	Note	£'000	£'000
Continuing Operations			
Revenue	3	490,033	89,818
Cost of sales		(243,667)	(39,348)
Operating income		246,366	50,470
Operating expenses	4	(248,459)	(53,568)
Operating loss		(2,093)	(3,098)
Share of results of associates	17	776	72
Investment income	7	95	35
Finance costs	8	(15,945)	(2,499)
Finance costs of deemed remuneration	8	(472)	(60)
Finance costs of deferred consideration	8	(433)	(77)
Loss before tax		(18,072)	(5,627)
Tax credit/(charge)	9	1,922	(321)
Loss for the period		(16,150)	(5,948)
Attributable to:			
Equity holders of the parent		(17,411)	(6,212)
Non-controlling interests		1,261	264
		(16,150)	(5,948)

Chime Group Holdings Ltd

Consolidated statement of comprehensive income Year ended 31 December 2016

		24 July 2015 - 31 December
	2016	2015
	£'000	£'000
Items that may be classified subsequently to profit and loss		
Loss for the period	(16,150)	(5,948)
Loss on revaluation of available for sale investments	18 (194)	(51)
Exchange differences on translation of foreign operations	9,416	(183)
	<u>(6,928)</u>	<u>(6,182)</u>
Total comprehensive expense for the period	(6,928)	(6,182)
Attributable to		
Equity holders of the parent	(8,397)	(6,446)
Non-controlling interest	1,469	264
	<u>(6,928)</u>	<u>(6,182)</u>

Chime Group Holdings Ltd
Company number: 09702342

Consolidated balance sheet
As at 31 December 2016

	Note	2016 £'000	2015 £'000
Non-current assets			
Goodwill	11	408,311	372,148
Other intangible assets	13	100,315	92,709
Property, plant and equipment	14	13,681	10,451
Investments in associates	17	8,076	7,409
Other investments	18	2,726	733
Deferred consideration receivable	19	-	15
		<u>533,109</u>	<u>483,464</u>
Current assets			
Work in progress		3,614	4,012
Trade and other receivables	20	130,228	111,617
Cash and cash equivalents	21	23,185	30,905
		<u>157,027</u>	<u>146,534</u>
Total assets		<u>690,136</u>	<u>629,998</u>
Current liabilities			
Trade and other payables	22	(128,426)	(107,858)
Current tax asset/(liability)		(129)	(2,090)
Other borrowings	24	(19)	-
Obligations under finance Leases	25	(43)	-
Deferred consideration	26	(6,311)	(9,814)
Deemed remuneration	26	(5,113)	(12,135)
Short-term provisions	26	-	(254)
		<u>(140,041)</u>	<u>(132,151)</u>
Total net current assets		<u>16,986</u>	<u>14,383</u>
Non-current liabilities			
Deferred tax liabilities	10	(7,282)	(12,377)
Other payables	22	(113)	-
Bank loans	23	(248,844)	(217,644)
Other borrowings	24	(79)	-
Obligations under finance Leases	25	(114)	-
Deferred consideration	26	(12,418)	(5,405)
Deemed remuneration	26	(3,699)	(2,057)
		<u>(272,549)</u>	<u>(237,483)</u>
Total liabilities		<u>(412,590)</u>	<u>(369,634)</u>
Total net assets		<u>277,546</u>	<u>260,364</u>

Chime Group Holdings Ltd
Company number: 09702342

Consolidated balance sheet (continued)
As at 31 December 2016

	Note	2016 £'000	2015 £'000
Equity			
Share capital	27	81,153	72,660
Share premium account	28	215,055	192,548
Foreign currency translation reserve	28	9,024	(183)
Accumulated losses		(35,117)	(6,263)
Equity attributable to equity holders of the Parent		270,115	258,762
Non-controlling interests		7,431	1,602
Total equity		277,546	260,364

The financial statements were approved by the board of Directors and authorised for issue on 24 April 2017.
They were signed on its behalf by:



Director

Chime Group Holdings Ltd

Consolidated statement of changes in equity
Year ended 31 December 2016

	Share capital £'000	Share premium £'000	Translation reserves £'000	Accumulated losses £'000	Total £'000	Non-controlling interests £'000	Total £'000
Balance at 24 July 2015							
Total comprehensive income/(loss)	-	-	-	-	-	-	-
<i>Transactions with owners:</i>							
Issue of shares (Note 27)	72,660	192,548	-	(6,263)	(6,446)	264	(6,182)
Purchase of non-controlling interests	-	-	-	-	-	1,637	1,637
Dividends to non-controlling interests	-	-	-	-	-	(281)	(281)
Disposal of subsidiaries	-	-	-	-	-	(18)	(18)
Balance at 1 January 2016	72,660	192,548	(183)	(6,263)	258,762	1,602	260,364
Total comprehensive income/(loss)			9,207	(17,604)	(8,397)	1,469	(6,928)
<i>Transactions with owners:</i>							
Issue of shares (Note 27)	8,493	22,507	-	-	31,000	-	31,000
Acquisition and incorporation of subsidiaries (Note 12)	-	-	-	-	-	380	380
Disposal of non-controlling interests	-	-	-	-	-	5,724	5,724
Purchase of non-controlling interests	-	-	-	(11,325)	(11,325)	(646)	(11,971)
Dividends to non-controlling interests	-	-	-	-	-	(690)	(690)
Recycle purchase of non-controlling interest on disposal	-	-	-	156	156	(489)	(333)
Non-controlling interest deemed remuneration reserve	-	-	-	(81)	(81)	81	-
Balance at 31 December 2016	81,153	215,055	9,024	(35,117)	270,115	7,431	277,546

Chime Group Holdings Ltd

Consolidated cash flow statement
Year ended 31 December 2016

		2016	24 July 2015 - 31 December 2015
	Note	£'000	£'000
Net cash from operating activities	29	7,151	177
Investing activities			
Interest received	7	63	35
Dividends received from investments and associates		462	100
Proceeds on disposal of property, plant and equipment		275	14
Acquisition of subsidiaries (net of cash acquired)	12	(59,348)	(359,502)
Purchases of other intangible assets	13	(5,798)	(74)
Purchases of property, plant and equipment	14	(4,949)	(1,799)
Disposal of non-controlling interests		69	-
Deferred consideration received	19	15	5
Net cash outflow from investing activities		(69,211)	(361,221)
Financing activities			
Dividends paid to non-controlling interests		(690)	(281)
Increase in borrowings	23	31,200	217,644
Repayment of loan notes		(888)	-
Repayment of obligations under finance leases		(49)	-
Repayment of borrowings		-	(90,765)
Proceeds on issue of ordinary share capital	27	31,000	265,208
Disposal of non-controlling interests		2,735	-
Purchase of non-controlling interests		(11,226)	-
Net cash inflow from financing activities		52,082	391,806
Net (decrease)/increase in cash and cash equivalents		(9,978)	30,762
Cash and cash equivalents at beginning of year		30,905	-
Effect of foreign exchange rate changes		2,258	143
Cash and cash equivalents at end of year		23,185	30,905

Cash and cash equivalents comprise cash at bank, less overdrafts.

Net cash comprises:

Cash and cash equivalents	21	23,185	30,905
Loan notes outstanding	22	(1,002)	(79)
Bank loans	23	(248,844)	(217,644)
Other borrowings	24	(98)	-
Obligations under finance leases	25	(157)	-
Overall net debt		(226,916)	(186,818)

Notes to the Consolidated Financial Statements
Year ended 31 December 2016

1. General information

CGHL is a company incorporated in United Kingdom on 24 July 2015 under the Companies Act 2006. The address of the registered office is 62 Buckingham Gate, London SW1E 6AJ. The nature of the Group's operations consists principally of sports marketing, public relations, advertising, market research, direct marketing, and design and event management consultancy. Details are provided in the Strategic report, pages 6-18.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 2. The Group's overseas operations are principally conducted in US Dollars or Euros. The rates used are as follows:

	Closing rate as at 31 December 2016	Average Rate 2016	Closing rate as at 31 December 2015	Average Rate 2015
US Dollar	1.234	1.355	1.480	1.530
Euro	1.169	1.224	1.357	1.386

2. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards. The financial statements have also been prepared in accordance with IFRSs as issued by the International Accounting Standards Board (IASB) adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation. The Group has adopted all applicable standards effective for the current financial year with no material impact to the account.

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are carried at fair value in accordance with the accounting policies set out below.

Critical accounting judgements

In the process of applying the Group's accounting policies, Management is required to make judgements that may affect the financial statements. Management believes that the judgements made in the preparation of the financial statements are reasonable. However, actual outcomes may differ from those anticipated.

Deemed remuneration

Deemed remuneration represents payments made for the acquisition of companies and limited liability partnerships that are dependent on continuing employment. In accordance with the IFRS Interpretations Committee's interpretation of paragraph B55 of IFRS3, this dependency means that they should be treated as remuneration regardless of other factors. The charge for the year for deemed remuneration has therefore been separately disclosed to assist readers in their understanding of the financial statements.

Revenue and cost recognition on long-term contracts

Revenue and costs are recognised on long term contracts, by reference to the stage of completion of activity under that contract as at the balance sheet date. Management has considered the stage of completion of each contract and made a number of assumptions in order to estimate the relevant revenues and costs to recognise under these contracts. Management are satisfied that the amounts recognised in 2016 are appropriate and consistent with the terms of the contracts and the stage of work completed.

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2016

2. Significant accounting policies (continued)

Key sources of estimation uncertainty

In the process of applying the Group's accounting policies, Management is required to make estimations and assumptions that may affect the financial statements. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, are discussed below:

Valuation and asset lives of separately identifiable intangible assets

In order to determine the value of the separately identifiable assets on the acquisition of a business combination, management are required to make estimates when utilising the Group's valuation methodologies. These methodologies include the use of discounted cash flows, revenue and profit before tax multiples. Asset lives are estimated based on the nature of the intangible asset acquired and range between 5 and 15 years.

Allocation of goodwill and other intangible assets

There are a number of assumptions the Directors have considered in allocating goodwill and intangible assets, as determining the value of goodwill or intangible assets requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires Directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate net present value. Note 11 details the assumptions that have been applied.

Contingent consideration

Contingent consideration relating to acquisitions has been included based on the fair value of the Directors' estimates of the most likely outcome (notes 26 & 30).

Vacant property provisions

Provisions for property represent amounts set aside in respect of property leases which are onerous and the unavoidable costs of restoring leasehold properties to the condition specified in the lease at the end of the contractual term. The quantification of each of the provisions is determined based on the Directors' best estimate and is dependent on the Group's ability to exit the leases early or to sublet the properties. In general, property costs are expected to be incurred over periods for which individual properties remain vacant or, where occupied, to the termination of the leases in question.

Going Concern

The Directors have prepared forecasts which indicate that the company has adequate resources to continue in operational existence for the foreseeable future. In preparing these forecasts the directors have taken into account the following key factors:

- The rate of growth of the UK and US economies on the Group's business;
- Key client account renewals;
- The level of committed and variable costs; and
- Current new business targets.

The Group operates under the banking facility, which benefits from committed facilities of £273.9 million (2015: £246.9 million), comprising £120.9 million (2015: £93.9 million) until September 2021 and £153 million (2015: £153 million) until September 2022. This facility is subject to banking covenants. The company and certain other companies in the Group, has given an unlimited cross-guarantee in favour of its bankers.

The Directors have concluded, based on the cash flow forecasts and the commitment made by CGHL and its subsidiaries under the cross-guarantee it has entered into that it is appropriate to prepare the financial statements on a going concern basis for the next 12 months.

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2016

2. Significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each period. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is presented as a deduction from the assets of the enterprise, in the same balance sheet classification as goodwill. The interest of non-controlling shareholders is stated at the non-controlling shareholder's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those associates are not recognised, unless the Group has incurred a legal or constructive obligation or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill and is included in the carrying value of the investment. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition (i.e. discount on acquisition) is credited in the income statement in the period of acquisition.

Where a Group company transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Other investments

Other investments represent investments in equity securities that present the Group with opportunity for return through dividend income and trading gains. They have no fixed maturity or coupon rate. The fair values of the listed securities are based on quoted market prices. For unlisted securities, where market value is not available, the Group estimates relevant fair values on the basis of publicly available information from outside sources. Where this is not possible, investments are held at cost and are reviewed for impairment. Movements in the fair value of other investments designated as 'available for sale' are taken to equity.

On disposal the cumulative gain or loss previously recognised in equity is included within the profit or loss for the year. Impairment losses recognised in profit or loss for equity investments classified as 'available for sale' are not subsequently reversed through profit or loss.

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2016

2. Significant accounting policies (continued)

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of consideration over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised in the income statement and is not subsequently reversed.

On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

For acquisitions accounted for under IFRS 3, future anticipated payments to vendors in respect of deferred consideration are based on the Directors' best estimates of the fair value of future obligations, which are dependent on the future financial performance of the interests acquired and assume the operating companies improve profits in line with Directors' estimates and are included in liabilities greater or less than one year as appropriate. Subsequent reductions in provisions for deferred consideration are recorded in the income statement through costs of acquisitions.

When deferred considerations are to be settled in cash, the fair value of the consideration is obtained by discounting to present value the amounts expected to be payable in the future. The resulting interest charge is included within finance costs of deferred consideration.

When a business is acquired from former shareholders who become employees of the Group, should their earn out payments be dependent on continuing employment then all payments are treated as remuneration for post-acquisition services.

The charge to the income statement is included in deemed remuneration and the fair value of the liability is included as deemed remuneration in the balance sheet, classified as current or non-current liabilities as appropriate.

In accordance with IFRS an impairment charge is required for both goodwill and other indefinite lived assets when the carrying amount exceeds the 'recoverable amount', defined as the higher of fair value less costs to sell and value in use. Our approach in determining the recoverable amount utilises a discounted cash flow methodology, which necessarily involves making numerous estimates and assumptions regarding revenue growth, operating margins, tax rates, appropriate discount rates and working capital requirements. These estimates will likely differ from future actual results of operations and cash flows, and it is possible that these differences could be material. In addition, judgements are applied in determining the level of cash-generating unit we identify for impairment testing and the criteria we use to determine which assets should be aggregated.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and comprises the gross amounts billed to clients in respect of fees earned, expenses recharged and commission-based income. Revenue is recognised in the income statement when the economic benefits arising from an arrangement are probable.

Revenue is largely derived from retainer fees and services performed subject to specific agreement. Revenue is recognised when the service is performed in accordance with the contractual arrangement through an assessment of the time incurred to date compared to the total hours required to complete the contract, and an assessment of the value delivered to the client compared to the total value of the contract. If the outcome of these can be assessed with reasonable certainty, revenue and related costs are recognised in the income statement. Losses are recognised as soon as they are foreseen.

Operating income is revenue less amounts payable on behalf of clients to external suppliers where they are retained to perform part of a specific client project or service, and represents fees, commissions and mark-ups on rechargeable expenses and marketing products.

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2016

2. Significant accounting policies (continued)

Revenue recognition (continued)

Contractual arrangements are reviewed to ascertain whether the Group acts as principal or agent with regards to third party costs. If the relationship is that of agent then the recharge of third party costs is not recognised through revenue or cost of sales.

Revenue and operating income are stated exclusive of VAT, sales taxes and trade discounts.

Long-term contracts

Where the outcome of a long-term contract for services or goods can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date.

The stage of completion is determined through an assessment of the proportion of services that have been delivered compared to the total services required to complete the contract, except where this would not be representative of the stage of completion.

Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred, unless they relate to commission based fees where the fees are not recognised at the time the costs are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases or, if lower, the present value of minimum lease payments. The excess of the lease payments over the recorded lease obligations is treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the income statement in equal annual amounts over the periods of the leases.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Foreign currencies

Sterling is the functional currency of CGHL and the presentational currency of the Group. Transactions denominated in foreign currencies are initially translated at the exchange rate ruling at the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in net profit or loss for the period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into the presentational currency of the Group at the exchange rates prevailing on the balance sheet date. Income and expenses are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to the Group's

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2016

translation reserve. Such translation reserve differences are recognised as income or as expenses in the period in which the operation is disposed of.

2. Significant accounting policies (continued)

Foreign currencies (continued)

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as investments in equity securities classified as available for sale, are included in the fair value reserve in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Finance costs

Finance costs, which include interest, losses on interest rate swaps, and bank charges, are recognised in the income statement in the period in which they are incurred.

Operating profit

Operating profit is stated before the share of results of associates, investment income and finance costs.

Retirement benefit costs

The pension cost is the amount of contributions payable by the Group to the defined contribution pension scheme and to personal pension schemes of certain employees during the accounting period. These are charged as an expense as they fall due.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

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

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

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

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2016

2. Significant accounting policies (continued)

Taxation (continued)

Other intangible assets

Other intangible assets comprise acquired customer relationships, contracts, trade names and computer software. Customer relationships and corporate trade names acquired on the acquisition of a business are capitalised separately from goodwill as an intangible if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group. Contracts entered into to provide right sales have been capitalised where an intangible asset is identifiable, future economic benefits are probable and the cost can be measured reliably. Computer software is capitalised based on the cost incurred to acquire and bring to use the specific software. Intangible assets are stated at cost net of amortisation and any provision for impairment. The costs are amortised over their estimated useful lives using the following rates:

Computer software	4 years
Customer relationships	5 to 10 years
Trade names	14 to 15 years
Contracts	3 years

Property, plant and equipment

Property, plant and equipment are stated at cost net of depreciation and any provision for impairment. Depreciation is provided in equal instalments to write off the cost less residual value over the estimated useful economic lives of asset type as follows:

Short-term leasehold improvements	5 years
Motor vehicles	6 years
Fixtures, fittings and equipment	4 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Impairment of property, plant and equipment and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually or whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is immediately recognised as an expense in the income statement.

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2016

2. Significant accounting policies (continued)

Impairment of property, plant and equipment and intangible assets excluding goodwill (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

Work in progress

Work in progress is stated at the lower of invoiced cost and net realisable value, net of payments received on account. Cost represents work supplied from outside the Group awaiting billing to clients at the year-end and directly attributable overhead costs.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation, and are discounted to present value where the effect is material.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash comprises cash, overdrafts (where the Group has formal right of set off) and cash held on short-term deposit (up to six months).

Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts, and subsequently measured at amortised cost using the effective interest method, less any impairment.

Available for sale investments

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under contract whose terms require the delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Investments are classified either as available for sale, and are measured at subsequent reporting dates at fair value, or at historical cost, where no fair value is readily determinable. Gains and losses on available for sale financial assets arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the fair value of proceeds received, net of direct issue costs.

Trade payables

Trade payables are not interest-bearing and are stated at their nominal value, and subsequently measured at amortised cost using the effective interest method.

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2016

2. Significant accounting policies (continued)

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of proceeds received, net of direct issue costs.

Derivative Financial Instruments

The Group uses derivative financial instruments to reduce its exposure to interest rate movements. Interest rate swaps are used to hedge against fluctuations in future cash flows on the Group's debt funding due to movements in interest rates. The Group does not hold or issue derivative financial instruments for financial trading purposes. Derivatives that do not qualify for hedge accounting are accounted for at fair value through the Income Statement. Derivative financial instruments are initially recognised at fair value at the contract date and continue to be stated at fair value at the balance sheet date with gains and losses on revaluation being recognised immediately in the income statement.

Standards and interpretations

No new standards or amendments to standards had any impact on the Group's financial position and performance nor the disclosures in these financial statements

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and in some cases had not yet been adopted by the EU:

Annual Improvements to IFRSs: 2014-16 Cycle (Dec 2016)	Annual Improvements to IFRSs: 2014-16 Cycle
Amendments to IAS 40 (Dec 2016)	Transfers of Investment Property
IFRIC 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 4 (Sept 2016)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IFRS 2 (Jun 2016)	Classification and Measurement of Share-based Payment Transactions
Clarifications to IFRS 15 (Apr 2016)	Clarifications to IFRS 15 Revenue from Contracts with Customers
Amendments to IAS 7 (Jan 2016)	Disclosure Initiative
Amendments to IAS 12 (Jan 2016)	Recognition of Deferred Tax Assets for Unrealised Losses
IFRS 16 (January 2016)	Leases
IFRS 9 (September 2016)	Financial Instruments

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the company in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures, and IFRS 16 may have an impact on recognition, measurement and presentation of leases. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS 9, IFRS 15 and IFRS 16 until a detailed review has been completed.

Chime Group Holdings Ltd

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2016

3. Analysis of Revenue

100% of revenue is classed as 'Income from rendering of services'.

	2016 £'000	24 July 2015 - 31 December 2015 £'000
United Kingdom	266,345	57,139
Europe & Africa	72,247	13,944
Middle East	13,451	4,921
USA	89,402	2,702
South America	15,144	3,472
Rest of the World	33,444	7,640
	490,033	89,818

4. Loss for the period

Operating loss has been arrived at after charging:

	2016 £'000	24 July 2015 - 31 December 2015 £'000
Depreciation of owned property, plant and equipment	5,341	633
Depreciation of assets held under finance leases	38	-
Amortisation of other intangible assets - Trade names	1,484	304
Amortisation of other intangible assets - Customer relationships	14,291	2,680
Amortisation of other intangible assets - Contracts	613	-
Amortisation of other intangible assets - Computer Software	828	56
Rentals under operating leases	10,480	1,008
Impairment loss on trade receivables	500	224
(Profit)/loss on disposal of property, plant & equipment	(136)	8
Staff costs (see note 6)	170,987	26,829
Net foreign exchange (gains)/losses	(1,931)	183
Other administration costs	45,964	21,643
Total Operating expenses	248,459	53,568

Chime Group Holdings Ltd

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2016

5. An analysis of auditor's remuneration is provided below:

	2016 £'000	24 July 2015 - 31 December 2015 £'000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	142	132
- the audit of the Company's subsidiaries pursuant to legislation	368	343
Total audit fees	510	475
Taxation compliance services	30	37
Other tax and advisory services	54	41
Other services	-	5
Total non-audit fees	84	83
Total fees paid to Company's auditors	594	558

6. Staff costs

The average monthly number of employees for the period (including executive directors) was 2,185 (2015: 2,109).

	2016 £'000	24 July 2015 - 31 December 2015 £'000
Wages and salaries	146,635	22,334
Social security costs	12,416	1,791
Pensions costs	3,593	589
Deemed Remuneration	8,343	2,115
	170,987	26,829

The Group operates a defined contribution pension scheme for the benefit of the majority of its employees. This is an independently administered fund, the assets of which are held separately from those of the Company. As at 31 December 2016, contributions of £425,000 (31 December 2015: £244,000) due in respect of the current reporting period had not been paid over to the schemes.

6b. Directors' remuneration

	2016 £'000	24 July 2015 - 31 December 2015 £'000
Short-term employee benefits	1,930	261
Pension costs	242	38
	2,172	299

The highest paid director received short-term benefits of £928,000, and pension contributions of £112,000 for the period.

Chime Group Holdings Ltd

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2016

7. Investment income

	2016 £'000	24 July 2015 - 31 December 2015 £'000
Interest on bank deposits	63	30
Other interest receivable	-	5
Dividends received	32	-
	<u>95</u>	<u>35</u>

8. Finance costs

	2016 £'000	24 July 2015 - 31 December 2015 £'000
Interest on bank overdrafts and loans	(14,590)	(2,473)
Loss on interest rate swap	(1,276)	-
Interest on obligations under finance leases	(17)	-
Other interest payable	(62)	(26)
	<u>(15,945)</u>	<u>(2,499)</u>
Finance cost of deemed remuneration	(472)	(60)
Finance cost of deferred consideration	(433)	(77)
	<u>(16,850)</u>	<u>(2,636)</u>

An interest rate swap was taken out on 22 January 2016. As at the period end the fair value of the interest rate swap was a liability of £1.3 million (2015: £nil), and the expense has been recognised in finance costs. Hedge accounting has not been applied (See Note 33).

9. Tax

	2016 £'000	15 October 2015 to 31 December 2015 £'000
Current tax:		
UK corporation tax at 20% Current year	3,292	1,283
Prior year	(330)	-
Foreign tax Current year	1,706	(288)
Prior year	(721)	-
	<u>3,947</u>	<u>995</u>
Deferred tax:		
Current year origination and reversal of temporary differences	(5,504)	(674)
Adjustments in respect of prior years	(365)	0
Tax charge/(credit) for the year	<u>(1,922)</u>	<u>321</u>

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2016

9. Tax (continued)

UK Corporation tax is calculated at 20% (2015: 20%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The charge for the year can be reconciled to the profit per the income statement as follows:

	2016		15 October 2015 to 31 December 2015	
	£'000	%	£'000	%
Profit before tax	(18,072)		(5,627)	
Tax at the UK corporation tax rate of 20%	(3,614)	20.0%	(1,125)	20.0%
Tax effect of expenses that are not deductible in determining taxable profits	2,655	-14.7%	1,012	-18.0%
Remuneration expense on business combinations	714	-4.0%	650	-11.6%
Impairment of fixed asset investments		0.0%	14	-0.2%
Deferred tax assets not recognised	1,195	-6.6%	72	-1.3%
Effect of difference tax rates of subsidiaries operating in other jurisdictions	(997)	5.5%	(302)	5.4%
Impact of rate changes	(460)	2.5%	-	-
Adjustments in respect of prior years	(1,415)	7.8%	-	-
Tax expense and effective tax rate for the year	(1,922)	10.6%	321	-5.7%

10. Deferred tax

	£'000	
Deferred tax movement		
At 24 July 2015	-	
Acquisition of subsidiaries	(13,051)	
Credit to the profit and loss account	674	
At 31 December 2015	(12,377)	
Acquisition of subsidiaries	(1,377)	
Credit to the profit and loss account	5,869	
Exchange adjustments	6035	
At 31 December 2016	(7,282)	
	2016	2015
Analysis of deferred tax liability	£'000	£'000
Depreciation in excess of capital allowances	995	909
Short term temporary differences	2,641	880
Losses	198	392
Intangibles	(11,115)	(14,558)
	(7,282)	(12,377)

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2016

10. Deferred tax (continued)

Deferred tax assets of £5.2 million (2015: £4.3 million) overseas have not been recognised in deferred taxation due to insufficient certainty that there will be appropriate profits available in the future to utilise them.

In the UK, the main rate of UK corporation tax is 20% with effect from 1 April 2015. This gives an effective rate for the current period of 20%. The 20% rate will be maintained until 31 March 2017, after which the rate will fall to 19% before falling further to 17% after 31 March 2020. Both rate changes were substantively enacted by 31 December 2016, and so they are reflected in the tax charge/ (credit) for the year

	Depreciation in excess of capital allowances £'000	Losses £'000	Short term timing differences £'000	Intangibles £'000	Total £'000
Balance at 24 July 2015	-	-	-	-	-
Acquisitions	907	363	724	(15,045)	(13,051)
Charge to profit and loss account	2	29	156	487	674
Balance at 31 December 2015	909	392	880	(14,558)	(12,377)
Acquisitions	(54)	13	167	(1,503)	(1,377)
Charge to profit and loss account	147	(237)	1,386	4,573	5,869
Exchange differences	(8)	30	208	373	603
Balance at 31 December 2016	994	198	2,641	(11,115)	(7,282)

No deferred tax liability is recognised on temporary differences of £430,000 (2015: £774,000) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timing of the reversal of these temporary differences, and it is probable that they will not reverse in the foreseeable future. The temporary differences at 31 December 2016 represent only the unremitted earnings of those overseas subsidiaries where remittance to the UK of those earnings may result in a tax liability, principally as a result of dividend withholding taxes levied by the overseas jurisdictions in which these subsidiaries operate.

11. Goodwill

	£'000
Carrying amount at 24 July 2015	-
Recognised on acquisition of subsidiaries	372,148
At 31 December 2015	372,148
Recognised on acquisition of subsidiaries (note 12)	33,252
Foreign exchange differences	2,911
At 31 December 2016	408,311

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. See note 12 for details of the acquisitions on which the goodwill has been recognised.

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2016

11. Goodwill (continued)

The carrying value of goodwill at the reporting date for the significant CGUs is as follows:

	2016 £'000	2015 £'000
Sport and Entertainment	169,604	153,797
VCCP	121,162	102,856
OPEN Health	56,151	54,102

Significant CGUs are those whose carrying value of goodwill exceeds 10% of the total goodwill balance.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding discount rates and growth rates during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and has taken into consideration the risks specific to each CGU.

The Group prepared cash flow forecasts based on the 2016 budgets and the five year plan approved by the Directors. The budgets and the five year plan were prepared by local management taking into account revenues from existing clients and the resources required to service the clients. They also used their industry knowledge with regards to the marketplace and pricing when formulating the budget.

After the initial five year forecast period, a long term growth rate of 2% has been applied to the cash flow forecasts into perpetuity. This rate does not exceed the long-term growth rate for the relevant markets, and is applicable to all of the CGUs.

The pre-tax rate used to discount the forecast cash flows from all CGU's is 11.9% (2015: 11.3%).

The Group has conducted a sensitivity analysis on the impairment test of each CGU's carrying value. If discount rates were increased by 1% and profit before tax reduced by 16% in each period, goodwill allocated to one CGU would be impaired by £5,180,000. For the same CGU, if the sensitivities were taken in isolation the pre-tax discount rate would need to increase by 0.97% and profit before tax would need to reduce by 9.1% before there would be an impairment.

12. Acquisition of subsidiaries

In 2016, the Group made 6 acquisitions.

JHE Productions LLC

On 22 February 2016, the Group acquired 60% of JHE Productions LLC, "JHE", incorporated and registered in the USA (and the successor-in-interest to JHE Production Group, Inc., incorporated and registered in the USA) for initial consideration of \$1 million (£704,000) paid in cash. Additional consideration is payable in 2019 contingent on the EBITDA of the business, capped at the maximum of \$6 million (£4.2 million). Deferred consideration of £924,000 has been provided after discounting at year end. JHE was acquired by the Group's CSM division

Chime Group Holdings Ltd

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2016

12. Acquisition of subsidiaries (continued)

The fair values of the consideration and net assets acquired are as detailed below:

	Book value £'000	Adjustments £'000	Fair value £'000
Intangible fixed assets	-	451	451
Property plant and equipment	2,469	(222)	2,247
Goodwill	127	-	127
Debtors and other current assets	951	-	951
Cash at bank	402	-	402
Creditors	(1,242)	-	(1,242)
Long term Debt	(2,011)	-	(2,011)
Net assets	696	229	925
Goodwill			1,652
Non-controlling Interest			(370)
Fair value of consideration			2,207
Fair value of initial consideration			704
Fair value of deferred contingent consideration			1,503
Cash consideration			704
Cash acquired			1,607
Cash outflow arising on acquisition			2,311

The adjustment to *intangible fixed assets* is to recognise £451,000 of assets relating to customer contracts and relationships.

The adjustment to *property plant and equipment* is to align JHE's depreciation policy with that of the Group.

Acquisition related costs amounting to £155,000 have been expensed during the period and are included in operating expenses.

Goodwill represents the specialist skills held by JHE, of which \$640,000 (£519,000) is expected to be deductible for income tax purposes

A non-controlling interest of £370,000 has been recognised, calculated as 40% of the fair value of the net assets of the company at acquisition date.

JHE contributed revenue of £11.3 million and an operating loss of £122,000 to the results of the Group since acquisition. If the acquisition had been completed at the beginning of the period, management estimate that its contribution to Group revenue would have been £12.6 million and its contribution to Group operating result would have been a loss of £1.1 million.

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2016

12. Acquisition of subsidiaries (continued)

Muy-Tay-Zik Hof-Fer LLC

On 17 May 2016, the Group acquired 100% of Muh-Tay-Zik Hof-Fer LLC, "MTZHF", incorporated and registered in the USA, for initial consideration of \$28.4 million (£19.7 million) in cash. Deferred consideration of \$529,000 (£429,000) is payable in 2017, and has been provided for at year end. Additional consideration is payable contingent on the EBIT of the business annually from 2017 to 2022, capped at a cumulative maximum of \$60 million (£48.6 million). Deemed remuneration of £2.4 million has been provided for after discounting at year end. MTZHF was acquired by the Group's VCCP division.

The fair values of the consideration and net assets acquired are as detailed below:

	Book value £'000	Adjustments £'000	Fair value £'000
Intangible Fixed assets	-	3,402	3,402
Property plant and equipment	448	41	489
Debtors and other current assets	30,438	-	30,438
Cash at bank	3,155	-	3,155
Creditors	(33,080)	-	(33,080)
Deferred Tax	-	-	-
Net assets	961	3,443	4,404
Goodwill			15,677
Fair value of consideration			20,081
Fair value of initial consideration			19,714
Fair value of deferred consideration			367
Cash consideration			19,714
Cash acquired			(3,155)
Cash outflow arising on acquisition			16,559

The adjustment to *intangible fixed assets* is to recognise £3.4 million of assets relating to customer contracts and relationships.

The adjustment to *property plant and equipment* is to align MTZHF's depreciation policy with that of the Group.

Acquisition related costs amounting to £760,000 have been expensed during the period and are included in operating expenses.

Goodwill represents the specialist skills held by MTZHF. 100% of the goodwill is deductible for income tax purposes.

MTZHF contributed revenue of £37 million and an operating loss of £1 million (after deemed remuneration charge of £2.1 million) to the results of the Group since acquisition. If the acquisition had been completed at the beginning of the period, management estimate that its contribution to Group revenue would have been £47.5 million and its contribution to Group operating result would have been a loss of £872,000.

Chime Group Holdings Ltd

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2016

12. Acquisition of subsidiaries (continued)

Choice Healthcare Solutions Limited

On 16 May 2016, the Group acquired 100% of Choice Healthcare Solutions Limited, "Choice", incorporated and registered in the United Kingdom for initial consideration of £2.1 million paid in cash. Choice has two subsidiaries: Choice Communications FZ LLC (U.A.E), and Choice Healthcare Solutions US, Inc. (United States). Additional consideration is payable contingent on the revenue of the business in 2017, capped at a maximum of £1 million. Deferred consideration of £810,000 has been provided for after discounting at year end. Deemed remuneration of £39,000 has been provided for after discounting at year end. Choice was acquired by the Group's OPEN Health division.

The fair values of the consideration and net assets acquired are as detailed below:

	Book value £'000	Adjustments £'000	Fair value £'000
Intangible fixed assets	-	679	679
Property plant and equipment	18	-	18
Debtors and other current assets	1,260	-	1,260
Cash at bank	131	-	131
Creditors	(1,179)	18	(1,161)
Net assets	230	697	927
Goodwill			1,933
Fair value of consideration			2,860
Fair value of initial consideration			2,127
Fair value of deferred contingent consideration			733
Cash consideration			2,127
Cash acquired			131
Cash outflow arising on acquisition			1,996

The adjustment to *intangible fixed assets* is to recognise £679,000 of assets relating to customer contracts and relationships.

The adjustment to *creditors* is to recognise a corporation tax debtor relating to current year losses.

Acquisition related costs amounting to £117,000 have been expensed during the period and are included in operating expenses.

Goodwill represents the specialist skills held by Choice. None of the goodwill is deductible for income tax purposes.

Choice and its subsidiaries contributed revenue of £3.3 million and an operating profit of £780,000 (after deemed remuneration charge of £37,000) to the results of the Group since acquisition. If the acquisition had been completed at the beginning of the period, management estimate that its contribution to Group revenue would have been £5.4million and its contribution to Group operating result would have been a profit of £715,000.

Chime Group Holdings Ltd

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2016

12. Acquisition of subsidiaries (continued)

C2S Marketing Group Inc. business and C&CC Management Group Inc. business

On 30 June 2016, the Group acquired 100% of the business and select assets of C2S Marketing Group, Inc., incorporated and registered in the United States, and 100% of the business and select assets of CC&C Management Group, Inc., incorporated and registered in the USA (combined "C2S") for initial consideration of \$7.5 million (£5.6 million) in cash. Deemed remuneration is payable contingent on the EBITDA of the business in 2019 and 2022. The total maximum deemed remuneration payable is \$13 million (£10.5 million). Deemed remuneration of £610,000 has been provided after discounting at year end. Deferred consideration totalling \$3.4 million (£2.8 million) is payable in 2017, 2018, 2020 and 2021. £2.4 million of deferred consideration has been provided after discounting at year end. The business of C2S was acquired by the Group's CSM division.

The fair value of the consideration and net assets acquired are as detailed below.

	Book value £'000	Adjustments £'000	Fair value £'000
Intangible fixed assets	-	6,165	6,165
Debtors and other current assets	308	-	307
Net assets	308	6,165	6,473
Goodwill			1,283
Fair value of consideration			7,756
Fair value of initial consideration			5,585
Fair value of deferred consideration			2,171
Cash consideration			5,585
Cash acquired			-
Cash outflow arising on acquisition			5,585

The adjustment to intangible fixed assets is to recognise £6.2 million of intangibles relating to customer contracts and relationships.

Acquisition related costs amounting to £213,000 have been expensed during the period and are included in operating expenses.

Goodwill represents the specialist skills held by C2S. 100% of the goodwill is deductible for income tax purposes.

C2S contributed revenue of £2.2 million and an operating profit of £1.1 million (after deemed remuneration charge of £477,000) to the results of the Group since acquisition. If the acquisition had been completed at the beginning of the period, management estimate that its contribution to Group revenue and operating result would have been £3 million.

Chime Group Holdings Ltd

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2016

12. Acquisition of subsidiaries (continued)

Leaddog Marketing Group Inc.

On 30 October 2016 the Group acquired 100% of Leaddog Marketing Group, Inc., "Leaddog", a company incorporated and registered in the United States, for initial consideration of \$9.4 million (£7.7 million) in cash. Deferred consideration of \$5.1 million (£4.2 million) is payable in 2017 and deferred consideration is payable contingent on the EBIT of the business in 2021. Deemed remuneration is payable contingent on the EBIT of the business in 2019 and 2021. The combined contingent deferred consideration and deemed remuneration are capped at a maximum of \$15.4 million (£12.5 million). Deemed remuneration of £1.8 million has been provided for after discounting at year end. Deferred consideration of £5.2 million has been provided for after discounting at year end. Leaddog was acquired by the Group's CSM division.

The fair value of the consideration and net assets acquired are as detailed below.

	Book value £'000	Adjustments £'000	Fair value £'000
Intangible Fixed assets	-	3,283	3,283
Property plant and equipment	288	(64)	224
Investments	168	(168)	-
Debtors and other current assets	6,378	-	6,378
Cash at bank	1,027	-	1,027
Creditors	(7,296)	-	(7,296)
Long term liabilities	(641)	-	(641)
Long term assets	699	(52)	647
Net assets	623	2,999	3,622
Goodwill			9,345
Fair value of consideration			12,967
Fair value of initial consideration			7,712
Fair value of deferred contingent consideration			5,255
Cash consideration			7,712
Cash acquired			(1,027)
Cash outflow arising on acquisition			6,685

The adjustment to *intangible fixed assets* is to recognise £3.3 million of assets relating to customer contracts and relationships.

The adjustment to *property plant and equipment* is to align Leaddog's depreciation policy with that of the Group.

The adjustment to *investments* is to write down the investment in XPogo LLC to nil, following the results of an impairment review.

The adjustment to *long term assets* is to adjust the deferred tax asset at acquisition date.

Acquisition related costs amounting to £425,000 have been expensed during the period and are included in operating expenses.

Goodwill represents the specialist skills held by Leaddog. None of the goodwill is deductible for income tax.

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2016

12. Acquisition of subsidiaries (continued)

Leaddog contributed revenue of £4.7 million and an operating loss of £1.4 million (after deemed remuneration charge of £1.5million) to the results of the Group since acquisition. If the acquisition had been completed at the beginning of the period, management estimate that its contribution to Group revenue would have been £39.4 million and its contribution to Group operating result would have been £800,000.

Curb Media Limited

On 15 November 2016 the Group acquired 100% of Curb Group Limited (and its subsidiaries Curb Media Limited, and MESSH Limited), "Curb", a company incorporated and registered in the United Kingdom, for initial consideration of £2.3 million in cash. Deemed remuneration is payable contingent on the EBIT of the business in 2017, 2018, and 2020, capped at a maximum of £22.9 million. No payments are anticipated until 2020, and no deemed remuneration provision has been made based on the current forecast EBIT of the business. Curb was acquired by the Group's CSM division.

The fair value of the consideration and net assets acquired are as detailed below.

	Book value £'000	Adjustments £'000	Fair value £'000
Intangible fixed assets	-	607	607
Property plant and equipment	322	-	322
Debtors and other current assets	361	-	361
Cash at bank	125	-	125
Creditors	(825)	90	(735)
Long term creditors	(170)	27	(143)
Net assets	(187)	724	537
Goodwill			1,727
Fair value of consideration			2,265
Fair value of initial consideration			2,266
Cash consideration			2,266
Cash acquired			(125)
Cash outflow arising on acquisition			2,141

The adjustment to *intangible fixed assets* is to recognise £607,000 of assets relating to customer contracts and relationships.

The adjustment to *creditors* is to recognise a corporation tax asset relating to research and development.

The adjustment to *long term creditors* is to adjust the deferred tax liability at acquisition.

Acquisition related costs amounting to £105,000 have been expensed during the period and are included in operating expenses.

Goodwill represents the specialist skills held by Curb. None of the goodwill is deductible for income tax purposes.

Curb contributed revenue of £379,000 and an operating profit of £79,000 to the results of the Group since acquisition. If the acquisition had been completed at the beginning of the period, management estimate that its contribution to Group revenue would have been £2.4 million and its contribution to Group operating result would have been a loss of £181,000.

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2016

13. Other intangible assets

	Trade names £'000	Customer relationships £'000	Contracts £'000	Computer software £'000	Total £'000
Cost					
At 24 July 2015	-	-	-	-	-
Acquisition of subsidiaries	21,846	73,109	-	1,514	96,469
Additions	-	-	-	74	74
Disposal	-	-	-	(14)	(14)
31 December 2015	21,846	73,109	-	1,574	96,529
Acquisition of subsidiaries	-	14,587	-	37	14,624
Additions	-	-	3,849	1,948	5,798
Disposal	-	-	-	(20)	(20)
Exchange differences	675	4,314	-	29	5,017
At 31 December 2016	22,521	92,009	3,849	3,568	121,947
Accumulated amortisation					
At 24 July 2015	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	780	780
Charge for the year	304	2,680	-	56	3,040
31 December 2015	304	2,680	-	836	3,820
Charge for the year	1,484	14,291	613	828	17,216
Disposal	-	-	-	(20)	(20)
Exchange differences	30	538	29	19	616
At 31 December 2016	1,818	17,509	642	1,663	21,632
Net book amount					
31 December 2016	20,703	74,500	3,207	1,905	100,315
31 December 2015	21,542	70,429	-	738	92,709
24 July 2015	-	-	-	-	-

Chime Group Holdings Ltd

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2016

14. Property, plant and equipment

	Short term leasehold improvements £'000	Motor vehicles £'000	Fixtures, fittings and computers £'000	Total £'000
Cost				
At 24 July 2015	-	-	-	-
Acquisition of subsidiaries	3,178	136	5,985	9,299
Disposal of subsidiaries	-	-	(21)	(21)
Additions	1,457	-	342	1,799
Disposals	(459)	-	(227)	(686)
Exchange differences	10	25	35	70
At 31 December 2015	4,186	161	6,114	10,461
Acquisition of subsidiaries	533	1,336	1,411	3,280
Additions	956	874	3,119	4,949
Disposals	(188)	(426)	(1,804)	(2,418)
Exchange differences	262	715	1,008	1,985
At 31 December 2016	5,749	2,660	9,848	18,257
Accumulated depreciation				
At 24 July 2015	-	-	-	-
Disposal of subsidiaries	-	-	(3)	(3)
Charge for the year	126	15	492	633
Disposals	(456)	-	(222)	(678)
Exchange differences	5	24	29	58
At 31 December 2015	(325)	39	296	10
Charge for the year	1,453	215	3,711	5,379
Disposals	(126)	(408)	(1,746)	(2,280)
Exchange differences	163	533	771	1,467
At 31 December 2016	1,165	379	3,032	4,576
Net book amount				
31 December 2016	4,584	2,281	6,816	13,681
31 December 2015	4,510	122	5,818	10,451
24 July 2015	-	-	-	-

The bank syndicate holds debentures over the assets of the company and its subsidiaries in respect of the bank loans (see note 23). The carrying amount of the Group's *fixtures, fittings and computers* includes an amount of £136,000 (2015: £nil) in respect of assets held under finance leases. The carrying amount of the Group's *motor vehicles* includes an amount of £8,000 (2015: £nil) in respect of assets held under finance leases.

Chime Group Holdings Ltd

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2016

15. Subsidiaries and associates

Please see appendix 1 for a full list of subsidiaries and associates.

16. Ultimate controlling party and parent undertakings

The ultimate parent undertaking is PM VII S.a.r.l, (registered at 11 Avenue de le Gare, Luxembourg). Copies of its financial statements are available from the Luxembourg registry.

17. Investments in associates

	£'000	
At July 2015	-	
On acquisition of subsidiaries	7,437	
Profit for the period	72	
Dividends received	(100)	
At 31 December 2015	7,409	
On acquisition of subsidiaries	322	
Profit for the period	776	
Dividends received	(430)	
At 31 December 2016	8,077	
	2016	2015
	£'000	£'000
<i>Aggregate amounts relating to associates:</i>		
Total assets	35,784	38,381
Total liabilities	(14,258)	(16,520)
Net assets	21,526	21,861
	2016	2015
	£'000	£'000
Revenue	38,867	8,372
Profit for the period	2,518	252
Group's share of profit of associates	776	72

A list of the investments in associates, including the name, country of incorporation and proportion of ownership interest is given in appendix 1. None of the associates are considered to be individually material.

Chime Group Holdings Ltd

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2016

18. Other Investments

	Available for sale £'000	Historic cost £'000	Total £'000
At 24 July 2015	-	-	-
On acquisition of subsidiaries	783	-	783
Revaluation	(51)	-	(51)
At 31 December 2015	732	-	732
Additions	-	2,188	2,188
Revaluation	(194)	-	(194)
At 31 December 2016	538	2,188	2,726

On 31 August 2016 the Group acquired a 10% investment in Rugby International Marketing, LLC (United States) for \$2.5 million (£2 million). On 15 November 2016 the Group acquired a 10% investment in Visualise Creative Limited (United Kingdom) for £160,000. The *available for sale* investments are comprised of 1,684,750 TLA Worldwide shares. The quoted market price fell during the year from £0.435 at 31 December 2015 to £0.320 at 31 December 2016, resulting in a £194,000 loss recognised in the statement of comprehensive income.

19. Due from deferred consideration

	£'000
At 24 July 2015	-
On acquisition of subsidiaries	20
Repayments	(5)
At 31 December 2015	15
Repayments	(15)
At 31 December 2016	-

20. Trade and other receivables

	2016 £'000	2015 £'000
Amounts receivable from provision of services	88,705	69,778
Other receivables	7,386	6,873
Prepayments and accrued income	34,137	34,966
	130,228	111,617

Chime Group Holdings Ltd

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2016

20. Trade and other receivables (continued)

The ageing of the current trade receivables based on due date is as follows:

	2016 £'000	2015 £'000
Not overdue	47,799	40,529
Overdue:		
Less than 30 days	20,724	13,578
Between 30 and 60 days	10,968	6,754
Between 60 and 90 days	4,376	4,548
Between 90 and 180 days	3,356	2,398
More than 180 days	3,359	2,706
	90,583	70,513
Provision for irrecoverable trade receivables	(1,877)	(735)
	88,705	69,778

The average credit period at period end was 59 days (2015: 62 days). The Group's trade receivables are stated after allowances of £1,877,000 for bad and doubtful debts. This allowance has been determined by considering specific doubtful balances, an analysis of which is as follows:

Doubtful debt provision

Movement in the provision for trade receivables:

	£'000
At 24 July 2015	-
Acquisition of subsidiaries	(803)
Amounts charged to operating expenses	(224)
Disposal of subsidiary	272
Trade receivables written off	6
Amounts recovered during the period	21
Foreign exchange	(7)
At 31 December 2015	(735)
Acquisition of subsidiaries	(125)
Amounts charged to operating expenses	(500)
Transfer from other receivables /(other payables)	(745)
Trade receivables written off	301
Amounts recovered during the period	45
Foreign exchange	(118)
At 31 December 2016	(1,877)

The provision for doubtful trade receivables relates to debts that are past due and impaired.

Chime Group Holdings Ltd

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2016

20. Trade and other receivables (continued)

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Trade and other receivables are predominantly non-interest bearing. Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large, unrelated and largely billed in advance. Due to this, the Directors believe there is no further credit risk provision required in excess of the allowance for bad and doubtful debts.

21. Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in bank. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2016 £'000	2015 £'000
Consolidated statement of financial position	23,185	30,905
Consolidated statement of cash flows	23,185	30,905

22. Trade and other payables

	2016 £'000	2015 £'000
Trade creditors	48,838	47,269
Other creditors	5,725	7,219
Accruals and deferred income	66,021	46,743
Other taxation and social security	6,953	6,548
Loan notes	1,002	79
	128,539	107,858
Included in current liabilities	128,426	107,858
Included in non-current liabilities	113	-
	128,539	107,858

The average credit period taken for trade purchases at period end is 34 days (2015: 36 days). The Directors consider that the carrying amount of trade payables approximates to their fair value. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

Loan Notes

Loan notes totalling £19,000 (2015: £51,000) are outstanding as part of the initial and contingent consideration on the acquisition of HHCL Group Limited and VCCP Limited in prior periods. Loan notes totalling £983,000 (2015: £nil) are outstanding representing payment of deemed remuneration due on the purchase of WARL Group Limited. The loan notes are unsecured, and repayable in May 2017. The loan notes carry interest at a rate per annum equivalent to the Bank of England's base rate, and are redeemable at the option of the noteholders on 60 days written notice during the first repayment period. For the period ended 31 December 2016, this was 6 months and one day following 31 May 2016, and ending 30 days thereafter.

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2016

23. Bank overdrafts and loans

	2016 £'000	2015 £'000
Bank loans and overdrafts	248,844	217,644
The borrowings are repayable as follows:		
Between three and five years	95,844	-
After five years	153,000	217,644
Total	<u>248,844</u>	<u>217,644</u>

Cash deposits and bank loans are held at either variable rates of interest or at rates fixed for periods of no longer than six months.

The principal features of the Group's borrowings with a syndicate of banks* are as follows:

- i. The Group has a committed facility (Facility A) of £50 million. (2015: £50 million) The term of the facility is until 30 September 2021.
- ii. The Group has a committed facility (Facility B) of £153 million. (2015: £153 million) The term of the facility is until 30 September 2022.
- iii. The Group has a committed facility (Capex Facility) of £45.9 million. (2015: £26.8 million) The term of the facility is until 30 September 2021.
- iv. The Group has a committed facility (RCF Facility) of £25 million. (2015: £17 million) The term of the facility is until 30 September 2021. £3 million has been carved out for ancillary facilities which include a rolling overdraft facility of £2.5 million and a Bonds Guarantees facility of £500,000.
- v. The committed facilities incurred interest at a margin of 4.25% above LIBOR (Facility A, Capex Facility and RCF) and 4.75% above LIBOR (Facility B). There is a ratchet clause applicable to margins as follows:

Leverage ratio	A, RCF, Capex Margin	B Margin
> 4.00:1	4.25%	4.75%
between 4.00:1 and 3.50:1	4.00%	4.50%
between 3.50:1 and 3.25:1	3.75%	4.25%
between 3.25:1 and 2.75:1	3.50%	4.25%
< 2.75:1	3.25%	4.25%

* Barclays, BNP, HSBC, ING, Mizuho, Natixis, RBC, RBS, Credit Ag, Ares, M&G

- vi. A cross-guarantee exists between the majority of wholly-owned subsidiaries and the parent company. The bank syndicate hold debentures over the assets of the Company and the subsidiaries in respect of the bank loans.
- vii. The weighted average interest rate applied in the year is 5.174% (2015: 5.192%).

At 31 December 2016 the Group had drawn down £248.8 million (2015: £217.6 million) of the available borrowing facility £273.9 million (2015: £246.9 million) leaving £25.1 million of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. The Group had utilised £nil of the overdraft facility at period end. The fair values of bank overdrafts and loans are determined by considering the maturity dates.

Chime Group Holdings Ltd

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2016

Chime Group Holdings Ltd

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2016

24. Other borrowing

	2016 £'000	2015 £'000
Loans	98	-
The borrowings are repayable as follows:		
Within one year	19	-
Between one and two years	21	-
Between three and five years	58	-
Total	98	-

On the acquisition of Curb Group Limited (15 November 2016), the Group acquired a loan of £101,000 from Threadneedle Lending limited. The loan is unsecured and holds a rate of interest of 10.6%. Repayments are due monthly with the final repayment due 10 March 2021.

25. Obligations under finance leases

	2016		2015	
	Minimum lease payments £'000	Present value of lease payments £'000	Minimum lease payments £'000	Present value of lease payments £'000
<i>Amounts payable under finance leases</i>				
Within one year	59	43	-	-
Between one and five years	129	114	-	-
Present value of finance lease obligations	188	157	-	-

The Group leases certain items of its *motor vehicles*, and *fixtures, fittings and equipment* under finance leases.

The lease terms are up to 4 years. The finance leases bear interest at rates between 5% and 15%. The fair value of the Group's lease obligations approximate to their carrying amount (see note 14). The Group's obligations under finance leases are secured by the lessors' charges over the leased assets.

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2016

26. Provisions

	Deferred Consideration £'000	Deemed Remuneration £'000	Vacant Property £'000	Total £'000
At 24 July 2015	-	-	-	-
Acquisition of subsidiaries	14,082	11,988	69	26,139
Increase in provision	915	2,115	185	3,215
Discounting charge	77	60	-	137
Payments	-	(65)	-	(65)
Foreign exchange movements	145	94	-	239
At 31 December 2015	15,219	14,192	254	29,665
Acquisition of subsidiaries	10,250	-	-	10,250
Increase/(decrease) in provision	1,919	8,343	(254)	10,008
Discounting charge	434	472	-	906
Payments	(9,718)	(13,505)	-	(23,223)
Foreign exchange movements	625	490	-	1,115
Transfer from other payables/(other receivables)	-	(1,180)	-	(1,180)
At 31 December 2016	18,729	8,812	-	27,541
Included in current liabilities	6,311	5,113	-	11,424
Included in non-current liabilities	12,418	3,699	-	16,117
	18,729	8,812	-	27,541

Deferred Consideration

Deferred consideration relates to acquisitions made in the current and previous periods. The amounts payable are dependent on the future financial performances of the companies acquired, as set out in the relevant sale and purchase agreements. The timings of payments of deferred consideration are also set out in the relevant sale and purchase agreements. Further details of the deferred consideration are shown in note 30.

Deemed remuneration

Deemed remuneration relates to acquisitions made in the current and previous periods. The amounts payable are dependent on the future financial performances of the companies acquired, as set out in the relevant sale and purchase agreements. The timings of payments of deemed remuneration are also set out in the relevant sale and purchase agreements. Further details of the deemed remuneration are shown in note 30.

Vacant property

Provisions for property represent amounts set aside in respect of property leases which are onerous and the unavoidable costs of restoring leasehold properties to the condition specified in the lease at the end of the contractual term. The quantification of each of the provisions has been determined based on management's best estimate and is dependent on the Group's ability to exit the leases early or to sublet the properties. In general, property costs are expected to be incurred over periods for which individual properties remain vacant or, where occupied, to the termination of the leases in question. During the period the Group released all outstanding provisions to the profit and loss account.

Chime Group Holdings Ltd

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2016

27. Share capital

	Number of shares	£'000
Issued, allotted and fully paid at 24 July 2015	-	-
Issue of 72,659,707 shares at £1 each	72,659,707	72,660
Issued, allotted and fully paid at 31 December 2015	72,659,707	72,660
Issue of 8,493,151 shares at £1 each	8,493,151	8,493
Issued, allotted and fully paid at 31 December 2016	81,152,858	81,153

The Company has one class of ordinary shares which carry no right to fixed income.

7,808,219 £1 ordinary shares with a premium of £20.7 million were allotted and issued on 12 May 2016 to PM VII S.à.r.l.

684,932 £1 ordinary shares with a premium of £1.8 million were allotted and issued on 1 July 2016 to PM VII S.à.r.l.

28. Share premium and other reserves

Share premium

Share premium arises from capital raised in an issue of shares, net of costs, to the extent that exceeds the nominal value of the shares.

Translation reserve

The translation reserve relates to exchange differences arising on consolidation of overseas operations.

Chime Group Holdings Ltd

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2016

29. Notes to the cash flow statement

	2016 £'000	24 July 2015 - 31 December 2015 £'000
Operating loss	(2,093)	(3,098)
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	5,379	633
Amortisation of intangible fixed assets	17,216	3,040
(Profit)/loss on disposal of property, plant and equipment	(136)	8
Deemed remuneration	8,343	2,115
Translation differences	(1,848)	915
Changes to deferred consideration	1,919	915
(Decrease)/increase in provisions	(254)	185
Operating cash flows before movements in working capital	28,526	4,713
Decrease in work in progress	24,614	2,166
Increase/(decrease) in receivables	3,795	(1,014)
Decrease in payables	(31,501)	(4,721)
Cash generated from operations	25,434	1,144
Income taxes paid	(6,083)	(580)
Interest paid	(12,200)	(387)
Net cash from operating activities	7,151	177

30. Contingent liabilities and commitments

Deferred and contingent consideration

In addition to the £18.7 million (2015: £15.2 million) deferred consideration provision (note 26), there was a maximum undiscounted financial commitment of £12.2 million (2015: £23.2 million) in respect of unprovided deferred consideration payable in respect of acquisitions of subsidiary undertakings. The calculation of the deferred consideration liability requires estimates to be made regarding the future financial performance of these businesses for the earnout period. The unprovided deferred consideration would become payable over periods from 2017 to 2021 and would be payable in cash/loan notes.

Deemed remuneration

In addition to the £8.8 million (2015: £14.2 million) deemed remuneration provision, (note 26) £39.3 million (2015: £8.2 million) will be expensed over the period of service based on the current fair value. In addition an undiscounted amount of £60.1 million (2015: £40.2 million) would be charged under the earn-out agreements should maximum performance targets be met. The calculation of the deemed remuneration liability requires estimates to be made regarding the future financial performance of these businesses for the period of service. The unprovided deemed remuneration would become payable over periods from 2017 to 2022 and would be payable in cash/loan notes.

Chime Group Holdings Ltd

Notes to the Consolidated Financial Statements (continued) Year ended 31 December 2016

31. Operating lease arrangements

The Group as lessee

The Group has entered into commercial property leases, and leases on certain items of office furniture and equipment. Future minimum rentals payable under non-cancellable operating leases as at 31 December 2016 and 31 December 2015, are as follows:

	2016 £'000	2015 £'000
Within one year	12,219	7,981
Between one and five years	34,350	25,856
Greater than five years	13,151	12,087
	<u>59,720</u>	<u>45,924</u>

Leases are negotiated for an average term of 13 years and rentals are fixed for an average of 5 years at the prevailing market rate.

The Group as lessor

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2016 £'000	2015 £'000
Within one year	-	280
Between one and two years	-	70
	<u>-</u>	<u>350</u>

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2016

32. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note (details of subsidiaries are included in appendix 1). Transactions between the Group and its associates are disclosed below.

Trading transactions

During the year, Group companies entered into the following transactions with related parties who are not members of the Group.

2016				
	Sale of services £'000	Purchase of services £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Associates				
The Agency of Someone Limited	1	170	1	20
StratAgile Limited	-	249	-	83
Naked Eye Limited	62	12	1	-
Rare Corporate Design Limited	0	5	-	-
The Brand Marketing Team Limited	-	22	-	-
Bell Pottinger Private Limited	251	5	202	-
Enigma Code Limited	-	-	-	-
Shareholders				
PM VII Sarl	-	-	-	-
WPP plc	-	-	-	-
2015				
	Sale of services £'000	Purchase of services £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Associates				
Bell Pottinger Private Limited	34	259	177	259
The Brand Marketing Team Limited	-	-	-	2
Naked Eye Research Limited	65	-	1	-
Rare Corporate Design Limited	-	-	2	-
The Agency of Someone Limited	5	-	5	34
Shareholders				
PM VII S.a.r.l	-	36	-	36
WPP plc	-	5	-	3

Sales of goods to related parties were made on an arm's length basis and in the normal course of business. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2016

32. Related party transactions (continued)

Remuneration of key management personnel

The key management personnel of the Group comprise the Board members and the Executive Directors. The Board members received no remuneration during the period. The remuneration of the Executive Directors is set out in note 6b, for each of the categories specified in IAS24 Related Party Disclosures.

33. Financial Instruments

The Group's principal financial instruments comprise bank loans, bank overdrafts and cash. The main purpose of the financial instruments is to provide finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, obligations under finance leases, and other borrowing which arise directly from operations. During the period the Group has financed its business through a revolving credit facility and long term loan facilities arranged with a syndicate of banks.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk, externally imposed capital requirement risk, market price risk, credit risk and capital management risk. The policy for managing these risks is reviewed and agreed with the Board.

Interest rate risk

The Group holds variable rate financial debt. The interest rate margins paid by the Group on financial debt are disclosed in note 23. The Group assesses its borrowing requirements by monitoring short and medium term cash flow forecasts and interest rate risks are assessed through sensitivity analysis.

The Group uses interest rate swaps to mitigate the risk of changing interest rates increasing the cost of servicing its debt. By fixing interest rates, the Group is willing to forgo the potential economic benefit that could result from a low interest rate environment in order to protect its downside risks and ensure the predictability of its interest cash flows. The fair value of interest rate swaps at the end of the reporting period is determined by reference to a market valuation. An interest rate swap was taken out on 22 January 2016 to hedge £110 million of the Group's total debt, £248.8 million, by fixing the variable rate of interest payable at 1.1%. As at the period end the fair value of the interest rate swap was a liability of £1.3 million (2015: £nil). The interest rate swap matures 21 October 2018. Hedge accounting has not been adopted, and the fair value movement has been accounted for in finance costs (note 8).

If interest rates had been 1% higher/lower during the year the impact on profit before tax would have been an increase/decrease of £1.3 million (2015: £448,000) after the mitigating impact of the interest rate swap on £110 million of the debt. The impact on shareholders' equity would have been a decrease/increase of £1.3 million (2015: £448,000).

Liquidity risk

The Group has a committed facility of £273.9 million (£246.9 million) with a syndicate of banks. £120.9 million matures in September 2021 and £153 million matures in September 2022. The Group manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows. At 31 December 2016 the Group had net borrowing of £226.9 million (2015: £186.8 million) which is after deducting an amount drawn down against the facility of £248.8 million (2015: £217.6 million). The undrawn committed facility was therefore £25.1 million.

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2016

33. Financial Instruments (continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Maturity profile	Within 1 year £'000	1-2 years £'000	2-5 years £'000	5+ years £'000	Total £'000	Carrying Amount £'000
2016						
Bank loans	-	-	(95,844)	(153,000)	(248,844)	(248,844)
Other borrowings	(29)	(29)	(65)	-	(123)	(98)
Trade and other payables	(128,426)	(113)	-	-	(128,539)	(128,539)
Finance Leases	(59)	(59)	(70)	-	(188)	(157)
Deferred consideration	(6,464)	(7,216)	(5,437)	-	(19,117)	(18,729)
Deemed Remuneration	(9,475)	(9,503)	(26,025)	(1,830)	(46,834)	(8,812)
2015						
Bank loans	-	-	-	(217,644)	(217,644)	(217,644)
Trade and other payables	(107,858)	-	-	-	(107,858)	(107,858)
Deferred consideration	(10,064)	(458)	(5,146)	-	(15,668)	(15,219)
Deemed Remuneration	(12,135)	(1,683)	(4,879)	(3,423)	(22,120)	(14,192)

Externally imposed capital requirement risk

The Group has committed to adhering to three capital requirements set out by the syndicate of banks providing the loan facility, commencing 30 June 2016. The three capital requirements are interest cover, leverage and cash flow cover. The Group was not in breach of the requirements at any time since they came into force. The capital requirements at 31 December 2016 were as follows:

Interest cover:	Group EBITDA / Group Interest Expense	Minimum Ratio	2.85
Leverage:	Group Net Debt / Group EBITDA	Maximum Ratio	5.75
Cash flow cover:	Group cash flow / Group Debt service	Minimum Ratio	1.00

Foreign currency risk

The Group has 38 (2015: 35) overseas operations (branches and subsidiaries) which trade in Europe, the USA, the Far East, the Middle East, South America, Australasia and Africa. The sterling value of the net monetary assets held in the principal foreign currencies held by the Group are as follows:

	2016 £'000	2015 £'000
Net monetary assets/liabilities		
Euros	(4,399)	(524)
US Dollars	19,760	347

Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2016

33. Financial Instruments (continued)

The Group does on occasion agree to bill clients in a currency other than the local currency; it also makes some purchases overseas where the supplier bills in their local currency. The Group does not hedge the translation exposure on the fees due. The Group converts any fees received in foreign currency on receipt of funds. In some instances where it is viewed appropriate, the proceeds from the client are kept in currency so as to minimise the foreign exchange exposure on the transaction if there are third party costs to be paid out of the funds in that currency. The following table demonstrates the sensitivity to reasonably possible changes in the US Dollar and Euro the exchange rates, with all other variables held constant, of the Group's equity:

	2016		2015	
	10% £'000	-10% £'000	10% £'000	-10% £'000
Strengthening/(weakening) of sterling				
US Dollar	1,811	(1,992)	1,287	(1,416)
Euro	(622)	685	76	(83)

Capital management risk

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

Market price risk

The Group's exposure to market price risk comprises interest rate risk and currency rate risk. The Group regularly monitors these exposures which, setting aside the interrelationships between such rates and their wider impact on the economy, are not considered to have a significant impact on the Group.

Credit risk:

The Group considers its maximum exposure to credit risk to be as follows:

	2016 £'000	2015 £'000
Trade receivables	88,705	69,778
Deferred consideration receivable	0	15

The Group trades only with recognised, creditworthy third parties. Customers who wish to trade on credit terms are generally subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts has not been significant.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being large and unrelated.

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2016

33. Financial Instruments (continued)

Fair values of financial assets and financial liabilities

Fair value is the amount at which a financial instrument can be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale.

The following table provides a comparison of the book values and the fair value of the Group's financial liabilities and assets as at 31 December 2016:

	2016		2015	
	Book Value £'000	Fair Value £'000	Book Value £'000	Fair Value £'000
Financial liabilities				
Bank loans	(248,844)	(248,844)	(217,644)	(217,644)
Obligations under finance Leases	(157)	(157)	-	-
Other Borrowing	(98)	(98)	-	-
Trade and other payables	(128,539)	(128,539)	(107,858)	(107,858)
Deferred consideration	(18,729)	(18,729)	(15,219)	(15,219)
Deemed remuneration	(8,812)	(8,812)	(14,192)	(14,192)
	(405,179)	(405,179)	(354,913)	(354,913)
Financial assets				
Available for sale investments	539	539	733	733
Cash and bank balances	23,185	23,185	30,905	30,905
Trade and other receivables	130,228	130,228	111,617	111,617
	153,952	153,952	143,255	143,255

There were no transfers between fair value levels during 2016.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Consolidated Financial Statements (continued)
Year ended 31 December 2016

33. Financial Instruments (continued)

	Fair value 2016 £'000	Fair value 2015 £'000	Fair value hierarchy
Contingent consideration in a business combination (note 30)	(12,210)	(23,224)	Level 3
Interest rate swap	(1,275)	-	Level 2
Available for sale investments	539	732	Level 1

Valuation techniques used to derive Level 1 fair values

Level 1 assets comprise available for sale investments. The fair value measurement of the assets is derived from quoted prices in active markets for identical assets.

Valuation techniques used to derive Level 2 fair values

Level 2 derivatives are comprised of interest rate swaps. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves.

Valuation techniques used to derive Level 3 fair values

Contingent consideration liabilities are valued using a discounted cash flow methodology. The liability is based on the acquired businesses' forecast future financial performance for the earnout period as set out in the sale and purchase agreements. The significant unobservable inputs to this valuation include forecast financial performance and discount rate applied. The fair value of the liability is the maximum financial commitment as set out in the relevant sale and purchase agreements, therefore sensitivity analysis is not applicable.

34. Post balance sheet events

On 7 April 2017, the Group acquired 100% of GlideSlope LLC, a USA limited liability company (GlideSlope) for initial consideration of \$2.713 million. Additional consideration is payable contingent on the results of the business, capped at a maximum of \$350,000. The deferred consideration is expected to be paid in 2018 subject to the business achieving sufficient revenue for the 2017 fiscal year. GlideSlope was acquired by the Group's CSM division.

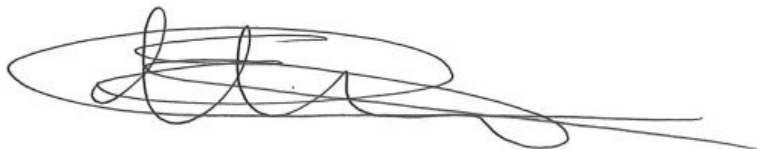
Chime Group Holdings Ltd

Company Balance Sheet Period ended 31 December 2015

	Notes	2016 £'000	2015 £'000
Non-current assets			
Investment in subsidiaries	2	295,840	264,840
		<u>295,840</u>	<u>264,840</u>
Current assets			
Intercompany receivables	3	368	368
		<u>368</u>	<u>368</u>
Total assets		<u>296,208</u>	<u>265,208</u>
Equity			
Share capital	4	81,153	72,660
Share premium account	4	215,055	192,548
Total equity		<u>296,208</u>	<u>265,208</u>

The company had no profit and loss activity during the period ended 2016 and the period ended 2015.

The financial statements were approved by the board of Directors and authorised for issue on **24 April** 2017.
They were signed on its behalf by:



Director

Registered Company number: 09702342

Chime Group Holdings Ltd

Company Statement of Changes in Equity Period ended 31 December 2015

	Share capital £'000	Share premium £'000	Total £'000
Balance at 24 July 2015	-	-	-
Issue of shares (Note 4)	72,660	192,548	265,208
Balance at 31 December 2015	72,660	192,548	265,208
Issue of shares (Note 4)	8,493	22,507	31,000
Balance at 31 December 2016	81,153	215,055	296,208

Chime Group Holdings Ltd

Notes to the Company Financial Statements Period ended 31 December 2015

1. Accounting policies

Basis of preparation

The separate financial statements of the Company are drawn up in accordance with S434 to S436 of the Companies Act 2006 and in accordance with FRS101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

As permitted by FRS101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

Accounting convention

The financial statements are prepared under the historical cost convention.

Investments

In the Company's accounts, investments in subsidiary undertakings are stated at cost less provision for any impairment in value.

Going concern

The financial statements have been prepared on the going concern basis, details of which can be found in the Director's report, pages 19-35.

Profit of parent company

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these accounts. The parent company's profit for the financial year amounted to £ nil.

2. Investments in subsidiaries

	£'000
At 24 July 2015	-
Additions	264,840
At 31 December 2015	264,840
Additions	31,000
At 31 December 2016	295,840

See appendix 1 for details of subsidiary undertaking.

Chime Group Holdings Ltd

Notes to the Company Financial Statements Period ended 31 December 2015

3. Debtors

	2016 £'000	2015 £'000
Amounts owed by group undertakings	368	368
	<u>368</u>	<u>368</u>

Amounts owed by group undertakings are unsecured, repayable on demand and interest-free.

4. Statements of movements on share capital, share premium and reserves

	Number of shares	£'000
Issued, allotted and fully paid at 24 July 2015	-	-
Issue of 72,659,707 shares at £1 each	72,659,707	72,660
	<u>72,659,707</u>	<u>72,660</u>
Issued, allotted and fully paid at 31 December 2015	72,659,707	72,660
Issue of 8,493,151 shares at £1 each	8,493,151	8,493
	<u>8,493,151</u>	<u>8,493</u>
Issued, allotted and fully paid at 31 December 2016	<u>81,152,858</u>	<u>81,153</u>

Details of share capital issued during the year are disclosed in note 27 of the consolidated financial statements.

5. Subsidiaries, associates and joint ventures

The Company's trading subsidiaries and associated undertakings are listed in appendix 1 of the consolidated financial statements.

Appendix 1 Subsidiaries and Associates

Appendix 1 Subsidiaries and Associates

The Group's subsidiaries and associated undertakings in 2016 are listed below

Subsidiary undertaking	Audit Exemption	Nature of business	% Shareholding and voting rights	Country of registration or incorporation
14 Curzon Street 1 Limited	*	Holding company	100%	United Kingdom
14 Curzon Street 2 Limited	*	Holding company	100%	United Kingdom
1A Communications Services Limited		Dormant	100%	United Kingdom
1B Communications Limited		Dormant	100%	United Kingdom
ABC Sports Management Limited		Dormant	100%	United Kingdom
Accretio Limited		Healthcare communications	60%	United Kingdom
Acefieldwork Limited		Dormant	100%	United Kingdom
AdConnections Holdings Limited	*	Holding company	100%	United Kingdom
AdConnections Limited	*	Media buying	100%	United Kingdom
Athletes 1 Limited		Dormant	100%	United Kingdom
Athletes 1 Sports Limited		Dormant	100%	United Kingdom
Baxter Hulme PR and Marketing Limited		Dormant	100%	United Kingdom
Brand & Issues Limited		Dormant	100%	United Kingdom
Brand Democracy Limited		Dormant	100%	United Kingdom
Brass Tacks Publishing Group Limited		Dormant	100%	United Kingdom
Brass Tacks Publishing Portfolio Limited		Dormant	100%	United Kingdom
Bullnose Limited		Dormant	100%	United Kingdom
C2S Acquisitions LLC		Sports marketing consultancy	100%	USA
Cardwhite Limited		Dormant	100%	United Kingdom
Caucusworld Limited		Dormant	75%	United Kingdom
Centro Public Relations Limited		Dormant	100%	United Kingdom
Cherry Picked Research Limited		Dormant	100%	United Kingdom
Chime Atlantic Limited	*	Treasury	100%	United Kingdom
Chime Communications Limited	*	Head office activities	100%	United Kingdom
Chime Finance Limited	*	Head office activities	100%	United Kingdom
Chime Group Limited		Head office activities	100%	United Kingdom
Chime Holdco Limited	+	Head office activities	100%	United Kingdom
Chime Insight and Engagement Limited		Dormant	100%	United Kingdom
Chime Interactive Bureau Limited		Dormant	100%	United Kingdom
Chime Interactive Limited		Dormant	100%	United Kingdom
Chime Interactive LLC		Dormant	100%	USA
Chime Limited	*	Holding Company	100%	United Kingdom
Chime Midco Limited	*	Head office activities	100%	United Kingdom
Chime On Line Limited		Dormant	100%	United Kingdom
Chime Research and Engagement Group Limited		Dormant	100%	United Kingdom
Chime USA Inc		Holding company	100%	USA
Choice Healthcare Solutions Limited		Healthcare communications	100%	United Kingdom
Choice Healthcare Solutions US Inc		Healthcare communications	100%	USA

Appendix 1 Subsidiaries and Associates

Subsidiary undertaking	Audit Exemption	Nature of business	% Shareholding and voting rights	Country of registration or incorporation
Corporate Citizenship Limited	*	Corporate & social responsibility consultancy	100%	United Kingdom
Corporate Citizenship Southeast Asia Pte Limited		Corporate & social responsibility consultancy	100%	Singapore
Corporate Citizenship Chile Spa		Corporate & social responsibility consultancy	51%	Chile
CSM Active Limited		Sports marketing consultancy	100%	United Kingdom
CSM Agency Limited		Dormant	100%	United Kingdom
CSM Catering - Gestao de Servicos de Catering em Eventos Ltda (previously Convivas Brasil)		Sports marketing consultancy	86%	Brazil
CSM Division Limited		Dormant	100%	United Kingdom
CSM Do Brasil Marketing Esportiva Ltda		Holding company	100%	Brazil
CSM Eurasia Sport and Entertainment BV		Dormant	100%	Netherlands
CSM Events Limited		Dormant	100%	United Kingdom
CSM iLUKA Brasil Organizacao De Eventos Ltd		Sports marketing consultancy	100%	Brazil
CSM Netherlands BV		Holding company	100%	Netherlands
CSM North America USA LLC		Holding company	100%	USA
CSM Perimeter Signage Limited		Dormant	100%	United Kingdom
CSM Projetos Organizacao de Eventos SPE Ltda (FIFA SPV)		Sports marketing consultancy	89%	Brazil
CSM Scotland Limited		Dormant	100%	United Kingdom
CSM Soccer Inc		Sports marketing and sponsorship	80%	USA
CSM Sport and Entertainment Australia Pty Ltd		Athletes management and sports marketing	100%	Australia
CSM Sport and Entertainment Espana S.L.		Sports marketing consultancy	81%	Spain
CSM Sport and Entertainment Events Limited		Dormant	100%	United Kingdom
CSM Sport and Entertainment France Limited	*	Athletes management and sports consultancy	100%	United Kingdom
CSM Sport and Entertainment Holdings Limited	*	Holding Company	100%	United Kingdom
CSM Sport and Entertainment International Limited	*	Holding Company	100%	United Kingdom
CSM Sport and Entertainment LLC		Sports marketing consultancy	100%	Qatar Financial Centre

Appendix 1 Subsidiaries and Associates

Subsidiary undertaking	Audit Exemption	Nature of business	% Shareholding and voting rights	Country of registration or incorporation
CSM Sport and Entertainment Middle East FZ-LLC		Sports marketing consultancy	100%	Dubai
CSM Sport and Entertainment New Zealand Limited		Athletes management and sports consultancy	51%	New Zealand
CSM Sport and Entertainment South Africa (Pty) Limited		Athletes management and sports marketing	100%	South Africa
CSM Sports and Entertainment (Singapore) Pte Limited		Sports marketing consultancy	100%	Singapore
CSM Sports and Entertainment LLC		Sports marketing consultancy	100%	Oman
CSM Strategic Limited		Dormant	100%	United Kingdom
Curb Group Limited		Sports marketing consultancy	100%	United Kingdom
Curb Media Limited	*	Sports marketing consultancy	100%	United Kingdom
De Facto Communications GmbH		Dormant	100%	Germany
Deutsche Chime GmbH		Holding company	100%	Germany
Digital Experiences Limited		Dormant	100%	United Kingdom
Digital Strategy Limited		Dormant	100%	United Kingdom
DOCC Limited		Dormant	100%	United Kingdom
Earth Works Digital Limited		Digital healthcare initiatives	100%	United Kingdom
Essentially Athlete Management Limited		Dormant	100%	United Kingdom
Essentially Group Limited		Dormant	100%	Jersey
Essentially Sports Marketing Limited		Dormant	100%	United Kingdom
Ex Nihilo Limited		Dormant	100%	United Kingdom
Executive Drive Events LLC		Sports marketing and sponsorship	100%	USA
Exhibit - ICON SAS		Dormant	80%	France
Facts International Limited	*	Research	100%	United Kingdom
Fast Track Agency Limited		Dormant	100%	United Kingdom
Fast Track Agency Scotland Limited		Sports marketing consultancy	100%	United Kingdom
Fast Track Hong Kong Limited		Sports marketing consultancy	100%	Hong Kong
Fast Track Middle East FZ LLC		Sports marketing consultancy	100%	Abu Dhabi
Fast Track Sailing Limited		Dormant	100%	United Kingdom
FIL Market Research Limited	*	Research	100%	United Kingdom
First Financial Advertising Limited		Dormant	100%	United Kingdom
First Financial Public Relations Limited		Dormant	100%	United Kingdom
FITBA Limited		Dormant	100%	United Kingdom
Full Access Limited		Dormant	100%	United Kingdom
Gasoline Limited		Dormant	100%	United Kingdom

Appendix 1 Subsidiaries and Associates

Subsidiary undertaking	Audit Exemption	Nature of business	% Shareholding and voting rights	Country of registration or incorporation
Girardot Partners Limited		Dormant	100%	United Kingdom
Global Environment Forum Limited		Dormant	100%	United Kingdom
Good Broadcast Limited		Dormant	100%	United Kingdom
Good Influence Limited (formerly My New Home Limited)		Dormant	100%	United Kingdom
Good Relations (Wales) Limited		Dormant	100%	United Kingdom
Good Relations Consultants Limited		Dormant	100%	United Kingdom
Good Relations Group Limited		Dormant	100%	United Kingdom
Good Relations Group USA Inc		Public relations	100%	USA
Good Relations Group USA LLC		Dormant	100%	USA
Good Relations Healthcare Limited		Dormant	100%	United Kingdom
Good Relations International Limited		Dormant	100%	United Kingdom
Good Relations Life Limited		Dormant	100%	United Kingdom
Good Relations Limited	*	Public relations	100%	United Kingdom
Good Relations North Limited		Dormant	100%	United Kingdom
Good Relations Online Strategy Limited		Dormant	100%	United Kingdom
Good Relations Property Limited (previously TTA Public Relations Limited)	*	Property marketing	100%	United Kingdom
Good Relations Scotland Limited		Dormant	100%	United Kingdom
Good Relations Studio Limited		Dormant	100%	United Kingdom
GR-1 Limited		Dormant	100%	United Kingdom
Graphiti Limited		Dormant	100%	United Kingdom
Gulliford Consulting Limited		Dormant	100%	United Kingdom
Harvard – Good Relations Group GmbH		Public relations	100%	Germany
Harvard Consult Limited		Dormant	100%	United Kingdom
Harvard Interactive Limited		Dormant	100%	United Kingdom
Harvard Marketing Services Limited		Dormant	100%	United Kingdom
Harvard Public Relations Inc		Dormant	100%	USA
Harvard Public Relations Limited		Public relations	80%	United Kingdom
Harvey Walsh Limited		Healthcare data analytics	100%	United Kingdom
Hayhurst Conington Cripps Limited		Dormant	100%	United Kingdom
HCC De Facto Financial Limited		Dormant	100%	United Kingdom
HCC De Facto Trustees Limited		Dormant	100%	United Kingdom
Heresy IMS Group Limited	*	Holding Company	100%	United Kingdom
HHCL Group Limited		Dormant	100%	United Kingdom
Hooper Galton Limited		Dormant	100%	United Kingdom
ICON Beta Limited		Dormant	100%	United Kingdom
ICON Display Limited		Dormant	100%	United Kingdom
ICON Display Limited		Dormant	100%	BVI
ICON LLC		Sports marketing consultancy	100%	Russia
ICON Marketing em Display Ltda		Sports marketing consultancy	91%	Brazil
Icon Middle East LLC		Sports marketing consultancy	100%	Qatar
ICON North America LLC		Sports marketing consultancy	100%	USA
Icon Prolab Events Organising LLC		Sports marketing consultancy	50%	Abu Dhabi
iLUKA Limited		Dormant	100%	United Kingdom

Appendix 1 Subsidiaries and Associates

Subsidiary undertaking	Audit Exemption	Nature of business	% Shareholding and voting rights	Country of registration or incorporation
iLUKA LLC		Sports marketing and sponsorship consultancy	100%	Russia
In Real Life Limited		Dormant	100%	United Kingdom
Insight Marketing & Communications Limited	*	Public relations	100%	United Kingdom
Insight Public Relations Limited	*	Public relations	100%	United Kingdom
International Financial Services Consulting Limited		Dormant	100%	United Kingdom
JHE Production Group Inc		Sports marketing consultancy	60%	USA
JMI Motorsport Limited	*	Sports marketing and sponsorship	100%	United Kingdom
Just Marketing Inc		Sports marketing and sponsorship	100%	USA
Just Marketing International Limited		Dormant	100%	United Kingdom
Landmark Consultants Limited		Dormant	100%	United Kingdom
Leaddog Marketing Group Inc.		Sports marketing and sponsorship	100%	USA
LEC Communications Limited		Holding company	100%	United Kingdom
Lighthouse Communications Limited		Dormant	100%	United Kingdom
Maidstone Road Holdings Limited		Dormant	100%	United Kingdom
Marketing Activity Limited		Dormant	100%	United Kingdom
MC2013 Limited		Dormant	100%	United Kingdom
Mu-Tay-Zik-Hof-Fer LLC		Advertising and marketing	100%	USA
MESHH Limtied	*	Sports marketing and sponsorship	100%	United Kingdom
OHC London Holdings Limited		Holding company	100%	United Kingdom
OHC US Holdings Limited		Dormant	100%	United Kingdom
Open Health Communications FZ-LLC (formerly Choice Medical Communications FZ-LLC)		Healthcare communications	100%	Dubai
Open Health Inc.		Healthcare communications	100%	USA
OPEN LEC Limited		Holding company	100%	United Kingdom
Open VP Holdings Limited		Dormant	100%	United Kingdom
Opinion Leader Research Limited	*	Market research	100%	United Kingdom
Ozone Marketing Communications Limited		Dormant	100%	United Kingdom
Pelham Bell Pottinger (Trustees) Limited		Dormant	100%	United Kingdom
Pelham Public Relations Limited		Dormant	100%	United Kingdom
Pencilglass Limited		Dormant	100%	United Kingdom
People Marketing Sport and Entertainment (Shanghai) Co Ltd		Sports marketing consultancy	100%	China
People Marketing Sport and Entertainment Hong Kong Limited		Holding company	100%	Hong Kong
People Marketing UK Limited	*	Dormant	100%	United Kingdom
PH Associates Limited		Healthcare communications	100%	United Kingdom
PMPLegacy Limited		Dormant	100%	United Kingdom

Appendix 1 Subsidiaries and Associates

Subsidiary undertaking	Audit Exemption	Nature of business	% Shareholding and voting rights	Country of registration or incorporation
Property & Business Services Limited		Dormant	100%	United Kingdom
Property and Office Services Limited		Dormant	100%	United Kingdom
Pure Digital Media Limited		Dormant	100%	United Kingdom
Pure Media Group Limited	*	Media buying	100%	United Kingdom
Pure Search Marketing Limited		Dormant	100%	United Kingdom
Reynolds Mackenzie Limited		Healthcare communications	100%	United Kingdom
Roose and Partners Advertising Limited		Dormant	100%	United Kingdom
Roose Holdings Limited		Dormant	100%	United Kingdom
Roose Trustees (UK) Limited		Dormant	100%	United Kingdom
Russell Partnership Limited		Dormant	100%	United Kingdom
Sebastian Coe Limited		Dormant	100%	United Kingdom
Shieldmirror Limited		Dormant	100%	United Kingdom
SJX Partners Inc		Sports marketing consultancy	100%	USA
Snap London Limited (formerly Big Eyes Communications Limited)	*	Advertising and marketing	100%	United Kingdom
SPS Etech Limited		Dormant	100%	United Kingdom
Stuart Higgins Limited		Dormant	100%	United Kingdom
Succinct Communications Limited		Healthcare educations	100%	United Kingdom
Teamspirit Brand Limited		Dormant	100%	United Kingdom
Teamspirit Corporate and Business Limited		Financial services advertising and marketing	72%	United Kingdom
Teamspirit Limited	*	Financial services advertising and marketing	100%	United Kingdom
Tempo Graphic Design Limited		Dormant	100%	United Kingdom
The Blaze Agency Pty Limited		Athletes management and sports consultancy	100%	Australia
The Complete Leisure Group Limited		Sports marketing consultancy	99%	United Kingdom
The Corporate Citizenship Inc		Corporate & social responsibility	100%	USA
The HHCL Brasserie Limited		Dormant	100%	United Kingdom
The Quentin Bell Organisation Limited		Dormant	100%	United Kingdom
The Smart Company.net Limited		Dormant	100%	United Kingdom
Torphines Limited		Dormant	100%	United Kingdom
Tree (London) Limited		Dormant	100%	United Kingdom
TTA Group Limited		Dormant	100%	United Kingdom
TTA Property Limited		Dormant	100%	United Kingdom
TTA Public Relations Limited		Dormant	100%	United Kingdom
VCCP Blue Limited		Dormant	100%	United Kingdom
VCCP Bratislava		Dormant	100%	Slovakia
VCCP GmbH		Advertising and marketing	100%	Germany
VCCP Health Limited		Advertising and marketing	85%	United Kingdom
VCCP Holdings Limited	*	Holding company	100%	United Kingdom
VCCP Kin Limited		Advertising and	90%	United Kingdom

Appendix 1 Subsidiaries and Associates

Subsidiary undertaking	Audit Exemption	Nature of business	% Shareholding and voting rights	Country of registration or incorporation
VCCP Limited		Dormant	100%	United Kingdom
VCCP Me Limited		Dormant	100%	United Kingdom
VCCP Overseas Limited	*	Holding Company	100%	United Kingdom
VCCP Pty Ltd		Advertising and marketing	100%	Australia
VCCP s.r.o.		Advertising and marketing	100%	Czech Republic
VCCP Search Limited		Dormant	100%	United Kingdom
VCCP Spain SL		Advertising and marketing	100%	Spain
VCCP USA, LLC		Advertising and marketing	100%	USA
WARL Group Limited		Advertising and marketing	100%	United Kingdom
WARL Internal Communications Limited		Dormant	100%	United Kingdom
Watermelon Research Limited		Digital Research	90%	United Kingdom
Wilson Bridges & Trace Limited		Dormant	100%	United Kingdom

+ Direct subsidiary/associate of Chime Group Holdings Limited

* This company has taken advantage of the S479a exemption from audit

Limited Liability Partnerships	Nature of business	% Shareholding and voting rights	Country of registration or incorporation
CSM Sport and Entertainment LLP	Sports marketing consultancy	100%	United Kingdom
Open Healthcare Communications LLP	Healthcare communications	91%	United Kingdom
VCCP Group LLP	Advertising and marketing	100%	United Kingdom

Associates

Bell Pottinger Private Limited	Public relations	25%	United Kingdom
ICON Display South Africa Pty Ltd	Sports marketing consultancy	30%	South Africa
Naked Eye Research Limited	Research	26%	United Kingdom
StratAgile Limited	Data analytics	40%	Singapore
The Agency of Someone Limited	Branding and design	40%	United Kingdom
The Brand Marketing Team Limited	Consumer marketing	40%	United Kingdom
X & Y Communications Limited	Public relations	29%	United Kingdom
Enigma Code Limited	Sports marketing consultancy	20%	United Kingdom

