

Company Registration No. 07406382 (England and Wales)

Enthuse Holdings Limited

**Annual report and
group financial statements
for the year ended 31 December 2020**

Enthuse Holdings Limited

Company information

Directors	Owen Davies Robert Wilson
Company number	07406382
Registered office	Suite 25, Eden House Enterprise Way Edenbridge Kent TN8 6HF
Independent auditor	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE

Enthuse Holdings Limited

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Enthuse Holdings Limited

Strategic report

For the year ended 31 December 2020

The directors present the strategic report for the year ended 31 December 2020.

Enthuse Group owns and operates media, membership services and retail & e-commerce businesses. Our principal markets are the UK and US. We operate a decentralised model, utilising a scalable platform to enable our experienced team of specialists to focus on growing and developing the sectors that they serve. Over the last decade, Enthuse Group has implemented a successful, acquisition-led, growth strategy of acquiring brands within passionate, dedicated and committed communities. The group's main office is in the UK with offices also in the US.

Fair review of the business

	2020	2019	Change
Turnover	£14.1m	£18.6m	-24%
Operating profit	£0.6m	£1.8m	-70%
Cash generated from operations	£2.9m	£2.8m	+4%
Net cash/(debt)	£1.2m	£(0.9)m	

At the outset, I thank all our employees who worked under the strain of Covid-19 on their families and themselves to deliver these results for the group. For many years, we have had a culture of remote working in the group and shutting offices was less of a transition as the infrastructure to do so was already in place and worked incredibly well for us. Everyone in our group has a strong sense of purpose of being there for each of our communities in difficult times. That is an intangible that is hard to value and not on our balance sheet.

Group turnover decreased by 24% to £14.1m, operating profit of £0.6m was down 70%. In a year of extreme stress for businesses, cashflow becomes the key measure and cash generated from operations was £2.9m, 4% higher than the prior year. This result is a reflection of the actions we took early last year as the pandemic started in order to reduce our costs and manage working capital. At the end of 2020, the group has net cash of £1.2m compared to a net debt of £0.9m at the end of 2019.

We are grateful for the support we received from governments in both the UK and US. We were successful in our government backed loan applications and the UK government also contributed £0.7m of employee furlough support, without which, we would have seen an operating loss in the year instead of an operating profit.

In a difficult year for all our companies, the re-structuring that occurred early in the pandemic, whilst painful for many of our colleagues, ensured that all our companies were on a stronger footing to navigate the year and beyond. It is inevitable that recovering the turnover lost last year may prove very difficult as there have been structural changes in some of our communities which means that patterns of consumption will have changed.

Our group has some inbuilt advantages in delivering these financial results. Whilst our UK publishing businesses suffered from non-essential retail store lockdowns, our US retail businesses were far less impacted as they have a far greater reliance on subscription income. Our UK hospitality membership revenues were severely impacted by the forced closure of customer establishments and our events were cancelled but this was partly offset by the resilience of our e-commerce and licensing revenues during lockdown.

Enthuse Holdings Limited

Strategic report (continued)

For the year ended 31 December 2020

Fair review of the business (continued)

Our brands are resilient due to the deep affection and loyalty that their communities have for them. Our oldest magazine brand was first published in 1898, the year that the US declared war on Spain. Along with other of our brands, it has seen and survived its share of world wars and past plagues. I am very glad that it remains to serve its community after this most recent pandemic.

While last year was a fallow period for new acquisitions, our retained earnings at the end of the year were higher than at the start so the group will continue seeking acquisition opportunities where we can deploy capital at attractive rates of return. The timing of finding new opportunities can be hard to predict but we're in a good position when one appears.

Principal risks and uncertainties

The group's approach to risk management involves identifying and reviewing material risks during monthly Board meetings and monthly executive management meetings.

Financial risks

The group has an annual budget cycle that covers all companies across the UK and the US, produces monthly management accounts and daily cash balance reporting. Cashflow is monitored across the group and is managed centrally using short/medium term forecasts.

Operational risks

The group is dependent on key personnel and this is a key risk. We have some back-up plans in place, although it is impossible to completely mitigate key person risks in a decentralised group.

The group's IT systems and websites are generally decentralised at a company level with oversight and input from group, as required.

The group's HR management and personnel policies are also decentralised with oversight and input from group, as required.

Economic risks

The group faces economic risks in particular the ongoing impact of Covid-19. However, we believe that each of the group's businesses is well placed to weather further economic uncertainties.

Key performance indicators

Given its decentralised operating philosophy, the Group manages each of its businesses by reference to a number of key performance indicators pertinent to each business such as turnover, operating profit and net cash/debt.

On behalf of the board



Owen Davies

Director

31 March 2021

Enthuse Holdings Limited

Directors' report

For the year ended 31 December 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The group's principal activity is operating media and media related businesses.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were declared by the company.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Owen Davies

Robert Wilson

Auditor

Saffery Champness have expressed their willingness to continue in office.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

Enthuse Holdings Limited

Directors' report (continued)
For the year ended 31 December 2020

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



Owen Davies
Director

31 March 2021

Enthuse Holdings Limited

Independent auditor's report

To the members of Enthuse Holdings Limited

Opinion

We have audited the financial statements of Enthuse Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group and of the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Enthuse Holdings Limited

Independent auditor's report (continued) To the members of Enthuse Holdings Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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

Responsibilities of directors

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

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

Independent auditor's report (continued)
To the members of Enthuse Holdings Limited

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and by updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006 and UK Tax legislation.

Audit response to risks identified

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Enthuse Holdings Limited

Independent auditor's report (continued)
To the members of Enthuse Holdings Limited

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed

Handwritten signature in black ink that reads "Saffery Champness LLP".

Lorenzo Mosca (Senior Statutory Auditor)
For and on behalf of Saffery Champness LLP

20 April 2021

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

Enthuse Holdings Limited

Group statement of comprehensive income For the year ended 31 December 2020

		2020	2019
	Notes	£	£
Turnover	3	14,121,407	18,642,294
Cost of sales		(11,008,934)	(12,541,573)
		<hr/>	<hr/>
Gross profit		3,112,473	6,100,721
Administrative expenses		(3,265,429)	(4,294,153)
Other operating income		707,931	-
		<hr/>	<hr/>
Operating profit	4	554,975	1,806,568
Interest payable and similar expenses	8	(200,163)	(138,628)
		<hr/>	<hr/>
Profit before taxation		354,812	1,667,940
Tax on profit	9	(204,114)	(492,557)
		<hr/>	<hr/>
Profit after taxation		150,698	1,175,383
Non-controlling interest		(35,045)	(76,704)
		<hr/>	<hr/>
Profit for the financial year		115,653	1,098,679
Other comprehensive income			
Currency translation differences		(28,833)	-
		<hr/>	<hr/>
Total comprehensive income for the year		86,820	1,098,679
		<hr/> <hr/>	<hr/> <hr/>

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The income statement has been prepared on the basis that all operations are continuing operations.

Enthuse Holdings Limited

Group statement of financial position

As at 31 December 2020

	Notes	£	2020 £	£	2019 £
Fixed assets					
Goodwill	10		1,342,926		1,972,013
Other intangible assets	10		3,123,277		3,718,787
Total intangible assets			4,466,203		5,690,800
Tangible assets	11		69,940		99,617
			4,536,143		5,790,417
Current assets					
Stocks	14	398,944		921,140	
Debtors	15	1,433,247		2,132,691	
Cash at bank and in hand		5,406,080		3,083,172	
			7,238,271		6,137,003
Creditors: amounts falling due within one year	16	(5,179,766)		(6,136,294)	
Net current assets			2,058,505		709
Total assets less current liabilities			6,594,648		5,791,126
Creditors: amounts falling due after more than one year	17		(4,062,867)		(3,196,489)
Net assets			2,531,781		2,594,637
Capital and reserves					
Called up share capital	19		182,000		182,000
Capital redemption reserve			68,000		68,000
Profit and loss reserves			1,071,805		984,985
Equity attributable to owners of the parent company			1,321,805		1,234,985
Non-controlling interests			1,209,976		1,359,652
			2,531,781		2,594,637

Enthuse Holdings Limited

Group statement of financial position (continued)

As at 31 December 2020

The financial statements were approved by the board of directors and authorised for issue on 31 March 2021 and are signed on its behalf by:



Owen Davies
Director

Company Registration No. 07406382

Enthuse Holdings Limited

Company statement of financial position

As at 31 December 2020

			2020		2019
	Notes	£	£	£	£
Fixed assets					
Investments	12		1,429,941		1,429,941
Current assets					
Debtors	15	1,349,530		1,349,530	
Cash at bank and in hand		689		689	
		<u>1,350,219</u>		<u>1,350,219</u>	
Creditors: amounts falling due within one year	16	<u>(2,251,494)</u>		<u>(2,251,494)</u>	
Net current liabilities			(901,275)		(901,275)
Total assets less current liabilities			<u>528,666</u>		<u>528,666</u>
Capital and reserves					
Called up share capital	19		182,000		182,000
Capital redemption reserve			68,000		68,000
Profit and loss reserves			278,666		278,666
Total equity			<u>528,666</u>		<u>528,666</u>

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's profit for the year was £0 (2019 - £0 profit).

For the financial year ended 31 December 2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Enthuse Holdings Limited

Company statement of financial position (continued)

As at 31 December 2020

The financial statements were approved by the board of directors and authorised for issue on 31 March 2021 and are signed on its behalf by:



Owen Davies
Director

Company Registration No. 07406382

Enthuse Holdings Limited

**Group statement of changes in equity
For the year ended 31 December 2020**

	Share capital	Capital redemption reserve	Profit and loss reserves	Total controlling interest	Non- controlling interest	Total
Notes	£	£	£	£	£	£
Balance at 1 January 2019	182,000	68,000	(113,694)	136,306	557,005	693,311
Year ended 31 December 2019:						
Profit and total comprehensive income for the year	-	-	1,098,679	1,098,679	76,704	1,175,383
Dividends	-	-	-	-	(89,587)	(89,587)
Other movements	-	-	-	-	815,530	815,530
Balance at 31 December 2019	182,000	68,000	984,985	1,234,985	1,359,652	2,594,637
Year ended 31 December 2020:						
Profit for the year	-	-	115,653	115,653	35,045	150,698
Other comprehensive income:						
Currency translation differences on overseas subsidiaries	-	-	(28,833)	(28,833)	(19,222)	(48,055)
Total comprehensive income for the year	-	-	86,820	86,820	15,823	86,820
Dividends	-	-	-	-	(165,499)	(165,499)
Balance at 31 December 2020	182,000	68,000	1,071,805	1,321,805	1,209,976	2,531,781

Enthuse Holdings Limited

**Company statement of changes in equity
For the year ended 31 December 2020**

	Share capital	redemption reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2019	182,000	68,000	278,666	528,666
	<hr/>	<hr/>	<hr/>	<hr/>
Year ended 31 December 2019:				
Profit and total comprehensive income for the year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	182,000	68,000	278,666	528,666
	<hr/>	<hr/>	<hr/>	<hr/>
Year ended 31 December 2020:				
Profit and total comprehensive income for the year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	182,000	68,000	278,666	528,666
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Enthuse Holdings Limited

Group statement of cash flows
For the year ended 31 December 2020

	Notes	£	2020 £	£	2019 £
Cash flows from operating activities					
Cash generated from operations	23		2,909,812		2,754,398
Interest paid			(200,163)		(138,628)
Income taxes paid			(378,562)		(175,204)
Net cash inflow from operating activities			2,331,087		2,440,566
Investing activities					
Purchase of intangible assets		-		(3,547,442)	
Purchase of tangible fixed assets		(1,823)		(82,238)	
Proceeds on disposal of tangible fixed assets		3,415		-	
Purchase of business		-		(327,629)	
Purchase of subsidiaries		-		(858,251)	
Cash acquired on purchase of subsidiaries		-		8,231	
Net cash generated from/(used in) investing activities			1,592		(4,807,329)
Financing activities					
Proceeds of new loans		454,867		3,829,282	
Repayment of loans		(251,084)		(116,098)	
Dividends paid to non-controlling interests		(165,499)		(89,587)	
Net cash generated from financing activities			38,284		3,623,597
Net increase in cash and cash equivalents			2,370,963		1,256,834
Cash and cash equivalents at beginning of year			3,083,172		1,826,338
Effect of foreign exchange rates			(48,055)		-
Cash and cash equivalents at end of year			5,406,080		3,083,172

1 Accounting policies

Company information

Enthuse Holdings Limited (“the company”) is a private limited company incorporated in England and Wales. The registered office is Suite 25, Eden House, Enterprise Way, Edenbridge, Kent, TN8 6HF.

The group consists of Enthuse Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1 Accounting policies (continued)

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Enthuse Holdings Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The directors are monitoring the covid-19 situation and have put in place measures to mitigate the risk arising. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.6 Intangible fixed assets - goodwill

Acquired goodwill and goodwill arising on consolidation is written off in equal annual instalments over its estimated useful economic life, being 5 years.

1.7 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

1 Accounting policies (continued)

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	2 - 5 years
Publishing rights	5 - 10 years
Brand licence	10 years

1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	over 3 years
Computer equipment	over 3 years

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

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.10 Impairment of fixed assets

At each reporting period end 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 it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

1 Accounting policies (continued)

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 the 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 (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.12 Cash and cash equivalents

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

1.13 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1 Accounting policies (continued)

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies (continued)

1.14 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.15 Taxation

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

Current 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 reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Retirement benefits

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the period they are payable.

1 Accounting policies (continued)

1.18 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.19 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.20 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no estimates or assumptions which have a significant risk of causing material adjustment to the carrying amount of assets and liabilities.

Notes to the group financial statements (continued)
For the year ended 31 December 2020

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2020	2019
	£	£
Turnover analysed by class of business		
Print and Digital media	9,594,097	12,234,231
Membership services	3,017,672	3,640,049
Retail and E-commerce	1,509,638	2,143,820
Events	-	624,194
	<u>14,121,407</u>	<u>18,642,294</u>

	2020	2019
	£	£
Other significant revenue		
Grants received	707,931	-
	<u>707,931</u>	<u>-</u>

	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	9,958,998	14,191,563
Rest of the world	4,162,409	4,450,731
	<u>14,121,407</u>	<u>18,642,294</u>

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(707,931)	-
Stock provision	301,742	38,004
Redundancy costs	355,949	-
Depreciation of owned tangible fixed assets	26,702	24,826
Loss on disposal of tangible fixed assets	1,383	-
Amortisation of intangible assets	1,224,597	1,110,574
Profit on disposal of intangible assets	(42,937)	-
Operating lease charges	115,414	127,623
	<u>1,384,870</u>	<u>1,270,027</u>

Notes to the group financial statements (continued)

For the year ended 31 December 2020

5 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	31,250	35,575
For other services		
Taxation compliance services	8,850	10,150
Preparation of the financial statements	14,500	13,250
	<u>23,350</u>	<u>23,400</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group		Company	
	2020	2019	2020	2019
	Number	Number	Number	Number
	113	99	-	-
	<u>113</u>	<u>99</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Wages and salaries	4,427,669	3,724,034	-	-
Social security costs	456,697	431,163	-	-
Pension costs	97,197	78,804	-	-
	<u>4,981,563</u>	<u>4,234,001</u>	<u>-</u>	<u>-</u>

Enthuse Holdings Limited**Notes to the group financial statements (continued)****For the year ended 31 December 2020****7 Directors' remuneration**

	2020	2019
	£	£
Remuneration for qualifying services	287,500	295,833

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020	2019
	£	£
Remuneration for qualifying services	287,500	295,833

8 Interest payable and similar expenses

	2020	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on loans	200,163	138,628

9 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	50,481	218,049
Adjustments in respect of prior periods	-	(3,161)
Total UK current tax	50,481	214,888
Foreign current tax on profits for the current period	153,633	178,889
Total current tax	204,114	393,777
Deferred tax		
Origination and reversal of timing differences	-	98,780
Total tax charge	204,114	492,557

9 Taxation (continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020	2019
	£	£
Profit before taxation	354,812	1,667,940
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	67,414	316,909
Tax effect of expenses that are not deductible in determining taxable profit	1,496	5,444
Tax effect of utilisation of tax losses not previously recognised	(69,792)	(30,740)
Unutilised tax losses carried forward	-	38,282
Adjustments in respect of prior years	-	(3,161)
Amortisation on assets not qualifying for tax allowances	214,481	190,407
Other tax adjustments	(9,485)	(24,584)
	<u> </u>	<u> </u>
Taxation charge	204,114	492,557
	<u> </u>	<u> </u>

10 Intangible fixed assets

Group	Goodwill	Software	Publishing rights	Brand licence	Total
	£	£	£	£	£
Cost					
At 1 January 2020	3,155,261	396,035	3,240,061	3,500,000	10,291,357
Disposals	-	-	(154,936)	-	(154,936)
At 31 December 2020	3,155,261	396,035	3,085,125	3,500,000	10,136,421
Amortisation and impairment					
At 1 January 2020	1,183,248	128,980	3,025,829	262,500	4,600,557
Amortisation charged for the year	629,087	149,757	95,753	350,000	1,224,597
Disposals	-	-	(154,936)	-	(154,936)
At 31 December 2020	1,812,335	278,737	2,966,646	612,500	5,670,218
Carrying amount					
At 31 December 2020	1,342,926	117,298	118,479	2,887,500	4,466,203
At 31 December 2019	1,972,013	267,055	214,232	3,237,500	5,690,800

The company had no intangible fixed assets at 31 December 2020 or 31 December 2019.

The amortisation charge is included within Administrative expenses in the Statement of comprehensive income.

Notes to the group financial statements (continued)
For the year ended 31 December 2020

11 Tangible fixed assets

Group	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost			
At 1 January 2020	70,457	349,817	420,274
Additions	-	1,823	1,823
Disposals	(36,967)	(139,071)	(176,038)
At 31 December 2020	<u>33,490</u>	<u>212,569</u>	<u>246,059</u>
Depreciation and impairment			
At 1 January 2020	46,880	273,777	320,657
Depreciation charged in the year	10,350	16,352	26,702
Eliminated in respect of disposals	(36,967)	(134,273)	(171,240)
At 31 December 2020	<u>20,263</u>	<u>155,856</u>	<u>176,119</u>
Carrying amount			
At 31 December 2020	<u>13,227</u>	<u>56,713</u>	<u>69,940</u>
At 31 December 2019	<u>23,577</u>	<u>76,040</u>	<u>99,617</u>

The company had no tangible fixed assets at 31 December 2020 or 31 December 2019.

12 Fixed asset investments

Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	<u>-</u>	<u>-</u>	<u>1,429,941</u>	<u>1,429,941</u>

Enthuse Holdings Limited

Notes to the group financial statements (continued) For the year ended 31 December 2020

12 Fixed asset investments (continued)

Movements in fixed asset investments

Company	Shares in group undertakings £
Cost or valuation	
At 1 January 2020 and 31 December 2020	1,429,941
Carrying amount	
At 31 December 2020	1,429,941
At 31 December 2019	1,429,941

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Country of incorporation	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Enthuse Group Limited	England and Wales	Holding company	Ordinary	100.00	
Mytime Media Limited	England and Wales	Media	Ordinary		100.00
AVTech Media Limited	England and Wales	Media	Ordinary		60.00
Hoop Holdings Limited	England and Wales	Holding company	Ordinary		100.00
David Hall Publishing Limited	England and Wales	Media	Ordinary		100.00
Safeship Fulfilment Limited	England and Wales	e-commerce	Ordinary		100.00
AA Media Limited	England and Wales	Media and retail	Ordinary		51.00
AVTech Media Americas Inc	USA	Media	Ordinary		60.00
Mytime Media Americas Inc	USA	Holding company	Ordinary		100.00
Shield Wall Media LLC	USA	Media	Ordinary		50.10

All of the subsidiary companies above are included in the consolidation.

14 Stocks

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Finished goods and goods for resale	398,944	921,140	-	-

Notes to the group financial statements (continued)
For the year ended 31 December 2020

15 Debtors

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	952,132	1,624,825	-	-
Amounts owed by group undertakings	-	-	1,349,530	1,349,530
Other debtors	109,273	136,244	-	-
Prepayments and accrued income	371,842	371,622	-	-
	<u>1,433,247</u>	<u>2,132,691</u>	<u>1,349,530</u>	<u>1,349,530</u>

16 Creditors: amounts falling due within one year

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Other borrowings	155,333	817,928	-	-
Trade creditors	477,173	803,770	-	-
Amounts owed to group undertakings	-	-	2,251,494	2,251,494
Corporation tax payable	181,777	356,225	-	-
Other taxation and social security	126,928	156,661	-	-
Other creditors	49,122	136,575	-	-
Accruals and deferred income	4,189,433	3,865,135	-	-
	<u>5,179,766</u>	<u>6,136,294</u>	<u>2,251,494</u>	<u>2,251,494</u>

Trade creditors disclosed above are measured at amortised cost.

Notes to the group financial statements (continued)
For the year ended 31 December 2020

17 Creditors: amounts falling due after more than one year

	Group 2020 £	2019 £	Company 2020 £	2019 £
Other borrowings	4,062,867	3,196,489	-	-
Payable within one year	155,333	817,928	-	-
Payable after one year	4,062,867	3,196,489	-	-
	4,218,200	4,014,417	-	-

The group has the following loan balances outstanding as at 31 December 2020:

Secured loan of £100,000 with interest charged at 4.9% per annum, repayable in monthly instalments.

Secured loan of £163,333 with interest charged at 6.9% per annum, repayable in monthly instalments.

Secured loan of £3,500,000 with interest charged at 5% per annum, repayable on the maturity date.

CBILS loan of £143,000 with interest to be charged at 6.03% per annum from the date 12 months post drawdown. Loan is repayable in monthly instalments.

CBILS loan of £125,000 with interest to be charged at 3.79% per annum from the date 12 months post drawdown. Loan is repayable in monthly instalments.

Loan of £134,331 (\$183,658) guaranteed by the US Small Business Administration with interest to be charged at 1% per annum from the date 7 months post drawdown. The loan is repayable on the maturity date.

Loan of £52,536 (\$71,827) guaranteed by the US Small Business Administration. The loan is repayable on the maturity date.

Notes to the group financial statements (continued)
For the year ended 31 December 2020

18 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	97,197	78,804
	<u>97,197</u>	<u>78,804</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

19 Share capital

	Group and company	
	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
126,866 Ordinary shares of £1 each	126,866	126,866
55,134 Ordinary A shares of £1 each	55,134	55,134
	<u>182,000</u>	<u>182,000</u>
	<u>182,000</u>	<u>182,000</u>

The Ordinary shares and Ordinary A shares rank pari passu.

20 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Within one year	80,000	80,000	-	-
Between two and five years	20,000	100,000	-	-
	<u>100,000</u>	<u>180,000</u>	<u>-</u>	<u>-</u>
	<u>100,000</u>	<u>180,000</u>	<u>-</u>	<u>-</u>

Notes to the group financial statements (continued)
For the year ended 31 December 2020

21 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	312,500	281,250

At 31 December 2020, the group owed a related party a loan note balance of £3,500,000 (2019: £3,500,000) and accrued interest thereon of £132,455 (2019: £132,455). The loan note is secured, repayable on maturity date and incurs interest at a rate of 5% per annum. During the year, interest of £175,000 (2019: £132,455) was charged.

During the year the group was charged £15,000 (2019: £15,000) by a related party for the services of Robert Wilson, a non-executive director of the company.

22 Controlling party

The ultimate controlling party is Owen Davies.

23 Cash generated from group operations

	2020 £	2019 £
Profit for the year after tax	150,698	1,175,383
Adjustments for:		
Taxation charged	204,114	492,557
Finance costs	200,163	138,628
Loss on disposal of tangible fixed assets	1,383	-
Gain on disposal of intangible assets	(42,937)	-
Amortisation and impairment of intangible assets	1,224,597	1,110,574
Depreciation and impairment of tangible fixed assets	26,702	24,826
Movements in working capital:		
Decrease in stocks	522,196	766,782
Decrease in debtors	699,444	1,552,603
Decrease in creditors	(76,548)	(2,506,955)
Cash generated from operations	<u>2,909,812</u>	<u>2,754,398</u>

Enthuse Holdings Limited

Notes to the group financial statements (continued)
For the year ended 31 December 2020

24 Analysis of changes in net funds/(debt) - group

	1 January 2020	Cash flows	Exchange rate movements	31 December 2020
	£	£	£	£
Cash at bank and in hand	3,083,172	2,370,963	(48,055)	5,406,080
Borrowings excluding overdrafts	(4,014,417)	(203,783)	-	(4,218,200)
	<u>(931,245)</u>	<u>2,167,180</u>	<u>(48,055)</u>	<u>1,187,880</u>