Company Registration No. 07406382 (England and Wales)

Enthuse Holdings Limited

Annual report and group financial statements for the year ended 31 December 2019

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

Contents

The directors present the strategic report for the year ended 31 December 2019.

Enthuse Group owns and operates media, retail, and inspection and certification 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

The year under review was a year of progress for the group as it acquired a majority stake in AA Media Ltd in the UK, as well as the acquisition of a portfolio of trade magazines in the construction sector in the US.

	2019	**2018**	
Turnover	£18.6m	£10.5m	+78%
Operating profit	£1.8m	£1.3m	+41%
Profit for the financial year	£1.1m	£1m	+10%
Net cash/(debt)	£(0.9)m	£1.5m	

Group turnover increased by 78% to £18.6m, operating profit of £1.8m was up 41%. At the end of 2019, the group has net debt of £0.9m, compared to a net cash balance of £1.5m at the end of 2018 as the acquisitions during the year were debt funded.

In March 2019, the group acquired 51% of AA Media Ltd. AA Media Ltd is a joint venture with AA plc and has three operations: inspection and certification services, publishing and retail and e-commerce. Its inspection and certification services have a licence to operate under the AA brand and inspects and rates accommodation providers and restaurants across Britain. It also operates the VisitEngland assessment scheme. The book publishing business produces AA branded atlases, maps and travel guides. The retail and e-commerce business receive royalty income from a range of AA branded car and road accessories through online channels and physical retailers. It also operates a physical store at the Eurotunnel terminal at Folkestone which sells AA merchandise.

In July 2019, the group also acquired 50.1% of a portfolio of trade construction magazine brands from F+W Media in the US through a Chapter 11 process. The brands include: Rural Builder, Frame Building News, Metal Roofing Magazine and Rollforming Magazine. Following the acquisition, a new event, the Rollforming Show was launched in Cincinnati in December 2019.

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 impact of Covid-19.

Covid-19

The impact of Covid-19 was unforeseen and businesses across the group have had to respond. Our main responsibility has been to safeguard the health and well-being of our employees and we believe that we achieved this. We had to suspend some of our operations when the hospitality industry went into lockdown and also we suspended some publications when retail stores closed. Some of our publications have been permanently closed.

During the lockdown period, we tried our best to be there for our communities, be they small independent hotels in the UK, Hi-Fi importers and distributors in the UK and US, small home construction firms in the US and the legion of largely elderly hobbyists and crafters who were at home expecting to receive the friendly voice of a magazine through the letterbox.

Where we felt it was appropriate to do so, some of our businesses took advantage of Government furlough schemes and loan schemes in the UK and the US. We are grateful for the support we received during this time. Unfortunately, many colleagues have been made redundant as we-restructured and we are sorry for the hardship caused.

We have now re-started our marketing services accreditation operations and whilst a few of our publications have closed permanently, most have now returned to normal publishing cycles. However, we are incredibly proud of the fact that we carried on through it all in a dedicated and meticulous way – indeed with only a few weeks' planning to get it off the ground, we launched an online portal under our website, ratedtrips.com for a free accredited Covid Confident scheme to support the hospitality industry. This gained over 5,000 members and received widespread press coverage.

At the time of writing, the progress of Covid-19 is still very uncertain and there are many things that are not yet clear:

- What is the level of permanent scarring that will result from the pandemic? Sales of our news stand publications have not yet recovered to 2019 levels – will they get back to previous levels or is this a permanent reduction in sales? At its worst, when retail stores were closed, our UK news stand sales were down 80% year-on-year, they have now recovered to be down 30% or so which is still around 5 years of decline in less than 6 months.
- What will be the recessionary impact on advertising revenues and how long will it last? Consumers will have less money as redundancies increase and furlough monies run out and many companies will cease operations.
- When will we be able to re-commence our UK events? We are tentatively planning for 2021 but as yet, hard to know.
- What are the prospects for the UK hospitality industry? Will many hotels and restaurants fail to get through this crisis?

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

22 October 2020

The directors present their annual report and financial statements for the year ended 31 December 2019.

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

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

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

No ordinary dividends were declared by the company.

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.

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

22 October 2020

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 2019 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, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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's and the parent company's affairs as at 31 December 2019 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 its 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 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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Saffery Champness LLP

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

22 October 2020

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 2019

	Note	2019 £	2018 £
Turnover	**3**	18,642,294	10,492,548
Cost of sales		(12,541,573)	(7,803,002)
Gross profit		6,100,721	2,689,546
Administrative expenses		(4,294,153)	(2,111,704)
Loan provision write-back		-	707,000
Operating profit	**4**	1,806,568	1,284,842
Interest receivable and similar income		-	11,783
Interest payable and similar expenses	**8**	(138,628)	(9,034)
Profit before taxation		1,667,940	1,287,591
Tax on profit	**9**	(492,557)	(194,377)
Profit after taxation		1,175,383	1,093,214
Non-controlling interest		(76,704)	(90,033)
Profit for the financial year		1,098,679	1,003,181

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

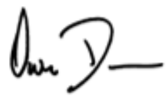
Group statement of financial position
As at 31 December 2019

	Notes	£	2019 £	£	2018 £
Fixed assets					
Goodwill	**10**		1,972,013		2,290,344
Other intangible assets	**10**		3,718,787		322,664
Total intangible assets			5,690,800		2,613,008
Tangible assets	**11**		99,617		10,793
			5,790,417		2,623,801
Current assets					
Stocks	**14**	921,140		96,843	
Debtors	**15**	2,132,691		1,098,665	
Cash at bank and in hand		3,083,172		1,826,338	
		6,137,003		3,021,846	
Creditors: amounts falling due within one year	**16**	(6,136,294)		(4,724,253)	
Net current assets/(liabilities)			709		(1,702,407)
Total assets less current liabilities			5,791,126		921,394
Creditors: amounts falling due after more than one year	**17**		(3,196,489)		(228,083)
Net assets			2,594,637		693,311
Capital and reserves					
Called up share capital	**19**		182,000		182,000
Capital redemption reserve			68,000		68,000
Profit and loss reserves			984,985		(113,694)
Equity attributable to owners of the parent company			1,234,985		136,306
Non-controlling interests			1,359,652		557,005
			2,594,637		693,311

Enthuse Holdings Limited

Group statement of financial position (continued)
As at 31 December 2019

The financial statements were approved by the board of directors and authorised for issue on 22 October 2020 and are signed on its behalf by:



Owen Davies
Director

Enthuse Holdings Limited

Company statement of financial position
As at 31 December 2019

	Notes	2019 £	2019 £	2018 £	2018 £
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	
		1,350,219		1,350,219	
Creditors: amounts falling due within one year	**16**	(2,251,494)		(2,251,494)	
Net current liabilities			(901,275)		(901,275)
Total assets less current liabilities			528,666		528,666
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			528,666		528,666

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 (2018 - £1,344,820 profit).

For the financial year ended 31 December 2019 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.

Company statement of financial position (continued)
As at 31 December 2019

The financial statements were approved by the board of directors and authorised for issue on 22 October 2020 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 2019

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 January 2018		250,000	12,500	75,000	(660,344)	(322,844)	183,686	(139,158)
Year ended 31 December 2018:								
Profit and total comprehensive income for the year		-	-	-	1,003,181	1,003,181	90,033	1,093,214
Dividends		-	-	-	-	-	(52,745)	(52,745)
Share buy-back	**19**	(68,000)	-	68,000	(408,000)	(408,000)	-	(408,000)
Capital reduction	**19**	-	(12,500)	(75,000)	87,500	-	-	-
Other movements		-	-	-	(136,031)	(136,031)	336,031	200,000
Balance at 31 December 2018		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	57,104	1,155,783
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

Company statement of changes in equity
For the year ended 31 December 2019

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2018		250,000	12,500	75,000	(745,654)	(408,154)
Year ended 31 December 2018:						
Profit and total comprehensive income for the year		-	-	-	1,344,820	1,344,820
Share buy-back	**19**	(68,000)	-	68,000	(408,000)	(408,000)
Capital reduction	**19**	-	(12,500)	(75,000)	87,500	-
Balance at 31 December 2018		182,000	-	68,000	278,666	528,666
Year ended 31 December 2019:						
Profit and total comprehensive income for the year		-	-	-	-	-
Balance at 31 December 2019		182,000	-	68,000	278,666	528,666

Enthuse Holdings Limited

Group statement of cash flows
For the year ended 31 December 2019

	Notes	£	2019 £	£	2018 £
Cash flows from operating activities					
Cash generated from operations	**24**		2,754,398		1,354,159
Interest paid			(138,628)		(11,134)
Income taxes paid			(175,204)		(120,672)
Net cash inflow from operating activities			2,440,566		1,222,353
Investing activities					
Purchase of intangible assets		(3,547,442)		(110,000)	
Purchase of tangible fixed assets		(82,238)		-	
Purchase of business		(327,629)		(591,320)	
Purchase of subsidiaries		(858,251)		(20,632)	
Cash acquired on purchase of subsidiaries		8,231		63,141	
Interest received		-		11,783	
Net cash used in investing activities			(4,807,329)		(647,028)
Financing activities					
Proceeds from issue of shares		-		200,000	
Share buy-back		-		(408,000)	
Proceeds of new loans		3,829,282		350,000	
Repayment of loans		(116,098)		(46,667)	
Dividends paid to non-controlling interests		(89,587)		(52,745)	
Net cash generated from financing activities			3,623,597		42,588
Net increase in cash and cash equivalents			1,256,834		617,913
Cash and cash equivalents at beginning of year			1,826,338		1,208,425
Cash and cash equivalents at end of year			3,083,172		1,826,338

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 Basis of consolidation

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)

The group financial statements incorporate those of Enthuse Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2019. 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.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 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.

1.5 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.

1.6 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

1.7 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.

1.8 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.

1.9 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.

1.10 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.

1.11 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.

1.12 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)

1.13 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.

1.14 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.

1.15 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.

1.16 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)

1.17 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.

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.

3 Turnover and other revenue

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

	2019	2018
	£	£
Turnover analysed by class of business		
Print media	11,227,738	8,122,755
Digital media	1,006,493	1,041,675
Events	624,194	286,305
Inspection and certification	3,640,049	-
Retail/E-commerce	2,143,820	1,041,813
	18,642,294	10,492,548

	2019	2018
	£	£
Other significant revenue		
Interest income	-	11,783

3 Turnover and other revenue (continued)

	2019	2018
	£	£
Turnover analysed by geographical market		
United Kingdom	14,191,563	7,467,158
Rest of the world	4,450,731	3,025,390
	18,642,294	10,492,548

4 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	24,826	24,550
Amortisation of intangible assets	1,110,574	739,346
Operating lease charges	193,435	77,696

5 Auditor's remuneration

	2019	2018
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	29,825	-
For other services		
Taxation compliance services	10,150	8,100
Preparation of the financial statements	13,250	11,725
	23,400	19,825

6 Employees

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

	Group 2019 Number	Group 2018 Number	Company 2019 Number	Company 2018 Number
	99	65	-	-

Their aggregate remuneration comprised:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	3,724,034	2,329,259	-	-
Social security costs	431,163	263,475	-	-
Pension costs	78,804	23,523	-	-
	4,234,001	2,616,257	-	-

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	281,250	281,250

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

	2019 £	2018 £
Remuneration for qualifying services	281,250	281,250

8 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on loans	138,628	9,034

9 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	218,049	142,725
Adjustments in respect of prior periods	(3,161)	(391)
Total UK current tax	214,888	142,334
Foreign current tax on profits for the current period	178,889	52,043
Total current tax	393,777	194,377
Deferred tax		
Origination and reversal of timing differences	98,780	-
Total tax charge	492,557	194,377

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:

	2019	2018
	£	£
Profit before taxation	1,648,340	1,287,591
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	298,498	244,642
Tax effect of expenses that are not deductible in determining taxable profit	5,947	8,936
Tax effect of utilisation of tax losses not previously recognised	(30,740)	(52,479)
Change in unrecognised deferred tax assets	98,780	-
Adjustments in respect of prior years	(3,161)	(391)
Amortisation on assets not qualifying for tax allowances	116,026	108,791
Effect of overseas tax rates	(13,315)	1,015
Loan provision	-	(134,330)
Movement in provisions	(8,653)	18,193
Other tax adjustments	25,338	-
Taxation charge	488,720	194,377

10 Intangible fixed assets

Group	Goodwill	Software	Publishing rights	Brand licence	Total
	£	£	£	£	£
Cost					
At 1 January 2019	2,862,930	-	3,240,061	-	6,102,991
Additions - separately acquired	292,331	-	-	3,500,000	3,792,331
Additions - business combinations	-	396,035	-	-	396,035
At 31 December 2019	3,155,261	396,035	3,240,061	3,500,000	10,291,357
Amortisation and impairment					
At 1 January 2019	572,586	-	2,917,397	-	3,489,983
Amortisation charged for the year	610,662	128,980	108,432	262,500	1,110,574
At 31 December 2019	1,183,248	128,980	3,025,829	262,500	4,600,557
Carrying amount					
At 31 December 2019	1,972,013	267,055	214,232	3,237,500	5,690,800
At 31 December 2018	2,290,344	-	322,664	-	2,613,008

The company had no intangible fixed assets at 31 December 2019 or 31 December 2018.

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

11 Tangible fixed assets

Group	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£
Cost			
At 1 January 2019	39,045	267,579	306,624
Additions	-	82,238	82,238
Business combinations	31,412	-	31,412
At 31 December 2019	70,457	349,817	420,274
Depreciation and impairment			
At 1 January 2019	30,491	265,340	295,831
Depreciation charged in the year	16,389	8,437	24,826
At 31 December 2019	46,880	273,777	320,657
Carrying amount			
At 31 December 2019	23,577	76,040	99,617
At 31 December 2018	10,793	-	10,793

The company had no tangible fixed assets at 31 December 2019 or 31 December 2018.

12 Fixed asset investments

		Group		Company	
		2019	2018	2019	2018
	Notes	£	£	£	£
Investments in subsidiaries		-	-	1,429,941	1,429,941

12 Fixed asset investments (continued)

Movements in fixed asset investments

Company	Shares in group undertakings
	£
Cost or valuation	
At 1 January 2019 and 31 December 2019	1,429,941
Carrying amount	
At 31 December 2019	1,429,941
At 31 December 2018	1,429,941

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undetaking	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 2019	2018	Company 2019	2018
	£	£	£	£
Finished goods and goods for resale	921,140	96,843	-	-

15 Debtors

	Group 2019	2018	Company 2019	2018
Amounts falling due within one year:	**£**	**£**	**£**	**£**
Trade debtors	1,624,825	806,373	-	-
Amounts owed by group undertakings	-	-	1,349,530	1,349,530
Other debtors	136,244	62,174	-	-
Prepayments and accrued income	371,622	230,118	-	-
	2,132,691	1,098,665	1,349,530	1,349,530

16 Creditors: amounts falling due within one year

	Group 2019	2018	Company 2019	2018
	£	**£**	**£**	**£**
Other borrowings	817,928	73,150	-	-
Trade creditors	803,770	615,402	-	-
Amounts owed to group undertakings	-	-	2,251,494	2,251,494
Corporation tax payable	356,225	142,725	-	-
Other taxation and social security	156,661	114,542	-	-
Other creditors	136,575	266,326	-	-
Accruals and deferred income	3,865,135	3,512,108	-	-
	6,136,294	4,724,253	2,251,494	2,251,494

Trade creditors disclosed above are measured at amortised cost.

17 Creditors: amounts falling due after more than one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Other borrowings	3,196,489	228,083	-	-

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Payable within one year	817,928	73,150	-	-
Payable after one year	3,196,489	228,083	-	-
	4,014,417	301,233	-	-

The group has the following loan balances outstanding as at 31 December 2019:

Secured loan of £130,000 with interest charged at 4.9% per annum, repayable in monthly instalments.

Secured loan of £233,333 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 in annual instalments.

Unsecured loan of £151,084 with interest charged at 7% per annum, repayable in monthly instalments.

18 Retirement benefit schemes

Defined contribution schemes	2019 £	2018 £
Charge to profit or loss in respect of defined contribution schemes	78,804	23,523

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	
	2019	**2018**
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
	182,000	182,000

The Ordinary shares and Ordinary A shares rank pari passu.

20 Acquisitions

On 2 July 2019 the group acquired part of the business of F+W Media Inc.

	Book Value	Adjustments	Fair Value
	£	£	£
Debtors	45,123	-	45,123
Goodwill			282,506
Total consideration			327,629

The consideration was satisfied by:	£
Cash	301,948
Transaction costs	25,681
	327,629

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:	£
Turnover	749,088
Profit after tax	211,790

20 Acquisitions (continued)

On 29 March 2019 the group acquired 51% percent of the issued capital of AA Media Limited.

	Book Value	Adjustments	Fair Value
	£	£	£
Stocks	1,591,079	-	1,591,079
Debtors	2,541,506	-	2,541,506
Creditors	(3,003,839)	-	(3,003,839)
Tangible fixed assets	31,412	-	31,412
Intangible fixed assets	396,035	-	396,035
Deferred tax asset	98,780	-	98,780
Cash and cash equivalents	8,231	-	8,231
Total identifiable net assets	1,663,204	-	1,663,204
Non-controlling interests			(815,530)
Goodwill			10,577
Total consideration			858,251

The consideration was satisfied by:	£
Cash	700,000
Transaction costs	158,251
	858,251

Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition:	£
Turnover	6,967,614
Loss after tax	(160,499)

21 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	
	2019	2018	2019	2018
	£	£	£	£
Within one year	80,000	-	-	-
Between two and five years	100,000	-	-	-
	180,000	-	-	-

22 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019	2018
	£	£
Aggregate compensation	281,250	281,250

At 31 December 2019, the group owed a related party a loan note balance of £3,500,000 (2018: £nil) and accrued interest thereon of £132,455 (2018: £nil). The loan note is secured, repayable in instalments over 5 years and incurs interest at a rate of 5% per annum. During the year, interest of £132,455 (2018: £nil) was charged.

During the year the group was charged £15,000 (2018: £15,000) by a related party for the services of Robert Wilson, a non-executive director of the company.

23 Controlling party

The ultimate controlling party is Owen Davies.

24 Cash generated from group operations

	2019	2018
	£	£
Profit for the year after tax	1,175,383	1,093,214
Adjustments for:		
Taxation charged	492,557	194,377
Finance costs	138,628	9,034
Investment income	-	(11,783)
Provision	-	(707,000)
Amortisation and impairment of intangible assets	1,110,574	739,346
Depreciation and impairment of tangible fixed assets	24,826	24,550
Movements in working capital:		
Decrease in stocks	766,782	107,138
Decrease in debtors	1,552,603	266,280
Decrease in creditors	(2,506,955)	(360,997)
Cash generated from operations	2,754,398	1,354,159