Company Registration No 03307092

PARTNERSHIP MEDIA GROUP LIMITED

Annual Report and financial Statements for the year ended 31 December 2018

REPORT AND FINANCIAL STATEMENTS 2018

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

J Walsh

COMPANY SECRETARY

JMW Solicitors LLP

REGISTERED OFFICE

1 Byrom Place
Spinningfields
Manchester
M3 3HG

BANKERS

HSBC Bank plc
Bank Square
Wilmslow
Cheshire
SK9 1AR

AUDITOR

Deloitte LLP
Statutory Auditor
2 Hardman Street
Manchester
M3 3HF

STRATEGIC REPORT

BUSINESS REVIEW

Principal activity

The Company's principal activity is a public policy events' organiser.

Business performance

The Director is pleased with the performance for the year which is in line with management's expectations. The Company had sales levels of £16,846,980 (2017: £17,899,199) with a profit after taxation of £910,874 (2017: £1,012,182).

The company continues to align itself to its core market through the existing four divisions. Each of the four divisions posted solid performance for the year. The company continued to invest in the building and positioning of the exhibition's division with an increased focus on marketing and delivery through better venue provision and higher calibre speakers.

The Company continues to be mindful of the impact of Brexit, although this is expected to have little direct impact on the Company or on our customers.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is profitable and continues to generate a positive cash flow from operations and hence the Director believes that the Company is well positioned in its market place. The principal risk and uncertainties are operational risks. Financial risks are outlined below.

Operational risk

The Company has taken positive steps with regards to succession planning and has an experienced management team in place to use their knowledge and expertise to react swiftly and effectively to any risk situation.

The Director regularly reviews overall policies regarding the control and management of risk.

STRATEGIC REPORT (continued)

KEY PERFORMANCE INDICATORS

The Company's key financial performance indicators include profit after tax and turnover which can be seen in the profit and loss account on page 9.

FINANCIAL RISK MANAGEMENT

Principal risks and uncertainties

Credit risk

The Company's credit risk is primarily attributable to its trade receivable balances. Careful checks are in place to ensure the financial viability of both customers and suppliers. Equally, enhanced commercial discussion with our clients continues at pre-event stage to secure satisfactory payment terms and cash is mainly received in advance of the event to contribute to strong cash flow.

Cash flow risk

The Company is potentially at risk to not being able to collect trade receivable debt, however the Company's trade debtors are well controlled and the level of bad debts are historically low.

FUTURE DEVELOPMENTS

The Director expects the general level of activity to increase in the forthcoming year. This is as a result of continuing growth in all major areas of the Company. The company is expecting to see strong growth in some of its more core traditional product offerings in conferences & training where significant focus has been given in Q4 2018 to position these divisions strongly for 2019.

Approved by the Director on 20th September 2019.

Joanne Walsh.

J Walsh

Director

DIRECTOR'S REPORT

The Director presents her annual report on the affairs of the Company, together with the financial statements and auditor's report for the year ended 31 December 2018.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £910,874 (2017: £1,012,182).

A final ordinary dividend of £1,074,905 was paid during the year (2017: £nil).

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of financial risk management objectives and policies can be found in the Strategic Report on pages 2-3.

GOING CONCERN

After making enquiries, and based on the assumptions outlined in the Accounting Policies in Note 1, the Director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Future developments are included within the Strategic Report.

DIRECTOR

The Director who served during the year and to the date of this report is stated on page 1.

DIRECTOR INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its Director which were made during the year and remain in force at the date of this report.

AUDITOR

The person who is a Director at the date of approval of this report confirms that:

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

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

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved and signed on behalf of the Board 20th september 2019

Joanne Walsh

J Walsh

Director

DIRECTOR'S RESPONSIBILITIES STATEMENT

The Director is 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 director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the director must not approve the financial statements unless she ise satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARTNERSHIP MEDIA GROUP LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Partnership Media Group Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 22.

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).

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 are required by ISAs (UK) to report in respect of the following matters where:

- the director's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARTNERSHIP MEDIA GROUP LIMITED (CONTINUED)

Other information

The director is 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 respect of these matters.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is responsible for assessing the 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 director either intends to liquidate the company or to cease operations, or has 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the director's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARTNERSHIP MEDIA GROUP LIMITED (CONTINUED)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

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.

Heather Crosby

Heather Crosby BSC ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
23/09/2019

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2018

	Note	2018 £	2017 £
TURNOVER	3	16,846,980	17,899,199
Cost of sales		(10,153,768)	(9,223,116)
GROSS PROFIT		6,693,212	8,676,083
Administrative expenses		(5,466,213)	(6,930,093)
OPERATING PROFIT		1,226,999	1,745,990
Interest receivable and similar income		39,507	22,150
Loan interest payable		(133,549)	(129,705)
PROFIT BEFORE TAXATION	4	1,132,957	1,638,435
Tax on profit	7	(222,083)	(626,253)
PROFIT FOR THE FINANCIAL YEAR		910,874	1,012,182

All amounts relate to continuing operations.

There were no items of other comprehensive income or expense for 2018 or 2017 other than those included in the profit and loss account. Accordingly, no separate statement of comprehensive income has been presented.

The notes on pages 13 to 24 form part of these financial statements.

BALANCE SHEET
As at 31 December 2018

	Note	2018 £	2018 £	2017 £	2017 £
FIXED ASSETS					
Tangible assets	9		8,319,713		8,175,998
Investments	10		100		100
			8,319,813		8,176,098
CURRENT ASSETS					
Debtors: due within one year	11	6,598,145		5,964,656	
Cash at bank and in hand		5,478,364		6,124,701	
		12,076,509		12,089,357	
CREDITORS: amounts falling due within one year	12	(6,490,262)		(5,956,713)	
NET CURRENT ASSETS			5,586,247		6,132,644
TOTAL ASSETS LESS CURRENT LIABILITIES			13,906,060		14,308,742
CREDITORS: amounts falling due after more than one year	13		(4,758,320)		(5,009,462)
PROVISIONS FOR LIABILITIES					
Deferred tax	14		(22,125)		(9,634)
NET ASSETS			9,125,615		9,289,646
CAPITAL AND RESERVES					
Called up share capital	16		66		66
Capital redemption reserve	16		33		33
Profit and loss account			9,125,516		9,289,547
SHAREHOLDER'S FUNDS			9,125,615		9,289,646

The financial statements of Partnership Media Group Limited, Company registration number 03307092, were approved by the Director and authorised for issue on 20/09/ 2019.

Joanne Walsh

J Walsh

Director

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Called-up share capital	Capital redemption reserve	Profit and loss account	Total
	£	£	£	£
At 1 January 2017	66	33	8,277,365	8,277,464
Profit for the financial year	-	-	1,012,182	1,012,182
At 31 December 2017	66	33	9,289,547	9,289,646
Profit for the financial year	-	-	910,874	910,874
Dividends paid (note 8)	-	-	(1,074,905)	(1,074,905)
At 31 December 2018	66	33	9,125,516	9,125,616

CASH FLOW STATEMENT
For the year ended 31 December 2018

	Note	2018 £	2017 £
Net cash inflow from operating activities	17	1,158,945	2,014,258
Cash flows from investing activities			
Purchase of equipment		(378,720)	(208,918)
Interest received		39,507	22,150
Net cash flows from investing activities		(339,213)	(186,768)
Cash flows from financing activities			
Repayment of borrowings		(257,615)	(267,606)
Dividends paid	8	(1,074,905)	-
Interest paid		(133,549)	(129,705)
Net cash flows from financing activities		(1,466,069)	(397,311)
Net (decrease)/increase in cash and cash equivalents		(646,337)	1,430,179
Cash and cash equivalents at beginning of year		6,124,701	4,694,522
Cash inflow from increase in cash and cash equivalents		(646,337)	1,430,179
Cash and cash equivalents at end of year		5,478,364	6,124,701

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

General information and basis of accounting

Partnership Media Group Limited is a private Company incorporated in the United Kingdom and registered in England and Wales under the Companies Act and limited by shares. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on pages 2-3.

The company is a private company limited by shares, and has the registration number 03307092.

The financial statements have been prepared under the historical cost convention, modified to include freehold property at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Partnership Media Group Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Group accounts have not been prepared as the Company's subsidiary is permitted to be excluded from group accounts by virtue of sections 402 and 405 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 3. As a consequence, the Director believes that the Company is well placed to manage its business risks successfully.

The Company meets its day-to-day working capital requirements through cash generation and strong working capital management. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the current level of agreed facilities, including compliance with all applicable covenants.

The Director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus she continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation, except for freehold property which is held at valuation and not depreciated. Depreciation is provided at rates calculated to write off the cost of fixed assets over their expected useful lives on the following bases:

Freehold improvements	10% straight line
Fixtures, fittings and equipment	15% straight line
Computer equipment	33% straight line
Leasehold improvements	over the period of the lease

Revaluation of properties

Individual freehold and leasehold properties are revalued to fair value every 3 years with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account.

The property is held at valuation and not depreciated. The property was acquired and therefore valued at 11 June 2014. In line with the above accounting policy the building was revalued as at 31st December 2017, resulting in an impairment loss of £1,509,360 charged to the profit and loss account of 2017, with a corresponding reduction shown against fixed assets.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

1. **ACCOUNTING POLICIES (continued)**

Financial instruments

Financial Assets and Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the contractual arrangements enterer into.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction cost). If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Non-current debt instruments which meet the following conditions, are subsequently measured at amortised cost using the effective interest method:

(a) Returns to the holder are (i) a fixed amount, or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single reference quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
(b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
(c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are nor contingent on future events, other than to protect the holder against the credit deterioration of the issue or a change in control of the issuer, or to protect the holder or issuer against charges in relevant taxation or low.
(d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt Instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when the contractual rights to the cash flows from the financial asset expire or are settled.

(ii) Investments

Investments are measured a cost less impairment.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iv) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date. Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred Tax is measured using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Turnover

Turnover is stated net of VAT and trade discounts. Events and publications revenue is recognised in the period in which the event or publication occurs.

Employee benefits

The Company operates a defined contribution pension scheme and the amount charged to the profit and loss in respect of pension costs is the contributions payable in the year.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction.

Exchange gains and losses are recognised in the profit or loss in the period in which they arise.

Leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term, even if the payments are not made on such a basis.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the end of the lease.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the Director is required to make judgements, estimates and assumptions about the carrying amounts 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.

Critical judgements in applying the Company's accounting policies

The Director does not consider that the amounts recognised in the current or prior year financial statements have been significantly affected by any critical judgments made in the process of applying the Company's accounting policies.

Key sources of estimation uncertainty

Bad debt provision

In making its judgement, management have considered whether there is objective evidence of any impairment of financial assets that are measured at cost or amortised cost at the accounting date. If there is objective evidence of impairment, the Company has recognised an impairment in the profit or loss of £92,149 in the current year.

Objective evidence that a financial asset is impaired includes observable data that has come to the attention of the Company about the following loss events:

a) Significant financial difficulty of the obligor;

b) The creditor, for economic or legal reasons relating to the debtor's financial difficulty, granting to the debtor a concession that the creditor would not otherwise consider; and

c) It has become probable that the debtor will enter bankruptcy or other financial reorganisation.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. TURNOVER

An analysis of turnover by class of business is as follows:

	2018	2017
	£	£
Publication of magazines and directories	199,714	379,647
Conferences and seminar income	16,591,705	17,480,673
Other income	55,561	38,879
	16,846,980	17,899,199

All turnover arose within the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2018 £	2017 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets (note 9)	186,897	193,656
Operating lease rentals	404,123	399,562
Impairment of freehold property	-	1,509,360
Loss on disposal of fixed assets	48,108	-

The analysis of the auditor's remuneration is as follows:

	2018 £	2017 £
Fees payable to the Company's auditor and their associates for the audit of the Company's annual accounts	18,500	17,000
Total audit fees	18,500	17,000
Taxation compliance services	3,580	9,000
Other taxation advisory services	6,000	6,010
Total non-audit fees	9,580	15,010

5. STAFF COSTS

The aggregate of staff remuneration (including Director) comprised:

	2018 £	2017 £
Wages and salaries	6,670,663	6,252,660
Social security costs	679,977	643,495
Other pension costs (note 20)	105,226	90,132
	7,455,866	6,986,287

Other pension costs' includes only those items included within operating costs.

The average monthly number of employees (including Director) during the year was:	2018 No.	2017 No.
Sales	48	56
Marketing, Production and Administration	111	103
	159	159

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2018

6. DIRECTOR'S REMUNERATION AND TRANSACTIONS

	2018 £	2017 £
Emoluments	73,846	374,372
Company pension contributions to defined contribution pension scheme	42,588	42,294

Director advances, credits and guarantees

Details of transactions with Director during the year are disclosed in note 21.

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2018 £	2017 £
Current tax		
UK corporation tax on profits of the period	210,588	615,768
Adjustments in respect of previous periods	(996)	2,638
Total current tax	209,592	618,406
Deferred tax		
Origination and reversal of timing differences	13,642	8,383
Adjustment in respect of previous periods	285	-
Effect of changes in tax rates	(1,436)	(536)
Total deferred tax (see note 14)	12,491	7,847
Total tax per the profit and loss account	222,083	626,253

The standard rate of tax applied to reported profit on ordinary activities is 19 per cent (2017: 19.25 per cent). The applicable tax rate has changed following the substantive enactment of the Finance Act 2013.

The Finance Act 2016, which was substantively enacted in September 2016, included provisions to reduce the rate of corporation tax to 17% with effect from 1 April 2020, and Finance Act 2015 (No.2) included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2018

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

During the year beginning 1 January 2019, the net reversal of deferred tax is expected to decrease the corporation tax charge for the year by £2,459.

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2018 £	2017 £
Profit for the year	1,132,957	1,638,435
Profit on ordinary activities at UK standard rate of 19.00% (2017: 19.25%)	215,262	315,338
Effects of:		
Expenses not deductible	12,440	308,815
Income not taxable	(3,472)	-
Adjustments from previous periods	(711)	2,638
Tax rate change	(1,436)	(536)
Rounding	-	(2)
Tax charge for the year	222,083	626,253

8. DIVIDENDS ON EQUITY SHARES

Amounts recognised as distributions to equity holders in the year:

	2018 £	2017 £
Final dividend paid for the year ended 31 December 2018 of £16,286.44 (2017: £nil) per ordinary share	1,074,905	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2018

9. TANGIBLE FIXED ASSETS

	Freehold buildings £	Freehold improvements £	Leasehold improvements £	Fixtures, fittings and equipment £	Computer Equipment £	Total £
Cost or valuation						
At 1 January 2018	7,600,000	322,836	234,725	230,393	661,232	9,049,186
Additions	-	25,477	4,368	18,159	330,716	378,720
Disposals	-	-	-	(4,491)	(120,971)	(125,462)
At 31 December 2018	7,600,000	348,313	239,093	244,061	870,977	9,302,444
Depreciation						
At 1 January 2018	-	101,719	100,725	108,940	561,804	873,188
Charge for the year	-	33,588	31,837	34,254	87,218	186,897
Disposals	-	-	-	(1,516)	(75,838)	(77,354)
At 31 December 2018	-	135,307	132,562	141,678	573,184	982,731
Net book value						
At 31 December 2018	7,600,000	213,006	106,531	102,383	297,793	8,319,713
At 31 December 2017	7,600,000	221,117	134,000	121,453	99,428	8,175,998

There are no leased assets included above.

The loan to purchase the property is secured against the property together with a fixed and floating charge over the assets of the business (see note 13).

Freehold and leasehold land and buildings were professionally valued by Cushman & Wakefield, RICS Registered Valuers, an independent valuer, to fair value at 31 December 2017, with subsequent additions at cost.

10. FIXED ASSET INVESTMENTS

	2018 £	2017 £
Subsidiary undertakings	100	100

The Company has an investment in the following dormant subsidiary undertaking:

Name	Country of incorporation	Class of shares	Holding
GovNet Communications Limited	United Kingdom	Ordinary	100%

Registered Office; 1 Byrom Place, Spinningfields, Manchester, M3 3HG

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2018

11. DEBTORS

Amounts due within one year:	2018 £	2017 £
Trade debtors	3,325,344	2,648,590
Other debtors	2,506,919	2,687,345
Prepayments and accrued income	675,809	628,721
Corporation tax	90,073	-
	6,598,145	5,964,656

Included within other debtors due within one year is a loan to J Walsh, a Director, amounting to £1,806,380 (2017: £2,046,166).

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Bank loan (see note 13)	257,099	263,572
Trade creditors	434,383	267,365
Corporation tax	-	275,189
Other taxation and social security	577,757	448,523
Other creditors	417,567	401,446
Accruals and deferred income	4,803,456	4,300,618
	6,490,262	5,956,713

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

The Company acquired office premises in London in 2014 at a cost of £9.1 million. The acquisition was funded through a 20 year loan of £6.15 million. Interest is charged at 2% per annum over the Bank of England Base rate. The loan is secured against the London property together with a fixed and floating charge over the assets of the business.

The property was revalued to fair value at 31 December 2017, based on a valuation undertaken by Cushman & Wakefield, RICS Registered Valuers, an independent valuer with recent experience in the location and class of the property being valued. The method of determining fair value was the price that would be received to sell and asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The amounts repayable are as follows:

	2018 £	2017 £
Bank loans		
Between two and five years	1,101,626	1,119,424
After five years	3,656,694	3,890,038
	4,758,320	5,009,462
On demand or within one year (note 12)	257,099	263,572
	5,015,419	5,273,034

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2018

14. PROVISIONS FOR LIABILITIES

	Deferred taxation £
At 1 January 2018	9,634
Adjustment in respect of prior years	285
Deferred tax charge to profit and loss account for the year	12,206
At 31 December 2018	22,125

Deferred tax

Deferred tax is provided as follows:

	2018 £	2017 £
Fixed asset timing differences	24,584	12,038
Other timing differences	(2,459)	(2,404)
Provision for deferred tax	22,125	9,634

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same tax authority.

15. FINANCIAL INSTRUMENTS

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	2018 £	2017 £
Financial assets		
Measured at undiscounted amount receivable		
• Trade and other debtors (see note 11)	5,832,263	5,335,935
Financial liabilities		
Measured at amortised cost		
• Loans payable	5,015,418	5,273,034
Measured at undiscounted amount payable		
• Trade and other creditors (see note 12)	851,950	668,811
	5,867,368	5,941,845

Interest income and expense

Total interest expense for financial liabilities at amortised cost	133,549	129,705

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2018

16. CALLED UP SHARE CAPITAL AND RESERVES

	2018 £	2017 £
Allotted, called up and fully paid		
66 ordinary shares of £1 each	66	66

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

The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profit or losses, net of dividends.

The capital redemption reserve is a non-distributable reserve and represents paid up share capital.

17. CASH FLOW STATEMENT

	2018 £	2017 £
Operating profit	1,226,999	1,745,990
Adjustment for:		
Depreciation of tangible fixed assets	186,897	193,656
Fixed asset revaluation	-	1,509,360
Loss on disposal	48,108	-
Operating cash flow before movement in working capital	1,462,004	3,449,006
Taxation paid	(574,662)	(993,161)
(Increase)/Decrease in debtors	(543,415)	345,689
Increase/(Decrease) in creditors	815,018	(787,276)
Cash generated by operations	1,158,945	2,014,258

18. FINANCIAL COMMITMENTS

At 31 December 2018 the Company had total commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2018 £	2017 £	2018 £	2017 £
Expiry date:				
Within 1 year	278,220	246,055	84,540	109,787
Between 2 and 5 years	609,037	742,507	25,378	112,624
	887,257	988,562	109,918	222,411

19. CONTINGENT LIABILITIES

There is a cross guarantee between the Company and the Director, J Walsh. At 31 December 2018 the total potential liability amounted to £1,837,861 (2017: £1,860,540).

20. EMPLOYEE BENEFITS

Defined contribution scheme

The Company operates a defined contribution pension scheme for all qualifying employees. The total expense charged to profit or loss in the year ended 31 December 2018 was £105,226 (2017: £90,132).

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2018

21. RELATED PARTY TRANSACTIONS

Director's transactions

Loan to Director

An unsecured interest free loan, repayable on demand was made to the Director. The amount of the liability to the Company at the beginning of the year was £2,046,166, the maximum during the year was £2,046,166 and at the end of the year was £1,837,861. This balance is included within other debtors (note 11).

During the year, the Company paid lease rentals to the Director totalling £117,000 (2017: £117,000), the amount of £nil (2017: £nil) is still owing at the date of the balance sheet.

Other related party transactions

Unsecured interest free loans, repayable on demand has been made to 2 members of key management personnel and were outstanding during the year. The amount of their liability to the Company at the beginning of the year was £22,978, the maximum during the year was £51,803 and at the end of the year is £51,803. The total remuneration for key management personnel for the year including the Director remuneration totalled £1,317,717 (2017: £1,379,446).

22. CONTROLLING PARTY

The ultimate controlling party is J Walsh.