

Financial Statements

Wasted Talent Ltd (formerly Mixmag Media Limited)

For the Year Ended 31 December 2016

FRIDAY



A6HG16UG

A16

20/10/2017

#46

COMPANIES HOUSE

33049

Wasted Talent Ltd (previously Mixmag Media Limited)

Company Information

Directors	D Hepworth J W Perkins I Flooks N Stevenson M Mee (appointed 18 September 2017)
Company secretary	D Joseph
Registered number	04333049
Registered office	90-92 Pentonville Road London N1 9HS
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor The Colmore Building 20 Colmore Circus Birmingham B4 6AT

Contents

	Page
Directors' report	1 - 2
Independent auditor's report	3 - 4
Consolidated statement of comprehensive income	5
Consolidated statement of financial position	6
Company statement of financial position	7
Consolidated statement of changes in equity	8
Company statement of changes in equity	9
Notes to the financial statements	10 - 30

Directors' report

For the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Principal activity

The principal activity of the group is in marketing and packaging content through print, digital media and events.

Results and dividends

The loss for the year, after taxation, amounted to £1,091,182 (2015 - loss £586,970).

The directors do not recommend the payment of a dividend (2015: £nil).

Directors

The directors who served during the year were:

D Hepworth
J W Perkins
P Strong (resigned 14 December 2016)
I Flooks
N Stevenson (appointed 13 December 2016)

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the consolidated 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Directors' report (continued)

For the Year Ended 31 December 2016

Qualifying third party indemnity provisions

During the year ended 31 December 2016 and at the date of this report, the Company has made an indemnity for the benefit of its directors which is a qualifying indemnity provision for the purposes of Section 234 of the Companies Act 2006.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

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

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006 from the requirement to prepare a Strategic report or in preparing the Director's report.

This report was approved by the board on 18 October 2017 and signed on its behalf.



J W Perkins
Director



Independent auditor's report to the members of Wasted Talent Ltd (previously Mixmag Media Limited)

We have audited the financial statements of Wasted Talent Ltd (formerly Mixmag Media Limited) for the year ended 31 December 2016, which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's Ethical Standards website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 2016 and of the Group's loss 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.



Independent auditor's report to the members of Wasted Talent Ltd (previously Mixmag Media Limited) (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report under the Companies Act 2006

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 Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Directors' report.

Grant Thornton UK LLP

John Coates (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Birmingham

Date: *20 October 2017*

Consolidated statement of comprehensive income

For the Year Ended 31 December 2016

	Note	2016 £	2015 £
Continuing operations			
Turnover	4	2,359,000	1,863,989
Cost of sales		(949,850)	(889,476)
Gross profit		1,409,150	974,513
Distribution costs		(55,704)	(71,430)
Administrative expenses		(2,429,328)	(1,474,753)
Operating loss	5	(1,075,882)	(571,670)
Interest payable and expenses	9	(15,300)	(15,300)
Loss before taxation		(1,091,182)	(586,970)
Tax on loss	10	-	-
Loss for the year		(1,091,182)	(586,970)
Currency translation differences		18,946	587
Total comprehensive income for the year		(1,072,236)	(586,383)

The notes on pages 10 to 30 form part of these financial statements.

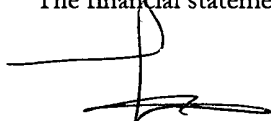
Consolidated statement of financial position

As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	11	24,156	29,189
Tangible assets	12	32,237	21,799
Investments	13	-	50
		<u>56,393</u>	<u>51,038</u>
Current assets			
Stocks	14	12,388	19,085
Debtors: amounts falling due within one year	15	676,939	500,757
Cash at bank and in hand	16	5,558	844,574
		<u>694,885</u>	<u>1,364,416</u>
Creditors: amounts falling due within one year	17	(894,708)	(501,948)
Net current (liabilities)/assets		<u>(199,823)</u>	<u>862,468</u>
Total assets less current liabilities		<u>(143,430)</u>	<u>913,506</u>
Creditors: amounts falling due after more than one year	18	(340,853)	(325,553)
Net (liabilities)/assets		<u>(484,283)</u>	<u>587,953</u>
Capital and reserves			
Called up share capital	21	4,804	4,804
Share premium account	22	4,575,196	4,575,196
Foreign exchange reserve	22	19,533	587
Profit and loss account	22	(5,083,816)	(3,992,634)
Equity shareholders' (deficit)/funds		<u>(484,283)</u>	<u>587,953</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18/10/17



J W Perkins
Director

The notes on pages 10 to 30 form part of these financial statements.

Company statement of financial position

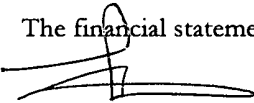
As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	11	24,156	29,189
Tangible assets	12	8,997	10,654
Investments	13	64	114
		<u>33,217</u>	<u>39,957</u>
Current assets			
Stocks	14	12,388	19,085
Debtors: amounts falling due within one year	15	1,207,602	544,839
Cash at bank and in hand	16	-	836,045
		<u>1,219,990</u>	<u>1,399,969</u>
Creditors: amounts falling due within one year	17	(628,281)	(433,726)
Net current assets		<u>591,709</u>	<u>966,243</u>
Total assets less current liabilities		<u>624,926</u>	<u>1,006,200</u>
Creditors: amounts falling due after more than one year	18	(340,853)	(325,553)
Net assets		<u><u>284,073</u></u>	<u><u>680,647</u></u>
Capital and reserves			
Called up share capital	21	4,804	4,804
Share premium account	22	4,575,196	4,575,196
Profit and loss account	22	(4,295,927)	(3,899,353)
Equity shareholders' funds		<u><u>284,073</u></u>	<u><u>680,647</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

No statement of comprehensive income is presented for Wasted Talent Ltd (formerly Mixmag Media Limited) as permitted by Section 408 of the Companies Act 2006. The Company recorded a loss for the financial year after tax of £396,574 (2015: £493,689).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18/10/17


J W Perkins
Director

Consolidated statement of changes in equity

For the Year Ended 31 December 2016

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2015	4,266	3,093,773	-	(3,405,664)	(307,625)
Comprehensive income for the year					
Loss for the year	-	-	-	(586,970)	(586,970)
Foreign exchange	-	-	587	-	587
Total comprehensive income for the year	-	-	587	(586,970)	(586,383)
Shares issued during the year	538	1,481,423	-	-	1,481,961
Total transactions with owners	538	1,481,423	-	-	1,481,961
At 1 January 2016	4,804	4,575,196	587	(3,992,634)	587,953
Comprehensive income for the year					
Loss for the year	-	-	-	(1,091,182)	(1,091,182)
Foreign exchange	-	-	18,946	-	18,946
At 31 December 2016	4,804	4,575,196	19,533	(5,083,816)	(484,283)

Company statement of changes in equity

For the Year Ended 31 December 2016

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2015	4,266	3,093,773	(3,405,664)	(307,625)
Comprehensive income for the year				
Loss for the year	-	-	(493,689)	(493,689)
Contributions by and distributions to owners				
Shares issued during the year	538	1,481,423	-	1,481,961
Total transactions with owners	538	1,481,423	-	1,481,961
At 1 January 2016	4,804	4,575,196	(3,899,353)	680,647
Comprehensive income for the year				
Loss for the year	-	-	(396,574)	(396,574)
At 31 December 2016	4,804	4,575,196	(4,295,927)	284,073

Notes to the financial statements

For the Year Ended 31 December 2016

1. General information

The Company is a private company limited by shares and is incorporated in England and Wales. The registered office address is 90-92 Pentonville Road, London, N1 9HS. The principal activity of the group is in marketing and packaging content through print, digital media and events.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the exemption from preparing a statement of cash flows, on the basis that it is a small company.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2015.

Notes to the financial statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.3 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated statement of financial position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.4 Going concern

The financial statements have been prepared on a going concern basis. The group recorded a loss of £1,091,182 (2015: £586,970) for the year.

The directors have prepared cash flow forecasts and considered the cash flow requirement for the group for a period not less than 12 months after the date of the approval of these financial statements. The forecasts show that based on the current level of cash reserves and the cash expected to be generated from the group's operations, the group has sufficient resources available in order to continue trading for a period of at least 12 months from the date of these accounts. Based on these forecasts the directors are confident that the group has sufficient flexibility of resources to enable it to pay its debts as they fall due.

The directors have obtained written support from the shareholders for a period of not less than 12 months from the statement of financial position date and therefore consider the group to be a going concern.

As a result of the above, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Notes to the financial statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods and provision of services provided by the group during the year relate to print, digital media and events marketing. The group recognises revenue on key revenue streams as follows:

Advertising and events marketing

Revenue is recognised over the period of the contract as the service requirements are fulfilled.

Magazine distribution

Revenue is recognised on delivery of the magazine to the customer.

Magazine subscriptions

Revenue is recognised evenly over the subscription period.

2.6 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

Intangible assets other than goodwill are stated at cost less amortisation.

Amortisation is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives. The website costs are being written off over a useful economic life of 4 years.

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

Notes to the financial statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	- 33% per annum
Computer equipment	- 33% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the financial statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the financial statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.15 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

Notes to the financial statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.17 Taxation

Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that: the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits, any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met, and where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The areas where these judgements and estimates have been made include:

Useful economic life of fixed assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Receivables

Receivables are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of provision required for irrecoverable debt. Provisions are made specifically against invoices or intercompany loan agreements where recoverability is uncertain.

Amortisation of intangible assets

Intangible assets and goodwill are amortised over their useful economic lives. The useful economic life is assessed by reference to the anticipated minimum period over which the asset is expected to remain separately identifiable and cash generative.

Notes to the financial statements

For the Year Ended 31 December 2016

4. Turnover

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

	2016 £	2015 £
Print, digital media and events marketing	2,359,000	1,863,989

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	1,752,709	1,831,429
Rest of the world	606,291	32,560
	2,359,000	1,863,989

5. Operating loss

The operating loss is stated after (crediting)/charging:

	2016 £	2015 £
Depreciation of tangible fixed assets (note 13)	14,289	5,855
Amortisation of intangible assets, including goodwill (note 12)	12,143	12,237
Auditor's remuneration (note 6)	18,354	17,775
Defined contribution pension cost (note 24)	26,360	2,728

6. Auditor's remuneration

	2016 £	2015 £
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	7,679	12,175

Fees payable to the Group's auditor and its associates in respect of:

Accounting services	1,000	1,000
Taxation compliance services	2,675	2,600
The auditing of accounts of associates of the Group pursuant to legislation	7,000	2,000
	10,675	5,600

Notes to the financial statements

For the Year Ended 31 December 2016

7. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
Employees	31	19
	2016	2015
	£	£
Wages and salaries	1,379,920	797,924
Social security costs	97,278	78,101
Pension costs (note 24)	26,360	2,728
	1,503,558	878,753

The directors are the only key management personnel of the group.

8. Directors' remuneration

Remuneration was paid in respect of the group's directors as follows:

	2016 £	2015 £
Emoluments	206,998	97,500

In the year, there were 2 (2015: nil) directors accruing benefits under defined contribution pension schemes.

The highest paid director received remuneration of £121,004 (2015: £77,917).

Company pension contributions to defined contribution pension schemes in respect of the highest paid director were £11,000 (2015: £917).

9. Interest payable and similar charges

	2016 £	2015 £
Preference share dividend (note 18)	15,300	15,300

Notes to the financial statements

For the Year Ended 31 December 2016

10. Taxation

	2016 £	2015 £
Total current tax	-	-

Factors affecting tax charge for the year

The tax credit assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Loss on ordinary activities before tax	(1,091,182)	(586,970)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	(218,236)	(118,861)

Effects of:

Expenses not deductible for tax purposes	44,788	10,361
Fixed asset differences	168	100
Remeasurement of deferred tax to average rate	46,055	71,341
Deferred tax not recognised	26,804	18,132
Other permanent differences	20	20
Effect of different tax rates of subsidiaries operating in other jurisdictions	100,401	18,907
Total tax charge for the year	-	-

The deferred tax asset has not been recognised due to uncertainty around the future profitability of the business.

Factors that may affect future tax charges

Following substantive enactment during the year, the main rate of corporation tax will reduce from 19% (effective 1 April 2017) to 17% (effective 1 April 2020). This will impact the company's future tax charges accordingly.

Notes to the financial statements

For the Year Ended 31 December 2016

11. Intangible assets

Group

	Websites £	Goodwill £	Total £
Cost			
At 1 January 2016	95,872	1,554,837	1,650,709
Additions	7,110	-	7,110
At 31 December 2016	<u>102,982</u>	<u>1,554,837</u>	<u>1,657,819</u>
Amortisation			
At 1 January 2016	66,683	1,554,837	1,621,520
Charge for the year	12,143	-	12,143
At 31 December 2016	<u>78,826</u>	<u>1,554,837</u>	<u>1,633,663</u>
Net book value			
At 31 December 2016	<u>24,156</u>	<u>-</u>	<u>24,156</u>
At 31 December 2015	<u>29,189</u>	<u>-</u>	<u>29,189</u>

Notes to the financial statements

For the Year Ended 31 December 2016

11. Intangible assets (continued)

Company

	Websites £	Goodwill £	Total £
Cost			
At 1 January 2016	95,872	1,554,837	1,650,709
Additions	7,110	-	7,110
At 31 December 2016	102,982	1,554,837	1,657,819
Amortisation			
At 1 January 2016	66,683	1,554,837	1,621,520
Charge for the year	12,143	-	12,143
At 31 December 2016	78,826	1,554,837	1,633,663
Net book value			
At 31 December 2016	24,156	-	24,156
At 31 December 2015	29,189	-	29,189

Notes to the financial statements

For the Year Ended 31 December 2016

12. Tangible fixed assets

Group

	Fixtures & fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2016	29,616	77,382	106,998
Additions	6,571	18,156	24,727
At 31 December 2016	<u>36,187</u>	<u>95,538</u>	<u>131,725</u>
Depreciation			
At 1 January 2016	17,940	67,259	85,199
Charge for the year	6,580	7,709	14,289
At 31 December 2016	<u>24,520</u>	<u>74,968</u>	<u>99,488</u>
Net book value			
At 31 December 2016	<u>11,667</u>	<u>20,570</u>	<u>32,237</u>
At 31 December 2015	<u>11,676</u>	<u>10,123</u>	<u>21,799</u>

Notes to the financial statements

For the Year Ended 31 December 2016

12. Tangible fixed assets (continued)

Company

	Fixtures & fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2016	21,545	73,703	95,248
Additions	-	4,735	4,735
At 31 December 2016	21,545	78,438	99,983
Depreciation			
At 1 January 2016	17,506	67,088	84,594
Charge for the year	2,058	4,334	6,392
At 31 December 2016	19,564	71,422	90,986
Net book value			
At 31 December 2016	1,981	7,016	8,997
At 31 December 2015	4,039	6,615	10,654

Notes to the financial statements

For the Year Ended 31 December 2016

13. Fixed asset investments

Group

	Investments in associates £
Cost or valuation	
At 1 January 2016	50
At 31 December 2016	50
Impairment	
At 1 January 2016	-
Charge for the period	50
At 31 December 2016	50
At 31 December 2016	-
At 31 December 2015	50

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Wasted Talent Media Inc. (formerly Mixmag Media Inc.)	United States	Ordinary	100 %	Marketing

The aggregate of the share capital and reserves as at 31 December 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Wasted Talent Media Inc. (formerly Mixmag Media Inc.)	(768,259)	(597,817)

The company owns 25% of the ordinary share capital of Don't Stay In Limited, a company incorporated in England and Wales. This company was dissolved on 2 May 2017 therefore an impairment charge has been recognised in the statement of comprehensive income in the year to write down the value of this investment.

Notes to the financial statements

For the Year Ended 31 December 2016

13. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £	Investments in associates £	Total £
Cost or valuation			
At 1 January 2016	64	50	114
At 31 December 2016	64	50	114
Impairment			
At 1 January 2016	-	-	-
Charge for the period	-	50	50
At 31 December 2016	-	50	50
Net book value			
At 31 December 2016	64	-	64
At 31 December 2015	64	50	114

14. Stocks

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Raw materials	12,388	19,085	12,388	19,085

The difference between purchase price or production cost of stocks and their replacement cost is not material.

No impairment loss (2015 - £nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock for the group and the company.

Notes to the financial statements

For the Year Ended 31 December 2016

15. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	578,505	411,403	325,597	411,403
Amounts owed by group undertakings	-	-	833,461	82,315
Other debtors	50,617	30,827	35,838	30,827
Prepayments and accrued income	47,817	58,527	12,706	20,294
	<u>676,939</u>	<u>500,757</u>	<u>1,207,602</u>	<u>544,839</u>

An impairment loss of £15,196 (2015: £5,175) was recognised against trade debtors for the group and the company.

Amounts owed by group undertakings are unsecured and are repayable on demand. No interest is charged on these amounts as they are trading balances with no fixed term of repayment.

16. Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	5,558	844,574	-	836,045
Less: bank overdrafts	(76,948)	-	(76,948)	-
	<u>(71,390)</u>	<u>844,574</u>	<u>(76,948)</u>	<u>836,045</u>

Barclays Bank PLC hold a debenture dated 6 December 2005 over the company in respect of all monies due or to become due from the company to the bank.

Notes to the financial statements

For the Year Ended 31 December 2016

17. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank overdrafts	76,948	-	76,948	-
Trade creditors	243,904	180,403	166,452	161,791
Amounts owed to related parties (note 25)	32,128	-	32,128	-
Other taxation and social security	21,953	26,864	21,953	26,864
Other creditors	8,103	10,144	8,120	10,145
Accruals and deferred income	511,672	284,537	322,680	234,926
	<u>894,708</u>	<u>501,948</u>	<u>628,281</u>	<u>433,726</u>

Bank overdrafts are secured by debenture over the assets of the company.

Amounts owed to related parties are unsecured and are repayable on demand. No interest is charged on these amounts as they are trading balances with no fixed term of repayment.

18. Creditors: Amounts falling due after more than one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Preference share capital (note 19)	170,003	170,003	170,003	170,003
Preference share dividend	170,850	155,550	170,850	155,550
	<u>340,853</u>	<u>325,553</u>	<u>340,853</u>	<u>325,553</u>

19. Preference share capital

	2016 £	2015 £
1,248 preference shares of £0.10 each	125	125
Share premium on issue of preference shares	169,878	169,878
	<u>170,003</u>	<u>170,003</u>

Preference shareholders are entitled to a dividend paid half yearly at 9% per annum based upon par value and any premium paid on the shares. During 2008, the shareholders gained the right to convert the preference shares into ordinary shares with no premium payable on demand.

See note 21 for details on the rights attached to these preference shares.

Notes to the financial statements

For the Year Ended 31 December 2016

20. Financial instruments

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Financial assets				
Cash and cash equivalents	5,558	844,574	-	836,045
Financial assets measured at amortised cost	629,122	442,230	1,098,103	524,545
	<u>634,680</u>	<u>1,286,804</u>	<u>1,098,103</u>	<u>1,360,590</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(760,468)	(609,332)	(682,870)	(589,471)
	<u>(760,468)</u>	<u>(609,332)</u>	<u>(682,870)</u>	<u>(589,471)</u>

Cash and cash equivalents comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise bank overdrafts, trade creditors, amounts owed to related parties, preference share dividends due and accruals.

Notes to the financial statements

For the Year Ended 31 December 2016

21. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
48,040 Ordinary shares of £0.10 each	<u>4,804</u>	<u>4,804</u>

The ordinary shares and preference shares have the same rights and privileges and shall rank pari passu in all respects except for the following:

- The preference shareholders are not entitled to attend or vote at any general meeting of the Company;
- The holders of the preference shares are entitled, in priority to any payment on any other class of share, to a cumulative preferential dividend of 9% of the par value of the holder's preference shares, together with any premium paid on them;
- Only ordinary shareholders have rights to equity dividends; and
- The preference shareholders have preferential rights over any other class of share to distributions and return of capital on liquidation or sale of the Company.

22. Reserves

Share premium account

Represents the premium received on the issuance of equity above the nominal value of the shares issued.

Foreign exchange reserve

Current year and cumulative foreign exchange differences on consolidation of overseas subsidiaries.

Profit & loss account

Reserve represents current year profits and cumulative prior year profits.

23. Pension commitments

The group operates a defined contribution pension scheme. The pension cost charge for the period represents the contribution payable by the group to the scheme and amounted to £26,360 (2015: £2,728).

There were outstanding contributions at the end of the financial year of £3,120 (2015: £nil).

Notes to the financial statements

For the Year Ended 31 December 2016

24. Related party transactions

Wasted Talent Media Inc. (formerly Mixmag Media Inc.) is a wholly owned subsidiary of Wasted Talent Ltd, therefore the company has taken advantage of the exemption under FRS 102 to not disclose transactions and balances with other group companies.

During the year, the Group was invoiced £81,000 (2015: £74,000) for accountancy services by Integral2 Limited, a company which David Joseph is a director. The Group had an outstanding balance of £8,266 (2015: £8,086) at the balance sheet date.

During the year, the Group paid Mrs L Perkins, the wife of Mr J Perkins, £16,000 (2015: £16,000) for secretarial services.

During the year, the Group was invoiced £60,000 (2015: £52,725) by Wasted Talent Productions Limited for consultancy services provided by Ian Flooks, a common director. The Group had an outstanding balance of £23,862 (2015: £6,540) at the balance sheet date.

25. Post balance sheet events

On 8 May 2017, the Group acquired the rights to the Kerrang! brand name for cash consideration of £750,000 and the rights to the The Face brand name for cash consideration of £100.

26. Controlling party

No one individual has overall control of the company based on their shareholding.

27. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

The only adjustment required on transition was in relation to the capitalised website development costs with a net book value of £16,569 at 1 January 2015, which have been reclassified from tangible to intangible assets as required under FRS 102. This has no effect on the group's net assets nor the profit for the year, except that the previous depreciation charge is now described as amortisation.