
WASTED TALENT LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



WASTED TALENT LTD

COMPANY INFORMATION

Directors	J Perkins I Flooks M Mee N Robinson
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

WASTED TALENT LTD

CONTENTS

	Page
Directors' Report	1 - 3
Independent Auditor's Report	4 - 6
Consolidated Statement of Comprehensive Income	7
Consolidated Statement of Financial Position	8
Company Statement of Financial Position	9 - 10
Consolidated Statement of Changes in Equity	11 - 12
Company Statement of Changes in Equity	13 - 14
Notes to the Financial Statements	15 - 34

WASTED TALENT LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

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 £1,484,354 (2017 - loss £874,746).

The directors do not recommend the payment of a dividend (2017: £Nil).

Directors

The directors who served during the year and subsequently were:

J Perkins
I Flooks
M Mee
N Robinson (appointed 18 October 2018)
D Hepworth (resigned 18 October 2018)
N Stevenson (resigned 18 October 2018)

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 and profit or loss of the Company and 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 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 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.

WASTED TALENT LTD

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Qualifying third party indemnity provisions

During the year ended 31 December 2018 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.

Going concern

The financial statements have been prepared on a going concern basis. The Group recorded a loss of £1,484,354 (2017: £874,746) for the year and holds cash reserves of £3,303,630 (2017: £126,892) at the year end.

Subsequent to the year end during August 2019, the business received additional investment of £1m through the allotment of new ordinary shares to the existing shareholders. These monies were raised to assist with the ongoing operations of the business.

The directors have also prepared cash flow forecasts and considered the cash flow requirement for the Group for a period not less than twelve months after the date of the approval of these financial statements. The forecasts show that based on the current level of cash reserves including the aforementioned investment 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 twelve months from the date of approval of the financial statements. 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.

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

Transactions during the year

The following transactions have been conducted during the year:

- In April 2018, 677 ordinary shares were issued at £406 per share for £274,862.
- In October 2018, 6,812 ordinary shares were issued at £771 per share for £5,252,052.
- In December 2018, the company redeemed 1,248 preference shares at £294 per share for £366,912.
- A capital restructure was initiated with the company transferring £11,000,000 of the share premium reserve into the profit & loss account reserve.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

WASTED TALENT LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 directors have 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 Directors' report.

This report was approved by the board on 27 September 2019 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'J Perkins', written over a horizontal line.

J Perkins
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WASTED TALENT LTD

Opinion

We have audited the financial statements of Wasted Talent Ltd (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018, 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 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WASTED TALENT LTD (CONTINUED)

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 the audit:

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

Matter 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WASTED TALENT LTD (CONTINUED)

Responsibilities of directors for the financial statements

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, 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: 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.



John Coates BSc BFP FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

30 September 2019

WASTED TALENT LTD

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	4,980,336	3,910,554
Cost of sales		(2,133,613)	(1,690,625)
Gross profit		2,846,723	2,219,929
Distribution costs		(174,630)	(128,797)
Administrative expenses		(4,146,754)	(2,950,578)
Operating loss	5	(1,474,661)	(859,446)
Interest receivable and similar income		1,158	-
Interest payable and similar charges		(10,851)	(15,300)
Loss before taxation		(1,484,354)	(874,746)
Tax on loss	9	-	-
Loss for the financial year		(1,484,354)	(874,746)
Currency translation differences		(20,853)	(8,538)
Total comprehensive income for the year		(1,505,207)	(883,284)

The notes on pages 15 to 34 form part of these financial statements.

All of the activities of the Group are classified as continuing.

WASTED TALENT LTD
REGISTERED NUMBER:04333049

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	10	616,613	769,839
Tangible assets	11	98,790	74,118
		<u>715,403</u>	<u>843,957</u>
Current assets			
Stocks	13	20,146	2,856
Debtors: amounts falling due within one year	14	1,271,782	1,050,546
Cash at bank and in hand	15	3,303,630	126,892
		<u>4,595,558</u>	<u>1,180,294</u>
Creditors: amounts falling due within one year	16	(932,679)	(1,309,759)
Net current assets/(liabilities)		<u>3,662,879</u>	<u>(129,465)</u>
Total assets less current liabilities		<u>4,378,282</u>	<u>714,492</u>
Creditors: amounts falling due after more than one year	17	-	(356,153)
Net assets		<u><u>4,378,282</u></u>	<u><u>358,339</u></u>
Capital and reserves			
Called up share capital	20	5,978	5,229
Share premium account	21	825,078	6,300,677
Foreign exchange reserve	21	(9,858)	10,995
Profit and loss account	21	3,557,084	(5,958,562)
Equity shareholders' funds		<u><u>4,378,282</u></u>	<u><u>358,339</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2019.


J Perkins
 Director

The notes on pages 15 to 34 form part of these financial statements.

WASTED TALENT LTD
REGISTERED NUMBER:04333049

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	10	616,613	769,839
Tangible assets	11	58,787	57,817
Investments	12	64	64
		<u>675,464</u>	<u>827,720</u>
Current assets			
Stocks	13	15,235	2,856
Debtors: amounts falling due within one year	14	2,293,242	1,355,237
Cash at bank and in hand	15	3,271,050	10,910
		<u>5,579,527</u>	<u>1,369,003</u>
Creditors: amounts falling due within one year	16	(736,161)	(473,968)
Net current assets		<u>4,843,366</u>	<u>895,035</u>
Total assets less current liabilities		<u>5,518,830</u>	<u>1,722,755</u>
Creditors: amounts falling due after more than one year	17	-	(356,153)
Net assets		<u><u>5,518,830</u></u>	<u><u>1,366,602</u></u>

WASTED TALENT LTD
REGISTERED NUMBER:04333049

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Capital and reserves			
Called up share capital	20	5,978	5,229
Share premium account	21	825,078	6,300,677
Profit and loss account	21	4,687,774	(4,939,304)
Equity shareholders' funds		<u>5,518,830</u>	<u>1,366,602</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

No Statement of Comprehensive Income is presented for Wasted Talent Ltd as permitted by Section 408 of the Companies Act 2006. The company recorded a loss for the financial year after tax of £1,372,922 (2017: £643,377).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2019.



J Perkins
Director

WASTED TALENT LTD

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Share premium account £	Foreign exchange reserve £	Profit and loss account £	Total equity £
At 1 January 2018	5,229	6,300,677	10,995	(5,958,562)	358,339
Comprehensive income for the year					
Loss for the year	-	-	-	(1,484,354)	(1,484,354)
Foreign exchange movements	-	-	(20,853)	-	(20,853)
Total comprehensive income for the year	-	-	(20,853)	(1,484,354)	(1,505,207)
Shares issued during the year	749	5,524,401	-	-	5,525,150
Transfer to profit and loss account	-	(11,000,000)	-	-	(11,000,000)
Transfer from share premium reserve	-	-	-	11,000,000	11,000,000
Total transactions with owners	749	(5,475,599)	-	11,000,000	5,525,150
At 31 December 2018	5,978	825,078	(9,858)	3,557,084	4,378,282

The notes on pages 15 to 34 form part of these financial statements.

WASTED TALENT LTD

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2017	4,804	4,575,196	19,533	(5,083,816)	(484,283)
Comprehensive income for the year					
Loss for the year	-	-	-	(874,746)	(874,746)
Foreign exchange movements	-	-	(8,538)	-	(8,538)
Total comprehensive income for the year	-	-	(8,538)	(874,746)	(883,284)
Shares issued during the year	425	1,725,481	-	-	1,725,906
Total transactions with owners	425	1,725,481	-	-	1,725,906
At 31 December 2017	5,229	6,300,677	10,995	(5,958,562)	358,339

The notes on pages 15 to 34 form part of these financial statements.

WASTED TALENT LTD

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2018	5,229	6,300,677	(4,939,304)	1,366,602
Comprehensive income for the year				
Loss for the year	-	-	(1,372,922)	(1,372,922)
Total comprehensive income for the year	-	-	(1,372,922)	(1,372,922)
Shares issued during the year	749	5,524,401	-	5,525,150
Transfer to profit and loss account	-	(11,000,000)	-	(11,000,000)
Transfer from share premium reserve	-	-	11,000,000	11,000,000
Total transactions with owners	749	(5,475,599)	11,000,000	5,525,150
At 31 December 2018	5,978	825,078	4,687,774	5,518,830

The notes on pages 15 to 34 form part of these financial statements.

WASTED TALENT LTD

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2017	4,804	4,575,196	(4,295,927)	284,073
Comprehensive income for the year				
Loss for the year	-	-	(643,377)	(643,377)
Total comprehensive income for the year	-	-	(643,377)	(643,377)
Shares issued during the year	425	1,725,481	-	1,725,906
Total transactions with owners	425	1,725,481	-	1,725,906
At 31 December 2017	5,229	6,300,677	(4,939,304)	1,366,602

The notes on pages 15 to 34 form part of these financial statements.

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Wasted Talent Ltd is a private company limited by shares and 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.

The financial statements are presented in Sterling ("£").

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 Section 1A of 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 judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

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

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.

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis. The Group recorded a loss of £1,484,354 (2017: £874,746) for the year and holds cash reserves of £3,303,630 (2017: £126,892) at the year end.

Subsequent to the year end during August 2019, the business received additional investment of £1m through the allotment of new ordinary shares to the existing shareholders. These monies were raised to assist with the ongoing operations of the business.

The directors have also prepared cash flow forecasts and considered the cash flow requirement for the Group for a period not less than twelve months after the date of the approval of these financial statements. The forecasts show that based on the current level of cash reserves including the aforementioned investment 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 twelve months from the date of approval of the financial statements. 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.

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

2.4 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.

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.5 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 four years and trademarks are being written off over a useful economic life of six 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.

2.6 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 and 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.

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 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.

2.9 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.

2.10 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.

2.11 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.

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.12 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.

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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.

2.14 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.

2.15 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.

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.16 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

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.

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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. The Directors consider the Intercompany receivable of £1,971,627 (2017: £1,029,995) that is owed to Wasted Talent Ltd by its subsidiary Wasted Talent Media Inc. at the year-end to be recoverable in full.

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. The Directors consider trademarks to have a useful economic life of six years.

Impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which the intangibles have been allocated. The value in use calculation requires the entity to estimate future cash flows expected to arise from the cash generating unit and to apply a suitable discount rate in order to calculate present value.

WASTED TALENT LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Turnover

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

	2018 £	2017 £
Advertising and events marketing	4,230,399	3,358,918
Magazine distribution	578,137	395,208
Magazine subscriptions	171,800	156,428
	<u>4,980,336</u>	<u>3,910,554</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	2,733,825	2,399,150
Rest of the World	2,246,511	1,511,404
	<u>4,980,336</u>	<u>3,910,554</u>

5. Operating loss

The operating loss is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets (note 11)	43,239	19,645
Amortisation of intangible assets, including goodwill (note 10)	153,946	94,952
Auditor's remuneration (note 6)	21,250	20,400
Defined contribution pension cost (note 7)	39,956	33,491
	<u></u>	<u></u>

WASTED TALENT LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	16,250	15,700
Accounting services	1,000	1,000
Taxation compliance services	2,750	3,700
Taxation advisory services	1,250	-
	<u>21,250</u>	<u>20,400</u>

7. Employees

The average monthly number of employees, including directors, during the year was 44 (2017 - 39).

	2018 £	2017 £
Wages and salaries	2,785,612	1,810,526
Social security costs	274,635	166,528
Pension costs (note 22)	39,956	33,491
	<u>3,100,203</u>	<u>2,010,545</u>

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

8. Directors' remuneration

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

	2018 £	2017 £
Directors' emoluments	276,257	249,508
Company contributions to defined contribution schemes	12,738	13,085
	<u>288,995</u>	<u>262,593</u>

In the year, there were 2 (2017: 2) directors accruing benefits under defined contribution pension schemes.

The highest paid director received remuneration of £121,004 (2017: £121,004).

Company pension contributions to defined contribution pension schemes in respect of the highest paid director were £11,000 (2017: £11,000).

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

WASTED TALENT LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. Taxation

	2018 £	2017 £
	<u> </u>	<u> </u>
Total current tax	<u> - </u>	<u> - </u>

Factors affecting tax charge for the year

The tax credit assessed for the year is lower than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	<u>(1,484,354)</u>	<u>(874,746)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	<u>(282,027)</u>	<u>(168,389)</u>
Effects of:		
Expenses not deductible for tax purposes	87,154	29,645
Deferred tax not recognised	137,016	79,308
Effect of different tax rates of subsidiaries operating in other jurisdictions	57,857	59,436
Total tax charge for the year	<u> - </u>	<u> - </u>

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

Factors that may affect future tax charges

Following substantive enactment in 2015, the main rate of corporation tax will reduce from 19% (effective 1 April 2017) to 17% (effective 1 April 2020). This will impact the Group's future tax charges accordingly.

WASTED TALENT LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Intangible assets

Group

	Trademarks £	Websites £	Goodwill £	Total £
Cost				
At 1 January 2018	786,800	156,817	1,554,837	2,498,454
Additions	-	720	-	720
At 31 December 2018	<u>786,800</u>	<u>157,537</u>	<u>1,554,837</u>	<u>2,499,174</u>
Amortisation				
At 1 January 2018	76,494	97,284	1,554,837	1,728,615
Charge for the year	131,133	22,813	-	153,946
At 31 December 2018	<u>207,627</u>	<u>120,097</u>	<u>1,554,837</u>	<u>1,882,561</u>
Net book value				
At 31 December 2018	<u>579,173</u>	<u>37,440</u>	<u>-</u>	<u>616,613</u>
At 31 December 2017	<u>710,306</u>	<u>59,533</u>	<u>-</u>	<u>769,839</u>

WASTED TALENT LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Intangible assets (continued)

Company

	Trademarks £	Websites £	Goodwill £	Total £
Cost				
At 1 January 2018	786,800	156,817	1,554,837	2,498,454
Additions	-	720	-	720
At 31 December 2018	<u>786,800</u>	<u>157,537</u>	<u>1,554,837</u>	<u>2,499,174</u>
Amortisation				
At 1 January 2018	76,494	97,284	1,554,837	1,728,615
Charge for the year	131,133	22,813	-	153,946
At 31 December 2018	<u>207,627</u>	<u>120,097</u>	<u>1,554,837</u>	<u>1,882,561</u>
Net book value				
At 31 December 2018	<u>579,173</u>	<u>37,440</u>	<u>-</u>	<u>616,613</u>
At 31 December 2017	<u>710,306</u>	<u>59,533</u>	<u>-</u>	<u>769,839</u>

WASTED TALENT LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Tangible fixed assets

Group

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 January 2018	84,556	108,695	193,251
Additions	46,325	21,586	67,911
At 31 December 2018	<u>130,881</u>	<u>130,281</u>	<u>261,162</u>
Depreciation			
At 1 January 2018	33,009	86,124	119,133
Charge for the year	27,288	15,951	43,239
At 31 December 2018	<u>60,297</u>	<u>102,075</u>	<u>162,372</u>
Net book value			
At 31 December 2018	<u>70,584</u>	<u>28,206</u>	<u>98,790</u>
At 31 December 2017	<u>51,547</u>	<u>22,571</u>	<u>74,118</u>

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

11. Tangible fixed assets (continued)

Company

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 January 2018	66,787	91,128	157,915
Additions	14,572	9,060	23,632
At 31 December 2018	81,359	100,188	181,547
Depreciation			
At 1 January 2018	23,197	76,901	100,098
Charge for the year	14,990	7,672	22,662
At 31 December 2018	38,187	84,573	122,760
Net book value			
At 31 December 2018	43,172	15,615	58,787
At 31 December 2017	43,590	14,227	57,817

WASTED TALENT LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 January 2018	64
At 31 December 2018	<u>64</u>

13. Stocks

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Raw materials	20,146	2,856	15,235	2,856

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

No impairment loss (2017: £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.

14. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	1,043,661	929,129	159,854	229,938
Amounts owed by group undertakings	-	-	1,971,627	1,029,995
Other debtors	143,063	64,542	87,445	54,190
Prepayments and accrued income	85,058	56,875	74,316	41,114
	<u>1,271,782</u>	<u>1,050,546</u>	<u>2,293,242</u>	<u>1,355,237</u>

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

14. Debtors (continued)

A release of £Nil (2017: £6,142) was recognised against trade debtors for the Group and the Company during the year, representing subsequent recovery of debts previously written off.

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.

15. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	3,303,630	126,892	3,271,050	10,910

Barclays Bank PLC hold a fixed and floating charge dated 18 December 2018 over the Company in respect of all monies due or to become due from the Company to the bank.

16. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade creditors	260,657	254,034	196,707	179,934
Amounts owed to related parties (note 23)	11,011	22,914	11,011	22,914
Other taxation and social security	43,463	33,314	43,463	33,314
Other creditors	5,123	11,392	5,123	11,392
Accruals and deferred income	612,425	988,105	479,857	226,414
	<u>932,679</u>	<u>1,309,759</u>	<u>736,161</u>	<u>473,968</u>

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.

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

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Preference share capital (note 18)	-	170,003	-	170,003
Preference share dividend	-	186,150	-	186,150
	<u>-</u>	<u>356,153</u>	<u>-</u>	<u>356,153</u>

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

18. Preference share capital

	2018 £	2017 £
1,248 preference shares of £0.10 each	-	125
Share premium on issue of preference shares	-	169,878
	<u>-</u>	<u>170,003</u>

Preference shareholders were entitled to a dividend paid half yearly at 9% per 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.

In December 2018, the company redeemed all 1,248 outstanding preference shares at £294 per share for £366,912, as per the capital restructure set out in note 20. The proceeds also cleared the preference share dividend creditor, as set out in note 17.

19. Financial instruments

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Financial assets				
Cash and cash equivalents	3,303,630	126,892	3,271,050	10,910
Financial assets measured at amortised cost	1,186,724	993,671	2,218,926	1,314,123
	<u>4,490,354</u>	<u>1,120,563</u>	<u>5,489,976</u>	<u>1,325,033</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(523,213)	(724,547)	(324,952)	(643,940)

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 trade creditors, other creditors, amounts owed to related parties, preference share dividends due and accruals.

20. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
59,780 (2017 - 52,291) Ordinary shares of £0.10 each	<u>5,978</u>	<u>5,229</u>

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

20. Share capital (continued)

The following ordinary share issues have been made during the year:

In April 2018, 677 ordinary shares were issued at £406 per share for £274,862.

In October 2018, 6,812 ordinary shares were issued at £771 per share for £5,252,052.

During the year, a capital restructure was initiated by the company which involved £11,000,000 of the share premium reserve being transferred into the profit & loss account reserve. Additionally, all outstanding preference share capital was redeemed in full, as set out in note 18.

21. 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, net of dividends paid.

22. 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 £39,956 (2017: £33,491).

There were outstanding contributions at the end of the financial year of £516 (2017: £176).

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

23. Related party transactions

Wasted Talent 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 wholly owned group companies.

During the year, the Group was invoiced £108,000 (2017: £90,000) for accountancy services by Integral2 Limited, a company in which David Joseph is a director. The Group had an outstanding balance of £11,011 (2017: £10,314) at the Statement of financial position date.

During the year, the Group paid Mrs L Perkins, the wife of Mr J Perkins, £5,333 (2017: £16,000) for secretarial services.

A direct family member of a Director received remuneration of £22,000 (2018: £nil) for office management services during the year.

During the year, the Group was invoiced £60,000 (2017: £60,000) by Wasted Talent Productions Limited for consultancy services provided by Ian Flooks, a common director. The Group had an outstanding balance of £Nil (2017: £12,600) at the Statement of financial position date.

24. Post balance sheet events

Subsequent to the year end during August 2019, the business received additional investment of £1m through the allotment of new ordinary shares to the existing shareholders. These monies were raised to assist with the ongoing operations of the business.

25. Controlling party

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