

Registered number: 04333049

WASTED TALENT LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

WEDNESDAY



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WASTED TALENT LTD

COMPANY INFORMATION

Directors	D Hepworth J W Perkins I Flooks N Stevenson M Mee
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

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WASTED TALENT LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

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 £874,746 (2016: £1,091,182).

The directors do not recommend the payment of a dividend (2016: £Nil).

Directors

The directors who served during the year were:

D Hepworth
J W Perkins
I Flooks
N Stevenson
M Mee (appointed 18 September 2017)

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;
- 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.

Qualifying third party indemnity provisions

During the year ended 31 December 2017 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.

WASTED TALENT LTD

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

Going concern

The financial statements have been prepared on a going concern basis. The Group recorded a loss of £874,746 (2016: £1,091,182) 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 twelve 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 twelve 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.

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

Post balance sheet events

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

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.

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 30 July 2018 and signed on its behalf.



J W Perkins
Director

30 July 2018



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 2017, 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, 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 2017 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 and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

Who we are reporting to

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.

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.



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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of 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 by 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 take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.



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

Responsibilities of directors for the financial statements

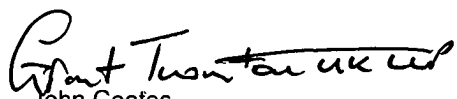
As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the 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.



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

Date: 3 August 2018

WASTED TALENT LTD

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	3,910,554	2,359,000
Cost of sales		(1,690,625)	(949,850)
Gross profit		2,219,929	1,409,150
Distribution costs		(128,797)	(55,704)
Administrative expenses		(2,950,578)	(2,429,328)
Operating loss	5	(859,446)	(1,075,882)
Interest payable and similar expenses	9	(15,300)	(15,300)
Loss before taxation		(874,746)	(1,091,182)
Tax on loss	10	-	-
Loss for the year		(874,746)	(1,091,182)
Currency translation differences		(8,538)	18,946
Total comprehensive income for the year		(883,284)	(1,072,236)

The notes on pages 11 to 33 form part of these financial statements.

All amounts relate to continuing operations.

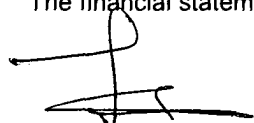
WASTED TALENT LTD
REGISTERED NUMBER:04333049

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	11	769,839	24,156
Tangible assets	12	74,118	32,237
		<u>843,957</u>	<u>56,393</u>
Current assets			
Stocks	14	2,856	12,388
Debtors: amounts falling due within one year	15	1,050,546	676,939
Cash at bank and in hand	16	126,892	5,558
		<u>1,180,294</u>	<u>694,885</u>
Creditors: amounts falling due within one year	17	(1,309,759)	(894,708)
Net current liabilities		<u>(129,465)</u>	<u>(199,823)</u>
Total assets less current liabilities		<u>714,492</u>	<u>(143,430)</u>
Creditors: amounts falling due after more than one year	18	(356,153)	(340,853)
Net assets/(liabilities)		<u><u>358,339</u></u>	<u><u>(484,283)</u></u>
Capital and reserves			
Called up share capital	21	5,229	4,804
Share premium account	22	6,300,677	4,575,196
Foreign exchange reserve	22	10,995	19,533
Profit and loss account	22	(5,958,562)	(5,083,816)
Equity shareholders' funds / (deficit)		<u><u>358,339</u></u>	<u><u>(484,283)</u></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



J W Perkins
Director

The notes on pages 11 to 33 form part of these financial statements.

30 July 2018

WASTED TALENT LTD
REGISTERED NUMBER:04333049

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	11	769,839	24,156
Tangible assets	12	57,817	8,997
Investments	13	64	64
		<u>827,720</u>	<u>33,217</u>
Current assets			
Stocks	14	2,856	12,388
Debtors: amounts falling due within one year	15	1,355,237	1,207,602
Cash at bank and in hand	16	10,910	-
		<u>1,369,003</u>	<u>1,219,990</u>
Creditors: amounts falling due within one year	17	(473,968)	(628,281)
Net current assets		<u>895,035</u>	<u>591,709</u>
Total assets less current liabilities		<u>1,722,755</u>	<u>624,926</u>
Creditors: amounts falling due after more than one year	18	(356,153)	(340,853)
Net assets		<u><u>1,366,602</u></u>	<u><u>284,073</u></u>
Capital and reserves			
Called up share capital	21	5,229	4,804
Share premium account	22	6,300,677	4,575,196
Profit and loss account	22	(4,939,304)	(4,295,927)
Equity shareholders' funds		<u><u>1,366,602</u></u>	<u><u>284,073</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 as permitted by Section 408 of the Companies Act 2006. The Company recorded a loss for the financial year after tax of £643,377 (2016: £396,574).

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


J W Perkins
 Director

30 July 2018.

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 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 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	-	-	(8,538)	-	(8,538)
Total comprehensive income for the year	-	-	(8,538)	(874,746)	(883,284)
Contributions by and distributions to owners					
Shares issued during the year	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 11 to 33 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 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 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)
Contributions by and distributions to owners				
Shares issued during the year	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 11 to 33 form part of these financial statements.

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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.

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 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, being 1 January 2015.

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 £874,746 (2016: £1,091,182) 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 twelve 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 twelve 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.

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

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 and trademarks are being written off over a useful economic life of 6 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.

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 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.

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.

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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.

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.14 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.

2.15 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.

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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.

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 £1,029,995 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 6 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.

Business combinations

Business combinations require the use of judgement in determining the amount of purchase price which should be allocated to tangible and intangible assets and liabilities. Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree plus costs directly attributable to the business combination.

WASTED TALENT LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. Turnover

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

	2017 £	2016 £
Print, digital media and events marketing	<u>3,910,554</u>	<u>2,359,000</u>

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	2,399,150	1,752,709
Rest of the world	1,511,404	606,291
	<u>3,910,554</u>	<u>2,359,000</u>

5. Operating loss

The operating loss is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets (note 12)	19,645	14,289
Amortisation of intangible assets, including goodwill (note 11)	94,952	12,143
Auditor's remuneration (note 6)	21,908	18,354
Defined contribution pension cost (note 7)	<u>33,491</u>	<u>26,360</u>

6. Auditor's remuneration

	2017 £	2016 £
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	<u>9,208</u>	<u>7,679</u>
Fees payable to the Group's auditor and its associates in respect of:		
Accounting services	1,000	1,000
Taxation compliance services	3,700	2,675
The auditing of accounts of associates of the Group pursuant to legislation	8,000	7,000
	<u>12,700</u>	<u>10,675</u>

WASTED TALENT LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. Employees

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

	2017 No.	2016 No.
Employees	39	31
	2017 £	2016 £
Wages and salaries	1,810,526	1,379,920
Social security costs	166,528	97,278
Pension costs (note 24)	33,491	26,360
	2,010,545	1,503,558

8. Directors' remuneration

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

	2017 £	2016 £
Directors' emoluments	249,508	195,824
Company contributions to defined contribution schemes	13,085	11,174
	262,593	206,998

In the year, there were 2 (2016: 2) directors accruing benefits under defined contribution pension schemes.

The highest paid director received remuneration of £121,004 (2016: £121,004).

Company pension contributions to defined contribution pension schemes in respect of the highest paid director were £11,000 (2016: £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 2017**

9. Interest payable and similar charges

	2017 £	2016 £
Preference share dividend (note 19)	<u>15,300</u>	<u>15,300</u>

10. Taxation

	2017 £	2016 £
Total current tax	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year

The tax credit assessed for the year is lower than (2016: *lower than*) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	<u>(874,746)</u>	<u>(1,091,182)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	<u>(168,389)</u>	<u>(218,236)</u>
Effects of:		
Expenses not deductible for tax purposes	14,551	44,788
Fixed asset differences	15,094	168
Deferred tax not recognised	79,308	72,879
Effect of different tax rates of subsidiaries operating in other jurisdictions	59,436	100,401
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.

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 2017**

11. Intangible assets

Group

	Trademarks £	Websites £	Goodwill £	Total £
Cost				
At 1 January 2017	-	102,982	1,554,837	1,657,819
Additions	786,800	53,835	-	840,635
At 31 December 2017	<u>786,800</u>	<u>156,817</u>	<u>1,554,837</u>	<u>2,498,454</u>
Amortisation				
At 1 January 2017	-	78,826	1,554,837	1,633,663
Charge for the year	76,494	18,458	-	94,952
At 31 December 2017	<u>76,494</u>	<u>97,284</u>	<u>1,554,837</u>	<u>1,728,615</u>
Net book value				
At 31 December 2017	<u>710,306</u>	<u>59,533</u>	<u>-</u>	<u>769,839</u>
At 31 December 2016	<u>-</u>	<u>24,156</u>	<u>-</u>	<u>24,156</u>

On 8 May 2017, the Group and the Company acquired the trade and assets (comprising only the associated trademark) of Kerrang! for cash consideration of £786,700. See note 23 for details of the acquisition.

The Group and the Company also acquired the rights to the The Face brand name for cash consideration of £100 on the same date.

WASTED TALENT LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. Intangible assets (continued)

Company

	Trademarks £	Websites £	Goodwill £	Total £
Cost				
At 1 January 2017	-	102,982	1,554,837	1,657,819
Additions	786,800	53,835	-	840,635
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	786,800	156,817	1,554,837	2,498,454
	<hr/>	<hr/>	<hr/>	<hr/>
Amortisation				
At 1 January 2017	-	78,826	1,554,837	1,633,663
Charge for the year	76,494	18,458	-	94,952
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	76,494	97,284	1,554,837	1,728,615
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2017	710,306	59,533	-	769,839
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2016	-	24,156	-	24,156
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

12. Tangible fixed assets

Group

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 January 2017	36,187	95,538	131,725
Additions	48,369	13,157	61,526
At 31 December 2017	84,556	108,695	193,251
Depreciation			
At 1 January 2017	24,520	74,968	99,488
Charge for the year	8,489	11,156	19,645
At 31 December 2017	33,009	86,124	119,133
Net book value			
At 31 December 2017	51,547	22,571	74,118
At 31 December 2016	11,667	20,570	32,237

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

12. Tangible fixed assets (continued)

Company

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 January 2017	21,545	78,438	99,983
Additions	45,242	12,690	57,932
At 31 December 2017	66,787	91,128	157,915
Depreciation			
At 1 January 2017	19,564	71,422	90,986
Charge for the year	3,633	5,479	9,112
At 31 December 2017	23,197	76,901	100,098
Net book value			
At 31 December 2017	43,590	14,227	57,817
At 31 December 2016	1,981	7,016	8,997

WASTED TALENT LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Fixed asset investments

Group

	Investments in associates £
Cost	
At 1 January 2017	50
Disposals	(50)
At 31 December 2017	-
At 1 January 2017	50
Impairment on disposals	(50)
At 31 December 2017	-
At 31 December 2017	-
At 31 December 2017	-
At 31 December 2016	-

On 2 May 2017, the Group and Company disposed of its 25% share in associated undertaking Don't Stay In Limited when the company was dissolved.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

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

The aggregate of the share capital and reserves as at 31 December 2017 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.	(1,008,264)	(320,484)

WASTED TALENT LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £	Investments in associates £	Total £
Cost			
At 1 January 2017	64	50	114
Disposals	-	(50)	(50)
At 31 December 2017	<u>64</u>	<u>-</u>	<u>64</u>
At 1 January 2017	-	50	50
Impairment on disposals	-	(50)	(50)
At 31 December 2017	<u>-</u>	<u>-</u>	<u>-</u>
Net book value			
At 31 December 2017	<u>64</u>	<u>-</u>	<u>64</u>
At 31 December 2016	<u>64</u>	<u>-</u>	<u>64</u>

14. Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Raw materials	<u>2,856</u>	<u>12,388</u>	<u>2,856</u>	<u>12,388</u>

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

No impairment loss (2016: £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.

WASTED TALENT LTD

**NOTES TO THE FINANCIAL STATEMENTS
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15. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	929,129	578,505	229,938	325,597
Amounts owed by group undertakings	-	-	1,029,995	833,461
Other debtors	64,542	50,617	54,190	35,838
Prepayments and accrued income	56,875	47,817	41,114	12,706
	<u>1,050,546</u>	<u>676,939</u>	<u>1,355,237</u>	<u>1,207,602</u>

A release of £6,142 (2016: impairment loss of £15,196) was recognised against trade debtors for the Group and the Company during the year.

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 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	126,892	5,558	10,910	-
Less: bank overdrafts	-	(76,948)	-	(76,948)
	<u>126,892</u>	<u>(71,390)</u>	<u>10,910</u>	<u>(76,948)</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.

WASTED TALENT LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank overdrafts	-	76,948	-	76,948
Trade creditors	254,034	243,904	179,934	166,452
Amounts owed to related parties (note 25)	22,914	32,128	22,914	32,128
Other taxation and social security	33,314	21,953	33,314	21,953
Other creditors	11,392	8,103	11,392	8,120
Accruals and deferred income	988,105	511,672	226,414	322,680
	<u>1,309,759</u>	<u>894,708</u>	<u>473,968</u>	<u>628,281</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 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Preference share capital (note 19)	170,003	170,003	170,003	170,003
Preference share dividend	186,150	170,850	186,150	170,850
	<u>356,153</u>	<u>340,853</u>	<u>356,153</u>	<u>340,853</u>

19. Preference share capital

	2017 £	2016 £
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.

WASTED TALENT LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

20. Financial instruments

	Group 2017 £	<i>Group 2016 £</i>	Company 2017 £	<i>Company 2016 £</i>
Financial assets				
Cash and cash equivalents	126,892	5,558	10,910	-
Financial assets measured at amortised cost	993,671	629,122	1,314,123	1,098,103
	<u>1,120,563</u>	<u>634,680</u>	<u>1,325,033</u>	<u>1,098,103</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(724,547)	(760,468)	(643,940)	(682,870)
	<u>(724,547)</u>	<u>(760,468)</u>	<u>(643,940)</u>	<u>(682,870)</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, other creditors, amounts owed to related parties, preference share dividends due and accruals.

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

21. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
52,291 (2016: 48,040) Ordinary shares of £0.10 each	<u>5,229</u>	<u>4,804</u>

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

In April, 2,904 shares were issued at £406 per share for £1,179,024

In May, 548 shares were issued at £406 per share for £222,488

In August, 246 shares were issued at £406 per share for £99,876

In September and October, 307 shares were issued at £406 per share for £124,642

In November, 246 shares were issued at £406 per share for £99,876

Rights of shares

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, net of dividends paid.

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

23. Business combinations

Acquisition of Kerrang!

On 8 May 2017, the Group and the Company acquired the trade and assets (comprising only the associated trademark) of Kerrang! for cash consideration of £786,700. Kerrang! is a UK based magazine that specialises in rock music.

The allocation of the purchase price was based upon the estimated fair values of the assets acquired and the liabilities assumed as of the date of the acquisition. The purchase price allocation was as follows:

	Book value £	Fair value £
Intangible assets	786,700	786,700
Goodwill	-	-
Total purchase consideration	786,700	786,700
Cash	750,000	750,000
Directly attributable costs	36,700	36,700
Cash outflow on acquisition	786,700	786,700

The directors believe the book value of the assets acquired approximate to their estimated fair values.

The results of Kerrang! since its acquisition are as follows:

	Current period since acquisition £
Turnover	630,678
Loss for the year	(536,116)

24. 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 £33,491 (2016: £26,360).

There were outstanding contributions at the end of the financial year of £176 (2016: £3,120).

WASTED TALENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

25. 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 group companies.

During the year, the Group was invoiced £90,000 (2016: £81,000) for accountancy services by Integral2 Limited, a company which David Joseph is a director. The Group had an outstanding balance of £10,314 (2016: £8,266) at the Statement of financial position date.

During the year, the Group paid Mrs L Perkins, the wife of Mr J Perkins, £16,000 (2016: £16,000) for secretarial services.

During the year, the Group was invoiced £60,000 (2016: £60,000) by Wasted Talent Productions Limited for consultancy services provided by Ian Flooks, a common director. The Group had an outstanding balance of £12,600 (2016: £23,862) at the Statement of financial position date.

26. Post balance sheet events

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

27. Controlling party

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