

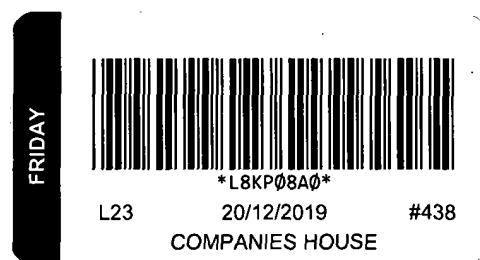
Company registration number: 06095949

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED

31 MARCH 2019

**SMYLE CREATIVE
LIMITED**



MENZIES
BRIGHTER THINKING

SMYLE CREATIVE LIMITED

COMPANY INFORMATION

Directors	R Stainton M J Margetson A Dawson-Wills D Thomas-Smith C C Lion-Catchet D M Dewhurst K O'Loughlin C E Wright (appointed 3 October 2019)
Company secretary	C E Wright
Registered number	06095949
Registered office	The Lockhouse Mead Lane Hertford SG13 7AX
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor Lynton House 7-12 Tavistock Square London WC1H 9LT

SMYLE CREATIVE LIMITED

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SMYLE CREATIVE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

Business review

On the 30th April 2018, the company was acquired by Smyle Creative Group Limited, a company financed by Rockpool Investments ("Rockpool"). Following the acquisition, Rockpool's investors now indirectly own a majority of the shares in the company. The remaining shares are held by the original directors who remain responsible for the day to day operations of the company alongside a new CEO and Financial Director. The investment by Rockpool has brought new skills and experience into the company and allowed the company to invest in new infrastructure and senior leadership which will drive further growth. The business continues to focus on being a creative agency delivering memorable live events for its blue-chip client base.

The Statement of Comprehensive Income on page 8 shows turnover of £26,647,668 (2018: £26,947,863) and an operating profit of £649,135 (2018: £2,351,093) for the year ended 31 March 2019. The turnover performance was level with the previous year. This reflected time spent by management on ensuring the business had appropriate structures and resources in place following rapid growth in the previous year of 63%. There was an increase in gross profit of 5.7% to £7,086,110, which translated to a gross profit margin of 26.6% (2018: 24.9%). Delivering higher gross profit with improved operating efficiency is very much at the heart of management's strategy and is considered to be a strong foundation for growth.

The administration expenses increased by a total of £2.1m. As announced in last year's report the company has invested in increased office capacity both at its headquarters in Hertford and the Townhouse at Angel, London. This has allowed the company to both accommodate the 21% increase in permanent employees during the year to support high quality delivery of client projects and provide for growth in the next several years. The increased expenses included an additional £230,726 depreciation and amortisation charge which reflects the capital expenditure of £2.23m in the last two years and the final elimination of the goodwill on Pumphouse Productions acquired in 2015. The administration expenses also include an increase of £106,284 in computer costs to improve the technology solutions available to staff.

The operating profit was £649,135 (2018: £2,351,093) and management are satisfied with this performance in what has been a year of consolidation ahead of growth. The company's net assets position has improved by £777,352 to £1,876,766 with the cash position improving by £418,534.

Principal risks and uncertainties

The directors have identified the following principal risks and uncertainties to the business:

Working capital funding

The company improved its cash position by over £0.4m during the year ended 31 March 2019. This was the result of tight focus on the working capital cycle. The nature of the company's business is such that by activating large events for international clients it will always be subject to large working capital fluctuations. The company and its parent company continue to maintain a close dialogue with its financing partners in order to ensure that it has sufficient sources of working capital to fund the future growth of the business.

Client concentration risk

Although total revenue comes from a large number of individual client events, the company has a number of key international, globally recognisable clients, which between them generated a material proportion of revenue in the year ended 31 March 2019. The number of such clients is increasing, and the intention is to seek to win more of these clients which will naturally diversify the risk of reduced activity from any one individual client.

Operational Capability

The company continues to invest in people and resources to deliver its outstanding and innovative client events. In the last financial year this happened with both senior level talent and new office and meeting spaces. The company relies on a certain degree of freelance support and it is expected that this market may get more difficult next year. The company has invested in permanent resources to put in place a comprehensive search and recruitment programme to acquire talent at all levels, in parallel with an in-depth induction, training and monitoring programme to train and retain its talented teams. The business also continues to invest in a stock of high-quality equipment and technology which meets the demands of our clients for innovative solutions at their live events. Holding this stock makes the company able to provide the integrated solutions, sometimes at short notice, which clients value.

SMYLE CREATIVE LIMITED

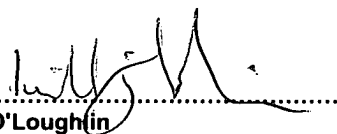
STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Financial key performance indicators

The key performance indicators of the business which have been discussed in the business review section of this report include the following:

- The business monitors forecast monthly revenue and gross profit continuously by use of a CRM tool available to all staff.
- Actual gross profit margin achieved is reviewed monthly against both overall budgets and individual project expectations.
- The business manages short-term working capital on a weekly basis with a detailed 13-week cashflow forecast.

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


.....
K O'Loughlin
Director

Date: 18 December 2019

SMYLE CREATIVE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

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

Directors

R Stainton
M J Margetson
A Dawson-Wills
D Thomas-Smith
C C Lion-Catchet (appointed 30 April 2018)
D M Dewhurst (appointed 28 January 2019, resigned 2 September 2019)
K O'Loughlin (appointed 7 February 2019)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements 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 Company 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the company during the year was the creation, production and delivery of experiential brand focused events and video projects.

Results and dividends

The profit for the year, after taxation, amounted to £797,704 (2018:£2,088,957).

Matters covered in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the Strategic Report preceding the Directors' Report includes information that would have formerly been included in the business review and the principal risks and uncertainties of the Directors' Report.

SMYLE CREATIVE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Disclosure of information to auditors

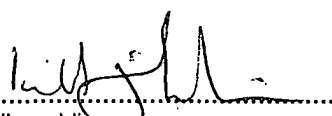
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Auditors

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

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


.....
K O'Loughlin
Director

Date: 18 December 2019

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SMYLE CREATIVE LIMITED

Opinion

We have audited the financial statements of Smyle Creative Limited (the 'Company') for the year ended 31 March 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the 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 Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

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 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 Auditors' 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SMYLE CREATIVE LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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 Auditors' Report.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SMYLE
CREATIVE LIMITED (CONTINUED)**

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 Auditors' 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.

Menzies LLP
Ralph Mitchison FCA (Senior statutory auditor)
for and on behalf of
Menzies LLP
Chartered Accountants
Statutory Auditor
Lynton House
7-12 Tavistock Square
London
WC1H 9LT
Date: 18/12/2019

SMYLE CREATIVE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
Turnover	4	26,647,668	26,947,863
Cost of sales		(19,561,558)	(20,244,493)
Gross profit		7,086,110	6,703,370
Administrative expenses		(6,464,679)	(4,355,365)
Other operating income		14,781	3,088
Operating profit	5	636,212	2,351,093
Income from shares in group undertakings		-	241,696
Interest receivable and similar income		830	556
Interest payable and similar expenses	9	(33,111)	(31,899)
Profit before taxation		603,931	2,561,446
Tax on profit	10	193,773	(472,489)
Profit for the financial year		797,704	2,088,957

There was no other comprehensive income for 2019 (2018:£NIL).

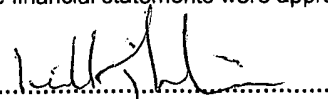
The notes on pages 11 to 22 form part of these financial statements.

SMYLE CREATIVE LIMITED
REGISTERED NUMBER:06095949

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible fixed assets	12	-	176,253
Tangible assets	13	2,511,131	1,868,228
Investments	14	2	2
		<u>2,511,133</u>	<u>2,044,483</u>
Current assets			
Debtors: amounts falling due within one year	15	6,933,591	4,755,714
Cash at bank and in hand	16	645,097	226,563
		<u>7,578,688</u>	<u>4,982,277</u>
Creditors: amounts falling due within one year	17	(7,775,904)	(5,651,627)
Net current liabilities		<u>(197,216)</u>	<u>(669,350)</u>
Total assets less current liabilities		<u>2,313,917</u>	<u>1,375,133</u>
Creditors: amounts falling due after more than one year	18	(267,585)	(118,578)
Provisions for liabilities			
Deferred taxation	19	(182,489)	(157,141)
		<u>(182,489)</u>	<u>(157,141)</u>
Net assets		<u><u>1,863,843</u></u>	<u><u>1,099,414</u></u>
Capital and reserves			
Called up share capital	20	1,097	943
Capital redemption reserve	21	100	100
Profit and loss account	21	1,862,646	1,098,371
		<u><u>1,863,843</u></u>	<u><u>1,099,414</u></u>

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



K O'Loughlin

Director

Date: 18 December 2019

The notes on pages 11 to 22 form part of these financial statements.

SMYLE CREATIVE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 April 2017	943	100	64,862	65,905
Comprehensive income for the year				
Profit for the year	-	-	2,088,957	2,088,957
Total comprehensive income for the year	-	-	2,088,957	2,088,957
Dividends paid and payable	-	-	(642,856)	(642,856)
Goodwill adjustment	-	-	(412,592)	(412,592)
Total transactions with owners	-	-	(1,055,448)	(1,055,448)
At 1 April 2018	943	100	1,098,371	1,099,414
Comprehensive income for the year				
Profit for the year	-	-	797,704	797,704
Total comprehensive income for the year	-	-	797,704	797,704
Dividends paid and payable	-	-	(33,429)	(33,429)
Shares issued during the year	154	-	-	154
Total transactions with owners	154	-	(33,429)	(33,275)
At 31 March 2019	1,097	100	1,862,646	1,863,843

The notes on pages 11 to 22 form part of these financial statements.

SMYLE CREATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

Smyle Creative Limited is a private company limited by shares, incorporated in England and Wales under the Companies Act 2006.

The address of the registered office is The Lockhouse, Mead Lane, Hertford, SG13 7AX.

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 Company has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Smyle Creative Group Limited as at 31 March 2019 and these financial statements may be obtained from Companies House.

2.3 Exemption from preparing consolidated financial statements

The company is eligible for the exemption to prepare consolidated financial statements as the subsidiary undertakings are dormant.

2.4 Going concern

The company has net current liabilities of £197,216 at the balance sheet date. The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate.

In the consideration of the going concern basis the directors have prepared cash flow forecasts for a period of 3 years from the balance sheet date of these financial statements which incorporate the future planned growth as outlined in the Strategic Report.

The directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

SMYLE CREATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.5 Revenue

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for services rendered, stated net of discounts and of Value Added Tax.

Revenue is recognised upon completion of the event the group has been contracted to produce. All income received prior to the completion of the event is deferred and subsequently recognised after completion.

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 Company'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 Statement of Comprehensive Income over its useful economic life which is deemed to be 3 years.

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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, either on a reducing balance or straight-line basis..

Depreciation is provided on the following basis:

Leasehold improvements	-	Over the lease term
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	25% reducing balance

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 Statement of Comprehensive Income.

2.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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 Statement of Comprehensive Income.

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 Company would receive for the asset if it were to be sold at the reporting date.

SMYLE CREATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.9 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 Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.10 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

SMYLE CREATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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

The management do not consider there to be any significant judgements made in the process of applying the entity's accounting policies or key assumptions or other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Turnover

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

	2019 £	2018 £
Delivery of creative events services	26,647,668	26,947,863
	<u>26,647,668</u>	<u>26,947,863</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	23,815,877	25,368,235
North America	2,730,428	1,500,493
Rest of the world	101,363	79,135
	<u>26,647,668</u>	<u>26,947,863</u>

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Exchange differences	(600)	7,428
Other operating lease rentals	322,919	236,911
	<u>322,919</u>	<u>236,911</u>

6. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	17,000	15,500
	<u>17,000</u>	<u>15,500</u>

SMYLE CREATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	3,039,784	2,366,365
Social security costs	287,035	243,576
Cost of defined contribution scheme	56,482	47,046
	<u>3,383,301</u>	<u>2,656,987</u>

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

	2019 No.	2018 No.
Directors	6	5
Creative	39	32
Warehouse and logistics	8	9
Administrative	21	15
	<u>74</u>	<u>61</u>

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	36,128	96,391
Directors' pension costs	2,607	25,163
	<u>38,735</u>	<u>121,554</u>

During the year retirement benefits were accruing to 4 directors (2018:4) in respect of defined contribution pension schemes.

SMYLE CREATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

9. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	1,116	1,253
Finance leases and hire purchase contracts	31,995	30,646
	<u>33,111</u>	<u>31,899</u>

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	(219,121)	465,640
Adjustments in respect of previous periods	-	(2,856)
	<u>(219,121)</u>	<u>462,784</u>
Total current tax	<u>(219,121)</u>	<u>462,784</u>
Deferred tax		
Origination and reversal of timing differences	25,348	9,705
Total deferred tax	<u>25,348</u>	<u>9,705</u>
Taxation on (loss)/profit on ordinary activities	<u>(193,773)</u>	<u>472,489</u>

SMYLE CREATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018: *lower than*) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>603,931</u>	<u>2,561,446</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	114,747	486,675
Effects of:		
Expenses not deductible for tax purposes	9,471	30,926
Capital allowances for year in excess of depreciation	(26,453)	9,483
Share scheme deduction	(316,772)	-
Short term timing difference leading to an increase (decrease) in taxation	25,348	9,705
Other timing differences leading to an increase (decrease) in taxation	(114)	(64,300)
Total tax charge for the year	<u>(193,773)</u>	<u>472,489</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Dividends

	2019 £	2018 £
Dividends paid	<u>33,429</u>	<u>642,856</u>
	<u>33,429</u>	<u>642,856</u>

SMYLE CREATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

12. Intangible assets

	Goodwill £
Cost	
At 1 April 2018	272,392
At 31 March 2019	272,392
Amortisation	
At 1 April 2018	96,139
Charge for the year	96,139
Impairment charge	80,114
At 31 March 2019	272,392
Net book value	
At 31 March 2019	-
At 31 March 2018	176,253

SMYLE CREATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

13. Tangible fixed assets

	Leasehold improvements £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 April 2018	427,340	73,987	2,714,919	3,216,246
Additions	398,732	-	757,093	1,155,825
Disposals	-	-	(255,561)	(255,561)
At 31 March 2019	826,072	73,987	3,216,451	4,116,510
Depreciation				
At 1 April 2018	65,772	60,492	1,221,754	1,348,018
Charge for the year on owned assets	40,389	3,374	434,006	477,769
Disposals	-	-	(220,408)	(220,408)
At 31 March 2019	106,161	63,866	1,435,352	1,605,379
Net book value				
At 31 March 2019	719,911	10,121	1,781,099	2,511,131
At 31 March 2018	361,568	13,495	1,493,165	1,868,228

14. Fixed asset investments

	Investments in associates £
Cost or valuation	
At 1 April 2018	2
At 31 March 2019	2

SMYLE CREATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

15. Debtors

	2019 £	2018 £
Trade debtors	2,508,269	2,282,200
Amounts owed by group undertakings	2,033,373	-
Other debtors	272,552	780,215
Prepayments and accrued income	1,721,229	1,588,628
Tax recoverable	398,168	104,671
	<u>6,933,591</u>	<u>4,755,714</u>

16. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	645,097	226,563
	<u>645,097</u>	<u>226,563</u>

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	3,277,924	2,401,444
Amounts owed to group undertakings	102	102
Corporation tax	-	459,928
Other taxation and social security	640,869	65,855
Obligations under finance lease and hire purchase contracts	307,089	188,439
Other creditors	33,701	8,888
Accruals and deferred income	3,516,219	2,526,971
	<u>7,775,904</u>	<u>5,651,627</u>

SMYLE CREATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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

	2019 £	2018 £
Net obligations under finance leases and hire purchase contracts	242,585	118,578
Other creditors	25,000	-
	<u>267,585</u>	<u>118,578</u>

The hire purchase liabilities are secured by the related assets held under the finance leases.

19. Deferred taxation

	2019 £	2018 £
At beginning of year	(157,141)	(147,436)
Charged to profit or loss	(25,348)	(9,705)
At end of year	<u>(182,489)</u>	<u>(157,141)</u>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(182,489)	(157,141)
	<u>(182,489)</u>	<u>(157,141)</u>

20. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
789 (2018 - 789) Ordinary A shares of £1.00 each	789	789
197 (2018 - 43) Ordinary B shares of £1.00 each	197	43
55 (2018 - 55) Ordinary C shares of £1.00 each	55	55
56 (2018 - 56) Ordinary D shares of £1.00 each	56	56
	<u>1,097</u>	<u>943</u>

The ordinary shares all have a right to vote and participate in the right to receive dividends and the distribution of capital.

During the year the company issued 154 Ordinary B Shares of 1.00 each at par.

SMYLE CREATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

21. Reserves

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

Profit and loss account

This reserve records retained earnings and accumulated losses.

22. Commitments under operating leases

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	457,462	254,773
Later than 1 year and not later than 5 years	1,785,819	780,060
Later than 5 years	714,409	864,000
	<u>2,957,690</u>	<u>1,898,833</u>

23. Advances, credits and guarantees with directors

Included in other debtors at 31 March 2018 were balances due from R Stainton and M Margetson, both directors of the Company, amounting to £367,990 and £133,654 respectively. These amounts were repaid in full following the year end.

The company has entered into a guarantee to secure mortgage facilities over the leasehold buildings owned partly by two of the directors for £1,297,000 (2018: £1,297,000). This guarantee was cancelled on 5 June 2019.

Related party transactions are undertaken on an arm's length basis only where those terms can be substantiated.

24. Controlling party

The smallest group undertaking in which the results of the company are consolidated is that headed by Smyle Creative Group Limited. The consolidated accounts are available to the public and at the registered office: The Lockhouse, Mead Lane, Hertford, England, SG13 7AX.