

Hotwire Public Relations Limited

Annual Report and Financial Statements

Registered number 06118106

Year ended 30 June 2022



Contents

Strategic report	1
Directors' report	3
Statement of Directors' responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements	5
Independent Auditor's Report to the Members of Hotwire Public Relations Limited	6
Profit and Loss Account and Other Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes	13

Strategic report

Business strategy and objectives

Hotwire Public Relations Limited's ("Hotwire's") primary objectives are to create a world-class boutique communications business, to deliver quality service to clients and to be an employer of choice in the communications sector. Hotwire forms a key part of the Hotwire Group of companies, with a network of offices across Europe, Asia Pacific and the USA. The objectives are to continue to grow in each local market and build the profile and presence of the Hotwire brand.

Business model

Hotwire is an award-winning fee for service business providing communications services in the Technology communications space. Hotwire provides communication campaigns to business to business and business to consumer technology companies.

Principal risks and uncertainties

Risk is an inherent part of doing business. Hotwire recognises the importance of effective risk management processes and systems, and the Company has a process for identifying, evaluating and managing the risks faced by the business. The Board is ultimately responsible for risk management and determining the nature and extent of the risks it is willing to take in achieving its strategic objectives. The Board has identified the following factors as principal potential risks to the successful operation of the business.

Economic and market risks

The economic environment and competitor pricing position can affect the performance of business in terms of both sales and costs.

The global communications sector is highly competitive, thus as a business, we have acted to ensure that we have a strong commercial offering to help win new clients and provide a high-quality service to our existing clients. We attract and retain high quality people who can deliver a high-quality service to our clients. We have dedicated client relationship teams in place. We have put major focus on maintaining and building long-term client relationships thus investing in major clients. In addition, we seek to maintain a competitive cost base thus ensuring that we deliver return on investment for all our clients.

Employee attraction and retention

As a talent-based business, Hotwire believes employee attraction and retention is a key source of competitive differentiation. As such, we actively invest in talent and culture, both through Enero's global People and Culture Centre of Excellence, as well as within the individual businesses of the Group. We develop a unique culture that suits the talent market we operate in, ensuring each business is best situated to achieve its People and Culture strategy and goals. Hotwire invests heavily in in-house and external recruitment capabilities, progressive and dynamic workplace practices and a strong focus on Diversity, Equity and Inclusion initiatives that are tailored to each market we operate in. We conduct short-term and long-term succession and organisational planning for key roles. We also regularly measure the satisfaction of Hotwire's employees and seek feedback on areas of improvement.

Regulatory risk

Hotwire's operations are subject to a broad spectrum of regulatory requirements particularly in relation to environmental issues, health & safety, employment and pensions and tax laws.

Hotwire monitors regulatory developments and has a strong compliance regime. Regular reviews are carried out to ensure compliance and training needs are addressed as required.

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty fails to meet its contractual obligation and arises principally from Hotwire's receivables from customers. Hotwire has minimal credit risk due to the nature of the customers (mainly large multi-nationals), ability to invoice the customers in advance and constant monitoring of trade receivables.

Strategic report (continued)

Outlook

The Company is focused on top line revenue growth and securing additional client contracts. The business will continue to strengthen by investing in new technology, seeking improvements and additional services to the business offering, together with additional efficiency gains and cost savings.

Environmental regulation and performance

The board believes that the Company had adequate systems in place for the management of its environmental requirements.

Financial performance for the year

The profit and loss account is set out on page 10 and shows the profit for the year. The Company achieved a profit before tax of £1,288,737 for the year (2021: £1,465,712).

Acquisition

On 26 April 2021, the Company acquired 100% issued capital of McDonald Butler Associates Limited, a technology public relations agency. The total purchase consideration was £9,838,225 and net assets acquired £1,159,809.

Following acquisition, on 1 July 2021 the business operations of McDonald Butler Associates Limited and Hotwire Public Relations Limited merged together to operate under the Hotwire Public Relations brand, strengthening the offering and capabilities of Hotwire Public Relations in the UK and overseas markets. As a result, the fixed asset investment of £9,371,800 has been unwound and goodwill has been recognised on the balance sheet at £6,298,991.

Financial position

The company continues to maintain a strong balance sheet. The company has stringent working capital management to ensure efficient conversion of profit to cash which is reflected in the healthy cash balance at the balance sheet date.

Key performance indicators

2022 was a positive year against key performance indicators including:

- continue to provide quality work to its clients;
- increase in turnover;
- a strong balance sheet.

By order of the board



Carla Webb-Sear
Director

20 April 2023

Directors' report

The directors present their report together with the audited financial statements of Hotwire Public Relations Limited ("the Company") for the year ended 30 June 2022.

Principal activities

The principal activity of the Company during the year was provision of communications services.

Proposed dividend

The company did not declare a dividend during the year ended 30 June 2022 (2021: £1,250,000).

Directors

The directors who held office during the year and since the year-end to the date of approval of these financial statements were as follows:

Adrian Talbot
Brentley James Scrimshaw
Carla Webb-Sear

Directors benefited from qualifying third-party indemnity provisions in place during the financial year 2022 and at the date of this report.

Political contributions

The Company made no political contribution or incurred any political expenditure during the year (2021: £Nil).

Likely future developments

Likely future developments are discussed in the "Outlook" section of Strategic report.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

During the year, the Company made a profit after tax of £740,396 (2021: £1,179,581). Net assets were £1,302,624 (2021: £562,228), net current liabilities, including amount owed to group undertaking were £3,130,404 (2021: £4,599,039) and cash at bank was £1,297,833 (2021: £716,027). No dividends (2021: £1,250,000) were paid in the year.

The directors have prepared a detailed forecast up to 30 June 2024 which indicate that, with the cash resources in place and even in severe but plausible downside scenarios, notwithstanding the net current liabilities of £3,130,404 the Company will have sufficient funds to meet their liabilities as they fall due for that period. The directors have reviewed their contingency plans and are satisfied the Company's resource base has the ability to provide the services in line with the contracts without significant additional costs to the Company, even in downside scenarios.

Enero Group UK Limited, has indicated that for the period of at least 12 months from the date of approval of these financial statements, it intends to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts currently due.

Consequently, 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 date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Directors' report (continued)

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he/she ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Carla Webb-Sear
Director

69 Wilson Street
London ECAA 2BB
20 April 2023

Statement of Directors' responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Hotwire Public Relations Limited

Opinion

We have audited the financial statements of Hotwire Public Relations Limited ("the company") for the year ended 30 June 2022 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

Independent Auditor's Report to the Members of Hotwire Public Relations Limited (continued)

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as impairment. We have identified a fraud risk in relation to cut-off of revenue recognition at year-end. We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Assessing significant accounting estimates for bias.
- Revenue cut-off testing to gain comfort over revenue recognition at year-end.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the members (as required by auditing standards), and discussed with the members the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law and certain aspects of Company legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the members and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent Auditor's Report to the Members of Hotwire Public Relations Limited (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

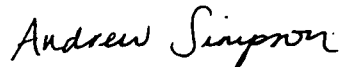
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of Hotwire Public Relations Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

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.



**Andrew Simpson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

15 Canada Square

London

United Kingdom

E14 5GL

20 April 2023

Profit and Loss Account and Other Comprehensive Income
for the year ended 30 June 2022

	<i>Note</i>	2022 £	2021 £
Turnover	2	16,822,742	14,718,625
Cost of sales		(5,993,479)	(6,964,175)
Gross profit		10,829,263	7,754,450
Administrative expenses	4-6	(8,976,886)	(6,286,844)
Other operating income	3	71,496	71,496
Operating profit		1,923,873	1,539,102
Interest payable and similar charges		(207,987)	(73,390)
Fair value loss		(545,897)	-
Dividend income from subsidiary		118,748	-
Profit before taxation		1,288,737	1,465,712
Tax on profit	7	(548,341)	(286,131)
Profit for the financial year		740,396	1,179,581
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		740,396	1,179,581

All results arose from continuing operations.

The accompanying notes on pages 13 to 26 form an integral part of these financial statements.

Balance Sheet
as at 30 June 2022

	<i>Note</i>	2022		2021	
		£	£	£	£
Fixed assets					
Tangible fixed assets	9	453,264		744,282	
Intangible fixed assets	10	8,204,741		471,000	
Fixed asset investments	11	2,339		9,371,800	
		8,660,344		10,587,082	
Current assets					
Debtors	12	7,767,312		2,053,851	
Cash at bank and in hand		1,297,833		716,027	
		9,065,145		2,769,878	
Creditors: amounts falling due within one year	13	(12,195,549)		(7,368,917)	
Net current liabilities		(3,130,404)		(4,599,039)	
Total assets less current liabilities		5,529,940		5,988,043	
Provisions for liabilities					
Lease liabilities	18	-		(412,458)	
Creditors: amounts falling due after more than one year	14	(4,227,316)		(5,013,357)	
Net assets		1,302,624		562,228	
Capital and reserves					
Called up share capital	17	2		2	
Profit and loss account		1,302,622		562,226	
Shareholders' funds		1,302,624		562,228	

The accompanying notes on pages 13 to 26 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 20 April 2023 and were signed on its behalf by:



Carla Webb-Sear
Director

Company number: 06118106

Statement of Changes in Equity
for the year ended 30 June 2022

	Called up Share Capital	Profit and loss account	Total
	£	£	£
Balance at 1 July 2020	2	632,645	632,647
Total comprehensive income for the year			
Profit for the year	-	1,179,581	1,179,581
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,179,581	1,179,581
Transactions with owners, recorded directly in equity			
Dividends (see note 8)	-	(1,250,000)	(1,250,000)
Total distributions to owners	-	(1,250,000)	(1,250,000)
Balance at 30 June 2021	2	562,226	562,228
Balance at 1 July 2021	2	562,226	562,228
Total comprehensive income for the year			
Profit for the year	-	740,396	740,396
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	740,396	740,396
Transactions with owners, recorded directly in equity			
Dividends (see note 8)	-	-	-
Total distributions to owners	-	-	-
Balance at 30 June 2022	2	1,302,622	1,302,624

The accompanying notes on pages 13 to 26 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Hotwire Public Relations Limited (the “Company”) is a private company incorporated, domiciled and registered in England in the United Kingdom. The registered number is 06118106 and the registered address is 69 Wilson Street, London, EC2A 2BB.

The Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company’s ultimate parent undertaking, Enero Group Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Enero Group Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Level 2, 100 Harris Street, Pyrmont, NSW 2009, Australia.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Certain disclosures regarding leases;
- Comparative period reconciliation for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Enero Group Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial.

Measurement convention

The financial statements are prepared on the historical cost basis.

Notes (continued)

1 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

During the year, the Company made a profit after tax of £740,396 (2021: £1,179,581). Net assets were £1,302,624 (2021: £562,228), net current liabilities, including amount owed to group undertaking were £3,130,404 (2021: £4,599,039) and cash at bank was £1,297,833 (2021: £716,027). No dividends were paid in the year (2021: £1,250,000).

The directors have prepared a detailed forecast up to 30 June 2024 which indicate that, with the cash resources in place and even in severe but plausible downside scenarios, notwithstanding the net current liabilities of £3,130,404 the Company will have sufficient funds to meet their liabilities. The directors have reviewed their contingency plans and are satisfied the Company's resource base has the ability to provide the services in line with the contracts without significant additional costs to the Company, even in downside scenarios.

Enero Group UK Limited, has indicated that for the period of at least 12 months from the date of approval of these financial statements, it intends to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts currently due.

Consequently, 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 date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

- Leasehold improvements straight line over term of the lease
- Computer equipment 33.3% per annum straight line
- Office equipment 20% per annum straight line
- Right-of-use asset (property) straight line over term of the lease

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Intangible assets (Goodwill)

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure. Goodwill arising on business combination is in respect of businesses acquired on 12 October 2011 and 26 April 2021.

Recoverable value of goodwill is estimated at each reporting date. Where the carrying value of goodwill exceeds its recoverable value an impairment loss is recognised in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Software licenses: 3 years
- Customer relationship 4 years

Investments

Investments in subsidiary undertakings are stated at cost which comprises initial amount of consideration paid and contingent consideration payable less accumulated impairment. Investments are tested for impairment at each reporting date. Where the carrying value of investment exceeds its recoverable value an impairment loss is recognised in the profit and loss account.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Employee benefits

Pension scheme

The Company operates a defined contribution pension scheme. The amount charged to the profit and loss account represents the contributions for the year. A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows using a discount rate that reflects risks specific to the liability.

Turnover

The turnover represents billings to clients (exclusive of value added tax), inclusive of directly attributable costs of sales, where a principal relationship exists between the Company and its client. Where the Company act as an agent, the amount included as turnover is recognised net of amounts collected/paid on behalf of clients. Turnover from services rendered is recognised in the profit and loss upon satisfaction of performance obligations, which occur when control of the services is transferred to the customer. Principally, turnover is recognised depicting the transfer of promised services to customers with amounts reflecting consideration to which the Company expects to be entitled in exchange for those services at any point in time.

Notes (continued)

1 Accounting policies (continued)

Leases (policy applicable from 1 July 2019)

As a lessee

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses if a contract conveys the right to control the use of an identified asset if:

- the contract involves the use of an identified asset;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of cost to dismantle and remove the underlying asset less any lease incentive received. The right-of-use asset is subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurements of lease liability. The assets are depreciated over the term of the lease on a straight-line basis. The Company applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liability and right-of-use asset recognised.

The lease liability is initially measured at the present value of the lease payments (fixed payments less any lease incentives receivable and variable lease payments) that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate for the same term as the underlying lease. Generally, the Company uses its incremental borrowing rate as the discount rate. Lease liability is re-measured when there is a change in future lease payments arising from change in an index rate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to use the exemption not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The payments associated with these leases are recognised as administrative expenses on a straight-line basis over the lease term.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes (continued)

2 Turnover from contracts with customers

The entire turnover and profit before taxation relates to the Company's communications business. In the following table, turnover is disaggregated by primary geographical markets, no further disaggregation is required as substantially all revenue is recognised over time and all revenue is generated from fees for services.

	30 June 2022	30 June 2021
	£	£
By geographical market		
United Kingdom	7,949,482	5,656,178
Rest of Europe	1,558,175	1,421,883
America	6,767,610	7,263,216
Rest of the world	547,475	377,348
	<u>16,822,742</u>	<u>14,718,625</u>

3 Other operating income

	30 June 2022	30 June 2021
	£	£
Sublease rental income	71,496	71,496
	<u>71,496</u>	<u>71,496</u>

4 Expenses and auditor's remuneration

	30 June 2022	30 June 2021
	£	£
Profit before taxation is stated after charging:		
Salaries and wages (see note 6)	5,369,549	3,451,748
Depreciation charge (see note 9)	405,306	413,634
Amortisation of intangibles (see note 10)	478,250	-
Auditor's remuneration		
Audit of these financial statements	46,000	41,000
Taxation compliance services	-	14,000
	<u>46,000</u>	<u>55,000</u>

Notes (continued)

5 Directors' remuneration

Remuneration of directors was paid by other group companies. Remuneration disclosed below represents cost of services provided by a director to the Company.

	30 June 2022	30 June 2021
	£	£
Salaries and wages	64,519	56,906
Company contributions to money purchase pension plan	5,951	5,778
	<u>70,470</u>	<u>62,684</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £70,470 (2021: £62,684) and Company contributions of £5,951 (2021: £5,778) were made to a defined contribution pension plan.

6 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	30 June 2022	30 June 2021
	Number of employees	
Communications staff	84	61

The aggregate payroll costs of these persons were as follows:

	30 June 2022	30 June 2021
	£	£
Wages and salaries	4,539,183	2,920,901
Social security costs	507,368	303,278
Other pension costs	322,998	227,569
	<u>5,369,549</u>	<u>3,451,748</u>

Notes (continued)

7 Taxation

Recognised in the profit and loss account

	30 June 2022 £	30 June 2021 £
<i>UK corporation tax</i>		
Current tax on income for the period	263,409	158,562
Group relief payable	166,107	135,534
Adjustments in respect of prior year	96,690	(25,617)
Total current tax	526,206	268,479
<i>Deferred tax (see note 15)</i>		
Origination/reversal of timing differences	24,674	7,655
Adjustments in respect of prior year	(2,539)	14,651
Effect of tax rate change on opening balances	-	(4,654)
Total deferred tax	22,135	17,652
Tax on profit	548,341	286,131

Reconciliation of effective tax rate

An explanation of the reasons why the current tax expense for the year is higher than (2021: higher than) the standard rate of corporation tax for the UK of 19.00% (2021: 19.00%) is shown below.

	30 June 2022 £	30 June 2021
Profit for the year	740,396	1,179,581
Total tax expense	548,341	286,131
Profit before tax	1,288,737	1,465,712
Tax using the UK corporate tax rate of 19% (2021: 19%)	244,860	278,485
Fixed asset differences	88,293	-
Re-measurement of deferred tax for changes in tax rate	5,923	(2,817)
Expenses not deductible for tax purposes	137,676	21,429
Other permanent difference	(22,562)	-
Adjustments in respect of prior year	94,151	(10,966)
Tax on profit	548,341	286,131

A UK corporation rate of 19% has been applied for the financial year beginning 1 July 2021. On 14 October 2022, it was announced that the UK tax rate would increase to 25% from 1 April 2023.

The deferred tax asset at 30 June 2022 has been calculated at 25% (30 June 2021: 25%).

Notes (continued)

8 Dividends

The aggregate amount of dividends comprises:

	30 June 2022	30 June 2021
	£	
Final dividend	-	1,250,000

9 Tangible fixed assets

	Right-of-use asset (property)	Leasehold improvements	Office equipment	Computer equipment	Total
	£	£	£	£	£
Cost					
Balance at 1 July 2021	1,107,129	779,560	44,377	371,997	2,303,063
Additions	-	4,018	-	99,897	103,915
Disposals		-	-	(166,689)	(166,689)
Balance at 30 June 2022	1,107,129	783,578	44,377	305,205	2,240,289
Depreciation					
Balance at 1 July 2021	577,632	653,297	37,639	275,225	1,543,793
Charge for year	288,816	39,688	3,509	73,293	405,306
Disposals	-	-	-	(162,074)	(162,074)
Balance at 30 June 2022	866,448	692,985	41,148	186,444	1,787,025
Net book value					
At 1 July 2021	529,497	126,263	6,738	81,784	744,282
At 30 June 2022	240,681	90,593	3,229	118,761	453,264

Notes (continued)

10 Intangible fixed assets

	Goodwill	Customer relationship	Software	Total
	£	£	£	£
Cost				
Balance at 1 July 2021	471,000	-	82,500	553,500
Additions	6,298,991	1,913,000	-	8,211,991
Balance at 30 June 2022	<u>6,769,991</u>	<u>1,913,000</u>	<u>82,500</u>	<u>8,765,491</u>
Amortisation				
Balance at 1 July 2021	-	-	82,500	82,500
Charge	-	478,250	-	478,250
Balance at 30 June 2022	<u>-</u>	<u>478,250</u>	<u>82,500</u>	<u>560,750</u>
Net book value				
At 1 July 2021	471,000	-	-	471,000
At 30 June 2022	<u>6,769,991</u>	<u>1,434,750</u>	<u>-</u>	<u>8,204,741</u>

11 Fixed asset investments

	Shares in group undertakings
	£
Cost	
Share in McDonald Butler Associates Limited	
At 1 July 2021	9,371,800
Less:	
Goodwill recognition	(6,298,991)
Customer relationship recognition	(1,913,000)
Return of capital (representing net assets transferred)	(1,157,470)
At 30 June 2022	<u>2,339</u>

Notes (continued)

12 Debtors

	30 June 2022	30 June 2021
	£	£
Trade debtors	2,750,770	1,189,312
Amounts owed by group undertakings	3,122,192	707,501
Prepayments and accrued income	1,879,362	145,301
Deferred tax asset (see note 15)	14,988	11,737
	<u>7,767,312</u>	<u>2,053,851</u>

Amounts owed by group undertakings are unsecured, repayable on demand and interest free.

13 Creditors: amounts falling due within one year

	30 June 2022	30 June 2021
	£	£
Trade creditors	581,302	263,171
Amounts owed to group undertakings	3,893,195	4,608,363
Corporation tax	282,540	138,048
Taxation and social security	574,766	291,789
Accruals and deferred income	4,883,438	1,675,878
Lease liabilities (see note 18)	442,032	391,668
Contingent consideration payable	1,538,276	-
	<u>12,195,549</u>	<u>7,368,917</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand. Included in 'amounts owed to group undertakings' is a loan due to Enero Group UK Limited for £3,500,000.

14 Creditors: amounts falling due after one year

	30 June 2022	30 June 2021
	£	£
Deferred Tax (see note 15)	27,924	-
Contingent consideration payable	4,199,392	5,013,357
	<u>4,227,316</u>	<u>5,013,357</u>

Notes (continued)

15 Deferred tax (assets) and liabilities

Movement in deferred tax during the year:

	1 July 2021	Recognised in income statement	30 June 2022
	£	£	£
Tangible fixed assets	(11,737)	24,674	12,936
	<u> </u>	<u> </u>	<u> </u>

Movement in deferred tax during the prior year:

	1 July 2020	Recognised in income statement	30 June 2021
	£	£	£
Tangible fixed assets	(29,389)	17,652	(11,737)
	<u> </u>	<u> </u>	<u> </u>

Deferred tax asset is included in debtors (see note 12).

16 Employee benefits

Defined contribution pension plan

The Company operates a defined contribution pension plan. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £218,488 (2021: £227,569).

There was no outstanding pension contribution either at 30 June 2022 or at 30 June 2021.

17 Called up share capital

Share capital

	30 June 2022	30 June 2021
	£	£
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes (continued)

18 Leases

Leases as a lessee (IFRS 16)

Right-of-use assets

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 9).

Lease liabilities

	30 June 2022	30 June 2021
	£000	£000
Current lease liabilities (included in creditors (see note 13))	442,032	391,668
Non-current lease liabilities	-	412,458
	<u>442,032</u>	<u>804,126</u>
Reconciliation of movement in lease liabilities:		
Balance at beginning of the year	804,126	1,247,504
Unwinding of discount on lease liabilities	29,574	43,608
Repayments	(391,668)	(486,986)
Balance at end of the year	<u>442,032</u>	<u>804,126</u>
Lease liabilities commitments:		
Less than one year	442,032	391,668
Between one and five years	-	412,458
More than five years	-	-
	<u>442,032</u>	<u>804,126</u>

Leases as lessor (IFRS 16)

The Company has entered into an agreement to sublease part of the property to an unrelated third party. As per the terms of the contract, either party can cancel the lease by giving a written six months' notice. There is no non-cancellable commitment. Sub-lease income is included in other operating income in the profit and loss account (see note 3).

Commitments not recognised on balance sheet

Amounts disclosed in the below table relates only for leases exempt from IFRS 16 recognition.

Non-cancellable operating lease rentals are payable as follows:

	30 June 2022	30 June 2021
	£	£
Less than one year	1,732	5,200
Between one and five years	-	1,733
More than five years	-	-
	<u>1,732</u>	<u>6,933</u>

Notes (continued)

19 Related party

Transactions with key management personnel

Key management personnel consist of Directors of the company. The Company has claimed an exemption in respect of disclosures of the compensation of Key Management Personnel.

Transactions with related parties

The Company has claimed an exemption in respect of disclosures of transactions with wholly owned subsidiaries. There were no transactions with other related parties.

20 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a subsidiary undertaking of Enero Group Limited which is the ultimate parent company incorporated in Australia.

The largest group in which the results of the Company are consolidated is that headed by Enero Group Limited, incorporated in Australia. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from Level 2, 100 Harris Street, Pyrmont, NSW 2009, Australia.

21 Accounting estimates and judgements

The preparation of financial statements in conformity with UK Generally Accepted Accounting Practices (including FRS 101 Reduced Disclosure Framework) requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods if affected.

Critical accounting estimates and judgements made includes following:

- **Revenue:** Revenue from Contracts with Customers requires identification of discrete performance obligations within a transaction and an associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of the services is transferred to the customer. Principally, revenue is recognised depicting the transfer of promised services to customers with amounts reflecting consideration to which the Company expects to be entitled in exchange for those services at any point in time.
The Company's customers typically receive the benefit of services as they are performed and substantially all customer contracts provide that the Company will be compensated for services performed to date. Accordingly, substantially all revenue is recognised over time as the services are performed. For fixed fee projects, key estimates and judgements for when revenue is recognised is using inputs or outputs (time and deliverables) measuring progress on the project. For retainer contracts, where a fixed fee is paid to provide a series of distinct performance obligations that are substantially the same, key estimates and judgements for when revenue is recognised use a time-based measure resulting in a straight-line revenue recognition. For customer contracts that include any variable consideration, such as performance incentives, revenue is estimated at the beginning of the contract based on the most likely outcome and recognised accordingly.
- **Trade receivables:** Trade receivables are carried at amortised cost, less a loss allowance equal to the expected credit loss determine under the expected credit loss assessment of receivables. Events subsequent to the reporting date but prior to the signing of the financial statements which indicate a negative effect may be taken into account in the calculation of loss allowance. Future events may occur which change these estimates of the future cash inflows related to impaired trade receivables.

Notes (continued)

22 Accounting estimates and judgements (continued)

- Impairment of non-financial assets: Key assumptions used in the value in use approach to test for impairment relate to the discount rate and the medium-term and long-term growth rates applied to projected cash flows. Actual results may differ from estimates as at the reporting date.
- Leases: The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate for the same term as the underlying lease. Generally, the Company uses its incremental borrowing rate as the discount rate. Company applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liability and right-of-use asset recognised.
- Contingent consideration payable: is initially recognised at fair value in connection with a business combination. The liability is discounted using a market interest rate for the liability and a present value interest charge is recognised in the income statement as the discount unwinds. Any change in estimate of contingent consideration payable is recognised in the income statement as a fair value gain or loss during the period when the estimate is revised. Company applies judgement to estimate average revenue over the contingent consideration period. There is uncertainty around the actual payments that will be made as the payments are subject to the performance of aggregated business subsequent to the reporting date.