

Company Registration No. 6724874

DMA Media Holdings Limited

Report & financial Statements

31 December 2019



DMA Media Holdings Limited
Report and financial statements 2019
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DMA Media Holdings Limited

Strategic report (continued)

For the year ended 31 December 2019

Group Strategic Report for the year ended 31 December 2019

Introduction

The directors present their group strategic report for the year ended 31 December 2019. The directors, in preparing this strategic report, have complied with s414c of the Companies Act 2017.

Business review

The DMA Media Holdings Group launches, develops and manages channels for news organisations, broadcasters, international brands and NGOs.

The Group has three major trading divisions operating under its corporate structure.

DMA Media provides consultancy and outsourcing for news and broadcast start-ups all over the world, either on location or from a London base. It also creates and runs entire channels of niche content, co-partnered and accessed on-line.

The Newsmarket produces and curates downloadable, high quality, rights-cleared video and live coverage for brands, to measurable media and stakeholder audiences. It supplies production, media relations, content hosting, distribution and marketing services to some of the world's best-known brands. It includes a proprietary technology platform that hosts and distributes content supplied by brands or produced in house for them.

In February 2019 the Group acquired Headline NFP, based in Belgium. Headline has been a highly-respected provider of studios, lives and video production in Brussels for more than twenty years with a client base which includes major broadcasters in the UK and Europe. This allows the Group to have a presence and facilities in the heart of Europe, significantly expanding the capability and the services offered to broadcast, corporate and online clients.

The group enjoyed a year of growth in 2019. Turnover grew from £27m to £32.9m (22%). This was a result of successfully growing revenue streams from current clients, securing and delivering new multi channel contracts, and increased corporate production and media centre development work.

Even though there was an increase in revenue and profitable project delivery, administration expenses increased from £2.6m in 2018 to £3.6m in 2019 in part due to the acquisition of Headline but primarily due to the investment in sales and marketing resources and the development of intellectual property for future growth, offering additional services and products as well as targeting new market sectors. Profit before tax decreased from £1,202,199 in 2018 to a loss of £62,891 in 2019 a decrease of £1,265,090.

The Newsmarket developed new products within their online newsrooms and media centre supply which were considered to amount to R&D.

The new technological improvement related to the development of a suite of tools for building, managing and configuring online media centres. It was recognised that new entrants into this market had made it more competitive and clients had more options available to them, so the strategic direction was taken to significantly enhance the services and capabilities of the Client Portal and the media centres created through them to ensure the company maintained a significant competitive edge.

The new technical capabilities built provide a significant competitive advantage as it enables to exploit far more existing client content and to provide far greater variation in design.

The Group made an R&D claim in the year as disclosed in note 19.

Looking ahead, the business is well placed to grow our multi-channel solutions and continues to actively look at strategic acquisitions and partnerships to develop key markets and sectors.

In March 2020 the Group had to change its operating model due to COVID-19 with all staff moving to remote working which was achieved quickly and seamlessly. Our primary responsibility was to ensure a safe environment for all staff. Due to the nature of our business our key contracts were slowed down in the second half of 2020 however these are now back on track. With the changes we have made to our operating model and services we can provide we are now well placed to take advantage of the changing market conditions

DMA Media Holdings Limited

Strategic report (continued)

For the year ended 31 December 2019

Principal risks and uncertainties

The principal risk facing the group is the reliance of an outsourcing contract which accounted for 76% of the gross margin in the business. The risk is being mitigated by a strong broadcast pipeline including opportunities in the UK and Saudi Arabia and tenders with EU organisations. We have won new contracts for 2020 in Afghanistan and Egypt. For TheNewsMarket there is new investment in sales and marketing, to expand the customer base and increase the value of existing contracts.

Financial key performance indicators

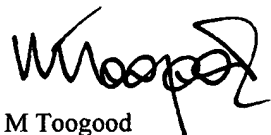
The directors consider turnover, gross profit, profit before tax and net assets to be the key measures of financial performance. The Group enjoyed a year of growth in 2019. Turnover grew 18% as a result of successfully securing and delivering new contracts. Revenue from the main client in 2019 was £27.8m compared to £22.5m in 2018. The increase in turnover in 2019 was also due to new business from clients in the media consultancy sector and from the acquisition of Headline. Administration expenses increased from £2.6m in 2018 to £3.6m in 2019. This increase is primarily due to our sales, marketing and product development initiative and increased costs due to the Headline acquisition. As a result Operating Profit has reduced from £1.3m in 2018 to a break-even position in 2019.

As a result of the operating profit decrease, EBITDA has decreased from £1,780,840 in 2018 to £647,596 in 2019.

The net year end cash position increased by £2m. Excluding the double payment by a major client the net cash position was flat year on year despite funding the acquisitions of The Newsmarket Ltd and Headline BVBA, the accelerated settlement of loan finance and the growth of the business from working capital.

Turnover increased due to the increased volumes and expansion of the client base. The Group continued to invest in new sales resources and the development of intellectual property for future growth offering additional services and products as well as targeting new market sectors.

This report was approved by the board on 30 April 2021 and signed on its behalf.



M Toogood

Director

DMA Media Holdings Limited

Directors report

For the year ended 31 December 2019

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

Principal activities

The principal activities of the Group comprise media and news media consultancy.

Results and dividends

The statement of income is shown on page 9 and shows the profit/(loss) for the year. The dividend for the year is nil.

Directors

The directors, who served during the year and to the date of signing these accounts, were as follows:

R Beynon
M Toogood
R Sambrook

Appointment of auditors

During the year Greenback Alan LLP were re appointed auditors of the company.

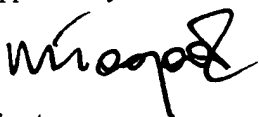
Information for Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company and the Group's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company and the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors on 30 April 2021 and signed on its behalf by M Toogood.



Director

Registered Office

10-11 Percy Street
London
W1T 1DN

DMA Media Holdings Limited

Directors' responsibilities statement For the year ended 31 December 2019

The directors are responsible for preparing the Group Annual Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Independent auditor's report to the members of DMA Media Holdings Limited

Opinion

We have audited the financial statements of DMA Media Holdings Limited (the "Parent company") and its subsidiaries (the "Group") for the year ended 31 December 2019, which comprise the consolidated Statement of Income, the company and consolidated Statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and parent Company's affairs as at 31 December 2019 and of the Group's loss for the period 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 Group 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 Group's or Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our 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 auditor's report to the members of DMA Media Holdings Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; 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 Group and parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

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 Group and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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 auditor's report to the members of DMA Media Holdings 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.

Ian Clive Rowe (Senior Statutory Auditor)

for and on behalf of
Greenback Alan LLP

Chartered Accountants
Statutory Auditor

89 Spa Road
London
SE16 3SG

Date: 30 April 2021

DMA Media Holdings Limited

Consolidated statement of income For the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	2	32,882,798	27,014,806
Cost of sales		(28,699,372)	(22,643,205)
		<hr/>	<hr/>
Gross profit		4,183,426	4,371,601
Administrative expenses		(3,535,800)	(2,590,761)
Depreciation and amortisation		(647,972)	(451,322)
		<hr/>	<hr/>
Operating profit/(Loss)	3	(346)	1,329,518
Interest receivable and similar income			
Interest payable and similar charges	4	(62,545)	(127,319)
		<hr/>	<hr/>
Profit/(Loss) before taxation		(62,891)	1,202,199
Taxation on profit	8	31,998	49,977
		<hr/>	<hr/>
Profit/(Loss) after taxation		(30,893)	1,252,176
		<hr/>	<hr/>
Profit/(Loss) attributable to:			
Shareholders		(23,262)	1,265,720
Minority interest		(7,631)	(13,544)
		<hr/>	<hr/>
		(30,893)	1,252,176
		<hr/>	<hr/>

The notes on pages 18 to 29 form part of these financial statements.

DMA Media Holdings Limited

Consolidated statement of comprehensive income For the year ended 31 December 2019

	2019	2018
	£	£
Profit for the financial year	(30,893)	1,252,176
Other comprehensive income / (expense)		
Fair value adjustments	771,588	-
	<hr/>	<hr/>
Total comprehensive income for the year	740,695	1,252,176
Total comprehensive income attributable to		
Owners of the parent	748,326	1,265,720
Non-controlling interests	(7,631)	(13,544)
	<hr/>	<hr/>
	740,695	1,252,176
	<hr/> <hr/>	<hr/> <hr/>

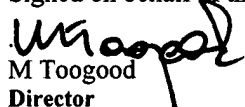
DMA Media Holdings Limited
Registered number: 6724874

Consolidated statement of financial position
As at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	11	2,635,921	33,190
Intangible assets	12	2,656,159	2,334,760
Investment	13	174,955	50,000
		<hr/>	<hr/>
		5,467,035	2,417,950
Current assets			
Debtors	14	3,256,135	4,230,528
Cash at bank and in hand		2,560,311	418,820
		<hr/>	<hr/>
		5,816,446	4,649,348
Creditors: amounts falling due within one year	15	(8,185,164)	(4,893,876)
		<hr/>	<hr/>
Net current liabilities		(2,368,718)	(244,528)
Total assets less current liabilities		3,098,317	2,173,422
Creditors: amounts falling due after one year	16	(579,939)	(395,739)
		<hr/>	<hr/>
Net assets		2,518,378	1,777,683
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	21	1,051	1,051
Capital reserve		254,401	254,401
Revaluation reserve		771,588	-
Profit and loss account		1,780,561	1,803,823
Minority interests		(289,223)	(281,592)
		<hr/>	<hr/>
		2,518,378	1,777,683
		<hr/>	<hr/>

The financial statements of DMA Media Holdings Limited were approved by the Board of Directors on 30 April 2021

Signed on behalf of the Board of Directors


M Toogood
Director

The notes on pages 18 to 29 form part of these financial statements.

DMA Media Holdings Limited
Registered number: 6724874

Company statement of financial position
As at 31 December 2018

	Note	2019 £	2018 £
Fixed assets			
Investments	13	1,574,375	723,539
Current assets			
Debtors	14	-	1,051
Cash at bank and in hand		1,051	-
		<u>1,051</u>	<u>-</u>
Creditors: amounts falling due within one year	15	-	-
		<u>-</u>	<u>-</u>
Net current liabilities		1,051	-
Total assets less current liabilities		1,575,426	724,590
Creditors: amounts falling due after one year	16	(1,574,375)	(723,539)
		<u>(1,574,375)</u>	<u>(723,539)</u>
Net assets/(liabilities)		<u>1,051</u>	<u>1,051</u>
Capital and reserves			
Called up share capital	21	1,051	1,051
Profit and loss account		-	-
		<u>1,051</u>	<u>1,051</u>

The financial statements of DMA Media Holdings Limited were approved by the Board of Directors on 30 April 2021

Signed on behalf of the Board of Directors


M Toogood
Director

The notes on pages 18 to 29 form part of these financial statements.

DMA Media Holdings Limited

Consolidated statement of changes in equity For the year ended 31 December 2019

	Issued Share Capital £	Capital reserve account £	Revaluation Reserve £	Profit & loss account £	Minority interest £	Total funds £
At 1 January 2019	1,051	254,401	0	1,803,823	(281,592)	1,777,683
Profit/(loss) for the year	-	-	-	(23,262)	(7,631)	(30,893)
Revaluation	-	-	771,588	-	-	771,588
Balance at 31 December 2019	1,051	254,401	771,588	1,780,561	(289,223)	2,518,378

	Issued Share Capital £	Capital reserve account £	Revaluation Reserve £	Profit & loss account £	Minority interest £	Total funds £
At 1 January 2018	1,051	254,401	0	538,103	(268,048)	525,507
Profit/(loss) for the year	-	-	0	1,265,720	(13,544)	1,252,176
Balance at 31 December 2018	1,051	254,401	0	1,803,823	(281,592)	1,777,683

DMA Media Holdings Limited

Consolidated statement of cash flows For the year ended 31 December 2019

		2019	2018
		£	£
Cash flow from operating activities	9	1,719,271	1,583,735
Taxation paid		(6,454)	(78,181)
Net cash generated from Operating activities		1,712,817	1,505,554
Cash flow from investing activities			
Purchase of intangible assets		(528,708)	(721,956)
Purchase of tangible assets		(178,141)	(53,361)
Purchase of subsidiary (net of cash acquired)		(919,644)	(406,022)
Purchase of Fixed Asset Investment		(124,955)	-
Net cash used in investing activities		(1,751,448)	(1,181,339)
Cash flow from financing activities			
Repayment of bank loans		(3,056)	(61,110)
Receipts from bank loan facilities		110,000	-
Repayment of other loans		(328,076)	(274,420)
Receipts from other Loans facilities		180,531	-
Interest Paid		(62,545)	(127,319)
Net cash used in financing activities		(103,146)	(462,849)
Net increase in cash and cash equivalents		(141,777)	(138,634)
Cash and cash equivalents from the beginning of the year		418,820	557,454
Client Double Payment		2,283,268	-
Cash and cash equivalents at the end of the year		2,560,311	418,820
Cash and cash equivalent consist of:			
Cash at bank and in hand		2,560,311	418,820

DMA Media Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

General information and basis of accounting

DMA Media Holdings Limited is a company incorporated in the United Kingdom under the Companies Act.

The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office and principal place of business is shown on page 4. The principal activities of the Company are set out in the Directors' report.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the costs, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Furniture and fittings	4 years
Computer equipment	3 years
Property	30 years

Residual value is calculated on prices prevailing at the date of acquisition.

Broadcast equipment and property are stated at revalued amounts, being the fair value at date of revaluation less any accumulated depreciation and provision for impairment.

Intangible fixed assets

Development expenditure is written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over a period during which the company is expected to benefit. This period is 10 years. Provision is made for any impairment.

Residual value is calculated on prices prevailing at the date of acquisition.

Positive goodwill is capitalised, classified as an intangible asset on the balance sheet and amortised on a straight-line basis over its useful economic life. It is reviewed for impairment at the end of its first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be reviewed. The useful economic life of goodwill has been deemed to be 10 years, which is the directors' best estimate of the remaining useful life.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

DMA Media Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

When there are indicators of impairment, an impairment review on investments is carried out and a provision booked where necessary.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Taxation

Current tax, being UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Finance liabilities and instruments

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

DMA Media Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

1. Accounting policies (continued)

Finance liabilities and instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cashflows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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.

Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at the transaction price less any provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the reporting year-end, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand, short-term bank deposits and money market funds.

DMA Media Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

1. Accounting policies (continued)

Foreign currency translation

Transactions included in the results of the company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). Transactions in foreign currencies are translated into the functional currency at the rates of exchange prevailing at the dates of the individual transactions. Monetary assets and liabilities denominated in foreign currencies are subsequently retranslated at the rate of exchange ruling at the end of the reporting period. All differences are taken to the income statement, except those arising on long-term foreign currency borrowings used to finance or hedge foreign currency investments which on consolidation are taken directly to other comprehensive income.

2. Segment information

Turnover is wholly attributable to the group's principal activity.

The Group has three main divisions: DMA Media Ltd and Synaptic Digital Ltd both based in the UK. Headline is based in Belgium.

Turnover is broken down as follows

UK - £29,830,854 (2018: £23,420,654) Rest of the world £3,051,944 (2018: £3,594,152)

3. Operating Profit / (Loss)

Operating Profit / (Loss) before taxation is stated after charging:

	Year ended 2019 £	Year ended 2018 £
Fees payable to the company auditors	28,350	45,000
Depreciation / amortisation	647,972	451,322
Foreign exchange gains/losses	104,442	83,128

No other fees were paid to the Company's auditor in the current or prior year.

4. Interest payable and similar charges

	Year ended 2019 £	Year ended 2018 £
Bank charges & interest	50,794	26,201
Loan interest	11,751	101,118
	<u>62,545</u>	<u>127,319</u>

DMA Media Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

5. Staff costs

The average monthly number of employees (including executive directors) was:

	Year ended	Year ended
	2019	2018
	No	No
Office and Management	11	11
Sales and account management	11	15
DMA Production	3	4
DMA Tech	32	26
Persian Broadcasting	180	150
	<hr/>	<hr/>
	237	206
	<hr/>	<hr/>

Staff costs were as follows:

	2019	2018
	£	£
Wages and Salaries	11,566,302	6,662,481
Social security costs	2,239,093	1,481,149
Cost of defined contribution scheme	211,846	157,367
	<hr/>	<hr/>
	14,017,241	8,300,997
	<hr/>	<hr/>

6. Directors' remuneration

	2019	2018
	£	£
Directors emoluments	380,000	588,850

The highest paid director received remuneration of £190,000 (2018 £295,322)

DMA Media Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

7. Pension

The total expense related to the pension contribution plan for the current year was £432,948 (2018 £157,367). The balance of the pension contribution fund at the end of the year was £44,097 (£24,969 is the employee's contribution). Balance in 2018 was £20,813 (£10,120 is the employee's contribution).

8. Tax on profit

The tax charge comprises:

	Year ended 2019 £	Year ended 2018 £
Current tax		
UK corporation tax	(70,185)	(10,480)
Deferred tax	38,187	(39,497)
Total tax on profit	(31,998)	(49,977)

Tax reconciliation – see note 20

9. Net cash generated from operating activities

	2019 £	2018 £
(Loss) / Profit for the financial year	(30,893)	1,252,176
Adjustment for:		
Tax on profit	(31,998)	(49,977)
Net interest expense	62,545	127,319
Operating loss / profit	(346)	1,329,518
Depreciation of tangible assets	176,767	51,958
Amortisation of intangible assets	471,205	399,364
Loss on disposal of intangible asset	9,835	-
(Increase) decrease in trade debtors	1,251,634	(322,975)
(Increase) decrease in other debtors	(193,456)	204,611
Increase (decrease) in trade creditors	658,531	(346,231)
Increase (decrease) in other creditors	(654,899)	267,490
Net cash generated from Operating activities	1,719,271	1,583,735

DMA Media Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

10. Movement in net debt

	1 Jan 2019	Net cash flows	Acquisition of subsid	31 Dec 2019
Cash at bank and in hand	418,820	2,141,491	-	2,560,311
Cash and cash equivalents	418,820	2,141,491	-	2,560,311
Bank overdraft	-	-	-	-
Bank loans	-	(43,178)	(583,228)	(626,406)
Other loans	(207,891)	83,779	-	(124,112)
Total	210,929	2,182,092	(583,228)	1,809,793

11. Tangible fixed assets

	Office equipment	Computer and fixtures	Property	Broadcast Equipment	Total
Group	£	£	£	£	£
Cost					
At 1 January 2019	188,333	52,358	-	-	240,691
Additions	136,465	31,601	-	10,075	178,141
Additions on acquisition	-	-	1,189,619	640,150	1,829,769
Fair value adjustment	-	-	201,685	569,903	771,588
At 31 December 2019	324,798	83,959	1,391,304	1,220,128	3,020,189
Depreciation					
At 1 January 2019	167,867	39,634	-	-	207,501
Charge for the year	26,306	2,626	17,690	130,145	176,767
At 31 December 2019	194,173	42,260	17,690	130,145	384,268
Net book value					
At 31 December 2019	130,625	41,699	1,373,614	1,089,983	2,635,921
At 31 December 2018	20,466	12,724	-	-	33,190

The properties were sold in March 2020 for their net book value as at 31 December 2019.

DMA Media Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

12. Intangible fixed assets

	Archive	Website & platform	Goodwill	Total
	£	£	£	£
Group				
Cost				
At 1 January 2019	97,102	1,543,190	1,545,435	3,185,727
Additions	-	528,708	273,732	802,440
Disposals		(27,900)		(27,900)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	97,102	2,043,998	1,819,167	3,960,267
	<hr/>	<hr/>	<hr/>	<hr/>
Amortisation				
At 1 January 2019	23,464	470,010	357,494	850,968
Charge for the year	8,092	317,877	145,236	471,205
Disposals		(18,065)		(18,065)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	31,556	769,822	502,730	1,304,108
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2019	65,546	1,274,176	1,316,437	2,656,159
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	73,638	1,073,180	1,187,941	2,334,759
	<hr/>	<hr/>	<hr/>	<hr/>

DMA Media Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

13. Fixed asset investments

	Group Other Fixed Asset investments	Company Interest in Subsidiary Cos
	£	£
Cost or Valuation		
At 1 January 2019	50,000	723,539
Additions	124,955	850,836
	<hr/>	<hr/>
At 31 December 2019	174,955	1,574,375
	<hr/>	<hr/>
Net book value		
At 31 December 2019	174,955	1,574,375
	<hr/>	<hr/>
At 31 December 2018	50,000	723,539
	<hr/>	<hr/>

Interest in subsidiaries (unquoted)

The following were subsidiary undertakings of the company:

Undertaking	Share class	% held	Country of incorporation
DMA Media Ltd	Ordinary	100	UK
Synaptic Digital Ltd	Ordinary	100	UK
Vivid White Productions Ltd	Ordinary	100	UK
DMA Media Productions Ltd	Ordinary	100	UK
Unseen Archives Ltd	Ordinary	80	UK
DMA Media Ventures Ltd	Ordinary	80	UK
The Newsmarket Inc	Ordinary	100	USA
TNM Media Private Ltd	Ordinary	100	India
Headline NFP	Ordinary	100	Belgium

The principal activity of each of the entities is the provision of media and news media consultancy services.

DMA Media Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

14. Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	693,917	1,955,820	-	-
Other debtors	569,329	911,920	-	1,051
Work in progress	13,061	13,396	-	-
Amounts owed by group undertakings	-	-	-	-
Taxation and social security	245,371	214,070	-	-
Deferred tax	304,569	342,756	-	-
Prepayments and accrued income	1,429,888	792,566	-	-
	<u>3,256,135</u>	<u>4,230,528</u>	<u>-</u>	<u>1,051</u>

The deferred tax asset balance is broken down as follows:

	2019	2018
	£	£
Less than 1 year	60,914	68,551
Between two and five years	243,655	274,204

15. Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank overdrafts	-	-	-	-
Bank loans	486,874	-	-	-
Trade creditors	2,411,073	1,130,449	-	-
Other creditors	2,988,734	869,266	-	-
Other loans	65,920	48,059	-	-
Taxation and social security	1,682,858	1,183,590	-	-
Current taxation	77,344	196,786	-	-
Accruals and deferred income	472,361	1,465,726	-	-
	<u>8,185,164</u>	<u>4,893,876</u>	<u>-</u>	<u>-</u>

DMA Media Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

16. Creditors: amounts falling due after one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans	139,532	-	-	-
Other loans	58,192	159,832	-	-
Other creditors	382,215	235,907	382,215	195,658
Amounts owed to group undertakings	-	-	1,192,160	527,881
	<hr/>	<hr/>	<hr/>	<hr/>
	579,939	395,739	1,574,375	723,539
	<hr/>	<hr/>	<hr/>	<hr/>

DMA Media Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

17. Acquisition of Headline NFP

On 14 February 2019 the group acquired 100% of Headline NFP, a Belgian company which provides studios, lives and video production services for €950,000 paid in cash. In calculating the goodwill arising on acquisition, the fair value of net assets of Headline NFP have been assessed and adjustments from book value have been made where necessary

	£
Fixed assets	
Tangible	1,831,334
Current Assets	
Debtors	163,210
Cash at bank and in hand	112,742
	<hr/>
Total assets	2,107,286
Creditors	
Due within one year	1,391,342
Deferred tax on difference between fair values and tax bases	
Due after one year	138,842
	<hr/>
Net Assets	577,102
Goodwill	273,734
	<hr/>
Total purchase consideration including expenses	850,836
	<hr/>
Purchase consideration settled in cash, as above	850,836
Deferred consideration included in other creditors	(284,505)
Cash and cash equivalents in subsidiary acquired	(112,742)
	<hr/>
Cash outflow on acquisition during 2019	453,589
	<hr/> <hr/>

The useful economic life of goodwill has been estimated to be 10 years. Included within goodwill are intangible assets that do not require separate recognition. These intangible assets relate to customer lists and customer relationships.

Payments on the acquisition of the Newsmarket in the year were: £ 466,055

DMA Media Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

18. Directors Loan

2018	Total
1 st January 2018	(218,540)
Advances	-
Repaid	218,540
31st December 2018	-
2019	Total
1 st January 2019	-
Advances	(14,553)
Repaid	14,553
31st December 2019	-

19. Deferred Taxation

	2019 £	2018 £
At the beginning of the year	342,756	303,259
Deferred tax	(38,187)	39,497
	<hr/>	<hr/>
At the end of the year	304,569	342,756
	<hr/>	<hr/>
The deferred tax asset is made up as follows		
Tax losses carried forwards	304,569	342,756
	<hr/>	<hr/>

DMA Media Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

20. Income tax reconciliation

	2019	2018
	£	£
Profit/(loss) before tax multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%).	(11,957)	238,018
Expenses not deductible for tax purposes	5,922	3,617
Research & development claim	(93,614)	(101,437)
Research & development claim - 2017	-	(43,116)
Capital allowances for year in excess of depreciation	2,274	950
Short term timing differences	38,187	(83,198)
Utilisation of tax losses	(2,881)	(7,701)
Other differences	30,071	(57,110)
Total tax charge for the year	(31,998)	(49,977)

21. Share Capital

	2019		2018	
	No	£	No	£
Called up and fully paid				
Ordinary shares of £0.01 each (2018 £1)	1,051	1,051	1,051	1,051

On 13th May 2019 the £1 shares were subdivided into £0.01 shares

22. Reserves

Capital Reserve

The capital reserve is created on the initial consolidation of the group. It is not created from trading or operational activities, and is therefore not distributable to the shareholders.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of any dividends paid.

Minority Interests

Minority Interests represents the amounts attributable to the non-controlling shareholders of subsidiary companies.

DMA Media Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

23. Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows

	2019	2018
	£	£
Other operating leases		
Not later than one year	163,000	86,000
Between two and five years	185,512	86,000
	<u>348,512</u>	<u>172,000</u>

24. Post Balance Sheet Events

In March 2020 the business had to change its operating model due to COVID-19 with all staff moving to remote working which was achieved quickly and seamlessly. Our primary responsibility was to ensure a safe environment for all staff. Due to the nature of our business our key contracts were slowed down in the second half of 2020 however these are now back on track. With the changes we have made to our operating model and services we can provide we are now well placed to take advantage of the changing market conditions.

25. Ultimate controlling party

Mr R Beynon and Mr M Toogood control the company as a result of holding 98% of the issued share capital.