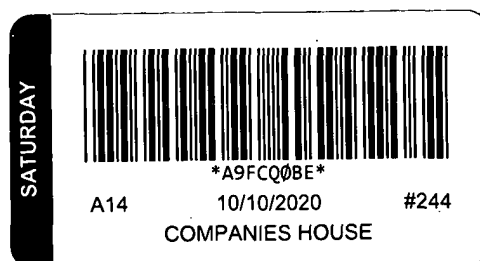


**Group Strategic Report, Report of the Directors and**  
**Consolidated Financial Statements for the Year Ended 31 December 2019**  
**for**  
**Spring Media Investments Limited**

**REGISTERED NUMBER: 09931422 (England and Wales)**



## **Spring Media Investments Limited**

### **Contents of the Consolidated Financial Statements for the Year Ended 31 December 2019**

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**Spring Media Investments Limited**

**Company Information**  
**for the Year Ended 31 December 2019**

**DIRECTORS:**

Mr S A Aspinall  
Mr A Cjratl Crivelli Mesmer Nobili  
Mr F Costa  
Mr M Flammini  
Ms C Kurzman  
Mr J M Moffat  
Mr A Oberoi  
Mr H Uberoi  
Mr N Khattar

**REGISTERED OFFICE:**

Spring House  
10 Spring Place  
London  
NW5 3BH

**REGISTERED NUMBER:**

09931422 (England and Wales)

**AUDITORS:**

Nordens  
Statutory Auditors  
The Retreat  
406 Roding Lane South  
Woodford Green  
Essex  
IG8 8EY

## **Spring Media Investments Limited**

### **Group Strategic Report** **for the Year Ended 31 December 2019**

The directors present their strategic report of the company and the group for the year ended 31 December 2019.

#### **PRINCIPAL ACTIVITIES**

The principal activities of the Company during the year were the provision of Strategy, Creative Content and Production Services, Content Studio Services and full Event hosting and management.

#### **BUSINESS ACTIVITIES AND PHILOSOPHY**

Spring is home to a global community of influential creatives, industry leaders, and entrepreneurs in the business of shaping contemporary culture. Combining a Creative Agency and Production Studios, based out of London, New York and Milan, and with state-of-the-art infrastructure, we deliver premium branded content and experiences for aspirational global brands.

The Group offers Creative Agency and Production Services from its London, New York and Milan premises. As well as servicing emerging brands, London continues to partner with established brands such as Marks and Spencer, Breitling and Estee Lauder. New York partners market leading brands including Tumi and Tom Ford.

The Group offers Event Management and Production from its New York premises. Some of the key events at Spring are the Tribeca Film Festival, Independent Art Fair and New York Fashion Week. Major new clients in 2019 included Mastercard and Medidata.

The Group has created an integrated management structure and workflow system to provide multi-channel strategic and creative solutions. This integrated management and operational structure of the Group has allowed the Company to develop accretive strategic revenue partnerships and relationships to add revenue generating capabilities that also add value to their clients.

#### **SECTION 172(1) STATEMENT**

The Directors are well aware of their duty under Os.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company, (the "s.172(1) Matters").

Induction materials provided on appointment include an explanation of Directors' duties, and the Board is regularly reminded of the s.172(1) matters.

## **Spring Media Investments Limited**

### **Group Strategic Report** **for the Year Ended 31 December 2019**

#### **BUSINESS PERFORMANCE**

During the year, the Group has continued to invest in personnel, technology and facilities to support the organic growth in each of its markets and maintain and enhance its position as a leading creative services hub for the global fashion, beauty and luxury good sectors.

The Group's continuing investment in their New York creative hub has ensured the Tribeca location offers a truly unique event production and execution facility alongside the creative services and studios operations.

The results for the year are set out on page 9. The Group's Adjusted EBITDA for the year split between its London, New York and Milan locations of operations is shown in the table below. Adjusted EBITDA, Direct Staff and Business Contribution are non-statutory measures which the Directors believe are appropriate measures in the assessment of performance of the Group.

	<b>LONDON</b>	<b>NEW YORK</b>	<b>MILAN</b>	<b>GROUP</b>
<b>TURNOVER</b>	<b>27,154,191</b>	<b>36,904,601</b>	<b>3,795,879</b>	<b>67,854,671</b>
Cost of Sales	(12,990,613)	(20,905,114)	(2,355,015)	(36,250,742)
<b>GROSS PROFIT</b>	<b>14,163,578</b>	<b>15,999,487</b>	<b>1,440,864</b>	<b>31,603,929</b>
Direct Staff	(8,142,153)	(4,761,003)	(841,160)	(13,744,316)
<b>BUSINESS CONTRIBUTION</b>	<b>6,021,425</b>	<b>11,238,484</b>	<b>599,704</b>	<b>17,859,614</b>
Administrative expenses	(4,926,461)	(8,074,874)	(488,118)	(13,489,454)
<b>Adjusted EBITDA</b>	<b>1,094,964</b>	<b>3,163,610</b>	<b>111,586</b>	<b>4,370,160</b>

Group Adjusted EBITDA of £4,370,160 in the table above can be reconciled to group operating loss of (£511,744) in the consolidated income statement, after charging:

<b>Adjusted EBITDA</b>	<b>4,370,160</b>
Less Depreciation	(2,031,735)
Less Exchange Gains	(46,885)
Less Exceptional Legal / Consulting	(775,678)
Less Board Remuneration & Expenses	(889,751)
Less Media Staff	(307,475)
Less Incentives / Redundancy	(549,486)
Less Bad Debt	(290,412)
Add Profit & Loss on Sale of Fixed Assets	9,518
<b>Operating Loss</b>	<b>(511,744)</b>

#### **BUSINESS ENVIRONMENT AND RISK**

The Group's principal financial assets are debtors and bank balances. The Group's credit risk is primarily attributable to its trade debtors. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit risk agencies. Management regularly reviews trade debtor balances and the trade debtors are distributed in such a manner that the credit risk is mitigated.

The success of the Group has been based upon the commitment to excellence, creativity and innovation in the solutions provided to clients. The loss of clients could have an impact although a broad client base and several successful client wins ensure that the Group is not overly reliant on one or more large clients.

## Spring Media Investments Limited

### Group Strategic Report for the Year Ended 31 December 2019

The Group invests in the relationship with each of its clients to maintain current contracts supported by the retention of talent to service their needs. The Group can respond to changes in external conditions through control of its operational expenditure, capital expenditure and variable costs.

The business operates predominantly in three currencies being the £, \$ and € and has an active hedging strategy to manage and mitigate transactional and translational risks within the group.

The Group is a leading agency in the fashion, beauty and luxury brand sectors and its success is derived from its vision, services and philosophy. Coupled with its reputation for innovation and creativity, the Group enjoys the ability to attract and retain high quality staff.

The Board reviews the value of its investments to consider the risk of impairment. The Board also reviews and considers the impact of any regulatory changes as well as endorsing the Group policy in respect to the Bribery Act.

#### STRATEGY AND FUTURE DEVELOPMENTS

The Group is transforming and accelerating the Spring brand. Building on the core service offerings, Spring is becoming a platform where culture, creativity and ideas come together to transform brands and drive aspiration for consumers globally.

Unique in the industry, the Group can now offer a suite of services to deliver incredible impact and scale efficiency, while maintaining the exceptional standards required by our clients across all our verticals. This approach will enhance the current Spring revenue model and create new revenue streams in 2020 and beyond.

Spring Studios London continues to be a leading player in the fields of Creative Advertising, Production and provision of Studio space.

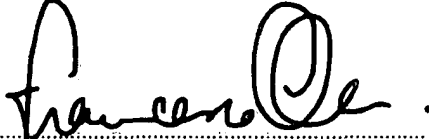
Spring Studios New York LLC is recognised as being one of the leading Events spaces in Manhattan.

Spring Italy is now well established in the local market and continues to service global clients and increase its market share in the local market.

The current and new investors continue to support the Group and its vision.

The financial focus for the Group continues to be increased revenue in all sectors and markets, management of the revenue to staff cost ratio, improvement in operating margin and control of the fixed overhead cost structure.

ON BEHALF OF THE BOARD:

  
.....  
Director

Date: 7<sup>th</sup> October 2020

## **Spring Media Investments Limited**

### **Report of the Directors** **for the Year Ended 31 December 2019**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2019.

#### **DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2019.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

Mr S A Aspinall  
Mr A Cajiati Crivelli Mesmer Nobili  
Mr F Costa  
Mr M Flammini  
Ms C Kurzman  
Mr J M Moffat  
Mr A Oberoi  
Mr H Uberoi  
Mr N Khattar

Other changes in directors holding office are as follows:

Mr S D Mehta - resigned 13 June 2019  
Mr M N Loy – resigned 18 June 2020

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Spring Media Investments Limited

Report of the Directors  
for the Year Ended 31 December 2019

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**AUDITORS**

Nordens were appointed as auditors of the company by the Directors.

The auditors, Nordens, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

  
.....  
Mr. Costa - Director

Date: 7<sup>th</sup> October 2020



## **Report of the Independent Auditors to the Members of Spring Media Investments Limited**

### **Opinion**

We have audited the financial statements of Spring Media Investments Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's 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 in the Group Strategic Report and the Report of the Directors but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

## **Report of the Independent Auditors to the Members of Spring Media Investments Limited**

### **Matters on which we are required to report by exception**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

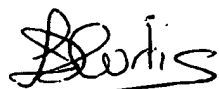
### **Auditors' responsibilities for the audit of the financial statements**

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 a Report of the Auditors 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

### **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 a Report of the Auditors 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.



Lorraine Curtis FCCA (Senior Statutory Auditor)  
for and on behalf of Nordens  
Statutory Auditors  
The Retreat  
406 Roding Lane South  
Woodford Green  
Essex  
IG8 8EY

Date: 8<sup>th</sup> October 2020

**Spring Media Investments Limited****Consolidated Income Statement**  
**for the Year Ended 31 December 2019**

	Notes	2019 £	2018 £
<b>TURNOVER</b>	3	67,854,671	56,990,733
Cost of sales		<u>36,250,742</u>	<u>29,095,058</u>
<b>GROSS PROFIT</b>		31,603,929	27,895,675
Administrative expenses		<u>32,115,673</u>	<u>30,082,331</u>
<b>OPERATING LOSS</b>	5	(511,744)	(2,186,656)
Interest payable and similar expenses	6	<u>805,714</u>	<u>842,606</u>
<b>LOSS BEFORE TAXATION</b>		(1,317,458)	(3,029,262)
Tax on loss	7	<u>58,141</u>	<u>82,528</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(1,375,599)</u>	<u>(3,111,790)</u>
Loss attributable to: Owners of the parent		<u>(1,375,599)</u>	<u>(3,111,790)</u>

The notes form part of these financial statements

**Spring Media Investments Limited**

**Consolidated Statement of Comprehensive Income**  
**for the Year Ended 31 December 2019**

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Loss for the financial year	<b>(1,375,599)</b>	<b>(3,111,790)</b>
Foreign exchange difference on translation of overseas subsidiaries	<b><u>(85,158)</u></b>	<b><u>(1,006,535)</u></b>
Total comprehensive loss for the year	<b><u>(1,460,757)</u></b>	<b><u>(4,118,325)</u></b>

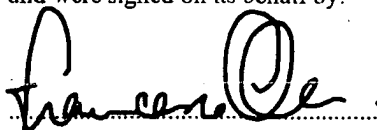
The notes form part of these financial statements

**Spring Media Investments Limited (Registered number: 09931422)**

**Consolidated Balance Sheet**  
**31 December 2019**

		2019	2018
	Notes	£	£
<b>FIXED ASSETS</b>			
Intangible assets	9	4,305,607	4,253,593
Tangible assets	10	7,028,439	5,942,697
Investments	11	<u>75,846</u>	<u>78,528</u>
		<b>11,409,892</b>	<b>10,274,818</b>
<b>CURRENT ASSETS</b>			
Stocks	12	11,524	11,914
Debtors	13	12,305,061	14,405,548
Cash at bank and in hand		<u>2,618,847</u>	<u>2,501,019</u>
		<b>14,935,432</b>	<b>17,510,393</b>
<b>CREDITORS</b>			
Amounts falling due within one year	14	<u>19,831,136</u>	<u>16,996,671</u>
<b>NET CURRENT LIABILITIES</b>		<b>(4,895,704)</b>	<b>(78,190)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>6,514,188</b>	<b>10,196,628</b>
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	(4,102,783)	(6,318,917)
<b>PROVISIONS FOR LIABILITIES</b>	19	<u>(643,574)</u>	<u>(649,123)</u>
<b>NET ASSETS</b>		<b><u>1,767,831</u></b>	<b><u>3,228,588</u></b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	280	280
Share premium	21	17,660,662	17,660,662
Merger reserve	21	12,533,374	12,533,374
Forex Reserve	21	(3,618,152)	(3,532,994)
Retained earnings	21	<u>(24,801,928)</u>	<u>(23,426,329)</u>
<b>SHAREHOLDERS' FUNDS</b>		<b>1,774,236</b>	<b>3,234,993</b>
<b>NON-CONTROLLING INTERESTS</b>		<u><b>(6,405)</b></u>	<u><b>(6,405)</b></u>
<b>TOTAL EQUITY</b>		<b><u>1,767,831</u></b>	<b><u>3,228,588</u></b>

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

  
.....  
Director

7<sup>th</sup> October 2020

The notes form part of these financial statements

Spring Media Investments Limited (Registered number: 09931422)

Company Balance Sheet

31 December 2019

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Intangible assets	9		-		-
Tangible assets	10		-		-
Investments	11		<u>4,131,761</u>		<u>4,131,761</u>
			4,131,761		4,131,761
CURRENT ASSETS					
Debtors	13	<u>12,773,331</u>		<u>12,773,331</u>	
NET CURRENT ASSETS			<u>12,773,331</u>		<u>12,773,331</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			16,905,092		16,905,092
PROVISIONS FOR LIABILITIES	19		<u>72,894</u>		<u>72,894</u>
NET ASSETS			<u>16,832,198</u>		<u>16,832,198</u>
CAPITAL AND RESERVES					
Called up share capital	20		280		280
Share premium	21		17,560,662		17,560,662
Retained earnings	21		<u>(728,744)</u>		<u>(728,744)</u>
SHAREHOLDERS' FUNDS			<u>16,832,198</u>		<u>16,832,198</u>
Company's profit for the financial year			-		-

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

7<sup>th</sup> October 2020

  
Mr F Costa - Director

The notes form part of these financial statements

Consolidated Statement of Changes in Equity  
for the Year Ended 31 December 2019

	Share capital £	Retained Earnings £	Share Premium £	Merger Reserve £	Forex Reserve £	Total £	Non-controlling Interests £	Total Equity £
<b>Balance at 1 January 2018</b>	280	(20,314,539)	17,935,267	12,533,374	(2,526,459)	7,627,923	(6,405)	7,621,518
<b>Change in equity</b>								
Total comprehensive loss	-	(3,111,790)	-	-	(1,006,535)	(4,118,325)	-	(4,118,325)
Share option credit	-	-	(274,605)	-	-	(274,605)	-	(274,605)
<b>Balance at 31 December 2018</b>	280	(23,426,329)	17,660,662	12,533,374	(3,532,994)	3,234,993	(6,405)	3,228,588
<b>Change in equity</b>								
Total comprehensive loss	-	(1,375,599)	-	-	(85,158)	(1,460,757)	-	(1,460,757)
Share option credit	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2019</b>	280	(24,801,928)	17,660,662	12,533,374	(3,618,152)	1,774,236	(6,405)	1,767,831

The notes form part of these financial statements

**Spring Media Investments Limited**

**Company Statement of Changes in Equity**  
**for the Year Ended 31 December 2019**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Share premium £</b>	<b>Total equity £</b>
<b>Balance at 1 January 2018</b>	280	(728,744)	17,560,662	16,832,198
<b>Changes in equity</b>				
<b>Balance at 31 December 2018</b>	<u>280</u>	<u>(728,744)</u>	<u>17,560,662</u>	<u>16,832,198</u>
<b>Changes in equity</b>				
<b>Balance at 31 December 2019</b>	<u>280</u>	<u>(728,744)</u>	<u>17,560,662</u>	<u>16,832,198</u>

The notes form part of these financial statements



**Spring Media Investments Limited****Consolidated Cash Flow Statement  
for the Year Ended 31 December 2019**

	Notes	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	6,927,461	2,216,674
Interest paid		(764,934)	-
Interest element of hire purchase payments paid		(38,741)	(33,986)
Finance costs paid		<u>107,690</u>	<u>124,457</u>
Net cash from operating activities		<u>6,231,476</u>	<u>2,307,145</u>
 <b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(784,139)	-
Purchase of tangible fixed assets		(2,733,129)	(679,920)
Sale of tangible fixed assets		<u>550,604</u>	<u>115,135</u>
Net cash from investing activities		<u>(2,966,664)</u>	<u>(564,785)</u>
 <b>Cash flows from financing activities</b>			
Repayments and equity		<u>(3,113,074)</u>	<u>(1,236,151)</u>
Net cash from financing activities		<u>(3,113,074)</u>	<u>(1,236,151)</u>
 <b>Increase in cash and cash equivalents</b>		<u>151,738</u>	<u>506,209</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>789,950</u>	<u>283,741</u>
 <b>Cash and cash equivalents at end of year</b>	2	<u><u>941,688</u></u>	<u><u>789,950</u></u>

The notes form part of these financial statements

## Spring Media Investments Limited

### Notes to the Consolidated Cash Flow Statement for the Year Ended 31 December 2019

#### 1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2019 £	2018 £
Loss before taxation	(1,317,488)	(3,029,262)
Depreciation charges	2,031,735	1,958,222
Profit on disposal of fixed assets	(9,518)	(5,303)
Unrealised foreign exchange differences	18,209	(1,079,264)
Foreign exchange on loans payable	-	(145,155)
Interest accrued on loans payable	504,659	607,664
Share based payment charges	-	(274,605)
Finance costs	803,672	834,523
	<u>2,031,269</u>	<u>(1,133,180)</u>
Decrease/(increase) in stocks	390	(2,189)
Decrease in trade and other debtors	2,100,487	2,699,179
Increase in trade and other creditors	<u>2,795,315</u>	<u>652,864</u>
<b>Cash generated from operations</b>	<u><b>6,927,461</b></u>	<u><b>2,216,674</b></u>

#### 2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

##### Year ended 31 December 2019

	2019 £	2018 £
Cash and cash equivalents	2,618,847	2,501,019
Bank overdrafts	(1,677,159)	(1,711,069)
	<u>941,688</u>	<u>789,950</u>

##### Year ended 31 December 2018

	2018 £	2017 £
Cash and cash equivalents	2,501,019	778,678
Bank overdrafts	(1,711,069)	(494,937)
	<u>789,950</u>	<u>283,741</u>

The notes form part of these financial statements

## **Spring Media Investments Limited**

### **Notes to the Consolidated Financial Statements** **for the Year Ended 31 December 2019**

#### **1. STATUTORY INFORMATION**

Spring Media Investments Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

#### **2. ACCOUNTING POLICIES**

##### **Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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

The financial statements are presented in Sterling (£). Monetary amounts are rounded to the nearest £.

##### **Parent company disclosure exemptions**

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical.
- No cash flow statement has been presented for the parent company.
- Disclosures in respect of the parent company's financial instruments and share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

##### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and all Group undertakings. These are adjusted, where appropriate, to conform to Group accounting policies. Acquisitions are accounted for under the acquisition method and the results of subsidiary undertakings are included from the date of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2019**

**2. ACCOUNTING POLICIES - continued**

**Judgements in applying accounting policies and estimation uncertainty**

In preparing these financial statements, the directors have made the following judgements:

- Determined whether there are indications of impairment of the Group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Determine whether leases entered into by the Group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determining the amount of revenue to recognise in respect of project-based contracts which are ongoing at the year end. Factors taken into account in assessing the amount of revenue to recognise include project activity phases and costs incurred.
- Determination of the fair value of share options issued under the Group's share option plan. The value of options issued is determined using the Black Scholes model and is affected by various assumptions such as share price at the time of issue and expected volatility of the share price. Additionally, management have applied judgement in respect of determination of the vesting period of the options issued under the plan by referencing the contractual terms and estimated employment status of awardees of the plan.
- Determine the fair value of assets and liabilities acquired in a business combination. The value is determined by consideration of the specific assets and liabilities that have been acquired and whether it is appropriate to recognise value for either an asset or a liability in accordance with generally accepted practice.
- Determine the appropriate amount of contingent consideration to recognise on the initial recognition of a business combination and then subsequently at each reporting date, reassessing the fair value of the liability at that point. The value is determined by considering the expected future cash outflow based on the recognition criteria and expected performance of the acquired business in the future.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**Goodwill**

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of consideration paid and the fair value of the assets and liabilities acquired. Positive purchased goodwill arising on consolidation is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life.

Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

**Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - Over 10 years

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	- Over 20 years
Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 20% on reducing balance
Motor vehicles	- 20% on reducing balance
Computer equipment	- Over 3 years

## **Spring Media Investments Limited**

### **Notes to the Consolidated Financial Statements - continued** **for the Year Ended 31 December 2019**

#### **2. ACCOUNTING POLICIES - continued**

##### **Investments in associates**

Investments in associate undertakings are recognised at cost.

##### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

##### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

##### **Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

##### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

##### **Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 December 2019

2. **ACCOUNTING POLICIES - continued**

**Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

**Trade debtors**

Trade debtors are recognised and carried forward at invoiced amounts less any provisions for credit notes or doubtful debts. Bad debts are written off when identified. Amounts received from debt factors against these debts are recognised as liabilities.

**Share based payment**

When share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The expense is recognised within administrative expenses and reversed through the profit and loss account in the statement of changes in equity in the period it occurs.

**License income**

Income recognised on the sale of unconditional sale of trademark rights is recognised on signing of the license income agreement provided there are no requirements for the group to provide services during the subsequent license period. License income is recognised within other operating income.

3. **TURNOVER**

The turnover and loss before taxation are attributable to the one principal activity of the group. An analysis of turnover by geographical market is given below:

	2019 £	2018 £
United Kingdom	27,154,191	12,273,233
Europe	3,795,879	8,844,252
Rest of World	<u>36,904,601</u>	<u>35,873,248</u>
	<u>67,854,671</u>	<u>56,990,733</u>

4. **EMPLOYEES AND DIRECTORS**

The average number of employees, including directors, during the year was 212 (2018: 201).

The company has no employees and all remuneration of group employees is borne by subsidiary companies.

A defined contribution pension scheme is operated by the group on behalf of the employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge represents contributions payable by the group to the fund amounted to £309,437 (2018: £163,808).

The highest paid director received remuneration of £320,213 (2018: £551,373), including pension contributions of £22,683 (2018: £21,800). The total number of directors for which pension contributions were made during the period was 1 (2018: 1).

## **Spring Media Investments Limited**

### **Notes to the Consolidated Financial Statements - continued** **for the Year Ended 31 December 2019**

#### **5. OPERATING LOSS**

The operating loss is stated after charging/(crediting):

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Hire of plant and machinery	<b>162,984</b>	<b>144,199</b>
Depreciation - owned assets	<b>1,123,140</b>	<b>1,142,256</b>
Depreciation - assets on hire purchase contracts	<b>236,964</b>	<b>135,098</b>
Profit on disposal of fixed assets	<b>(9,518)</b>	<b>(5,303)</b>
Goodwill amortisation	<b>671,631</b>	<b>677,875</b>
Foreign exchange differences	<b><u>46,885</u></b>	<b><u>(957,606)</u></b>

Included within the operating loss are exceptional costs of £775,678 (2018: £315,299).

#### **6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Bank interest	<b>25,439</b>	<b>39,901</b>
Other loan interest	<b>504,659</b>	<b>607,664</b>
Finance charges	<b>138,831</b>	<b>124,457</b>
Interest payable	<b>-</b>	<b>16,015</b>
Late payments charges and interest	<b>98,044</b>	<b>20,583</b>
Hire purchase	<b><u>38,741</u></b>	<b><u>33,986</u></b>
	<b><u>805,714</u></b>	<b><u>842,606</u></b>

#### **7. TAXATION**

##### **Analysis of the tax charge**

The tax charge on the loss for the year was as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Current tax:		
UK corporation tax	<b>58,141</b>	<b>10,418</b>
Deferred tax	<b>-</b>	<b><u>72,110</u></b>
Tax on loss	<b><u>58,141</u></b>	<b><u>82,528</u></b>

## **Spring Media Investments Limited**

### **Notes to the Consolidated Financial Statements - continued** **for the Year Ended 31 December 2019**

#### **7. TAXATION - continued**

##### **Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is the same as the standard rate of corporation tax in the UK.

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Loss before tax	<b><u>(1,317,458)</u></b>	<b><u>(3,029,262)</u></b>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	<b><u>(250,317)</u></b>	<b><u>(575,560)</u></b>
Effects of:		
Expenses not deductible for tax purposes	<b>150,385</b>	<b>145,185</b>
Depreciation in excess of capital allowances	<b>98,055</b>	<b>24,565</b>
Utilisation of tax losses	<b>60,018</b>	<b>416,228</b>
Deferred tax	<b><u>-</u></b>	<b><u>72,110</u></b>
Total tax charge	<b><u>58,141</u></b>	<b><u>82,528</u></b>

The group has unrelieved tax losses of £1.74m.

#### **8. INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

#### **9. INTANGIBLE FIXED ASSETS**

##### **Group**

	<b>Goodwill</b>
	<b>£</b>
<b>COST</b>	
At 1 January 2019	<b>6,885,685</b>
Additions	<b>784,139</b>
Exchange differences	<b><u>(60,494)</u></b>
At 31 December 2019	<b><u>7,609,330</u></b>
<b>AMORTISATION</b>	
At 1 January 2019	<b>2,632,092</b>
Amortisation for year	<b><u>671,631</u></b>
At 31 December 2019	<b><u>3,303,723</u></b>
<b>NET BOOK VALUE</b>	
At 31 December 2019	<b><u>4,305,607</u></b>
At 31 December 2018	<b><u>4,253,593</u></b>

The company has no intangible fixed assets.



**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2019**

**10. TANGIBLE FIXED ASSETS**

**Group**

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
<b>COST</b>						
At 1 January 2019	4,449,966	4,899,578	4,218,857	3,866	2,194,812	15,767,079
Additions	1,055,400	26,429	46,639	-	1,604,661	2,733,129
Disposals	-	(478,136)	(16,620)	(3,866)	(1,497,305)	(1,995,927)
Exchange differences	2,321	487	(487)	-	(2,992)	(671)
At 31 December 2019	<u>5,507,687</u>	<u>4,448,358</u>	<u>4,248,389</u>	<u>-</u>	<u>2,299,176</u>	<u>16,503,610</u>
<b>DEPRECIATION</b>						
At 1 January 2019	1,533,083	3,593,937	3,047,407	3,121	1,646,834	9,824,382
Charge for year	355,161	224,430	389,232	745	390,536	1,360,104
Eliminated on disposal	-	(389,244)	(95)	(3,866)	(1,379,920)	(1,773,125)
Exchange differences	37,255	(50,074)	(122,924)	-	199,553	63,810
At 31 December 2019	<u>1,925,499</u>	<u>3,379,049</u>	<u>3,313,620</u>	<u>-</u>	<u>857,003</u>	<u>9,475,171</u>
<b>NET BOOK VALUE</b>						
At 31 December 2019	<u>3,582,187</u>	<u>1,069,309</u>	<u>934,769</u>	<u>-</u>	<u>1,442,174</u>	<u>7,028,439</u>
At 31 December 2018	<u>2,916,883</u>	<u>1,305,641</u>	<u>1,171,450</u>	<u>745</u>	<u>547,978</u>	<u>5,942,697</u>

The company has no tangible fixed assets.

**Spring Media Investments Limited****Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2019****10. TANGIBLE FIXED ASSETS - continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	<b>Plant and machinery £</b>	<b>Computer equipment £</b>	<b>Totals £</b>
<b>COST</b>			
At 1 January 2019	<b>1,847,091</b>	<b>164,551</b>	<b>2,011,642</b>
Additions	-	<b>460,093</b>	<b>460,093</b>
Disposals	-	<b>(57,000)</b>	<b>(57,000)</b>
At 31 December 2019	<b><u>1,847,091</u></b>	<b><u>567,644</u></b>	<b><u>2,414,735</u></b>
<b>DEPRECIATION</b>			
At 1 January 2019	<b>1,175,778</b>	<b>67,063</b>	<b>1,242,841</b>
Charge for year	<b>83,258</b>	<b>153,706</b>	<b>236,964</b>
Disposals	-	<b>(56,282)</b>	<b>(56,282)</b>
At 31 December 2019	<b><u>1,259,036</u></b>	<b><u>164,487</u></b>	<b><u>1,423,523</u></b>
<b>NET BOOK VALUE</b>			
At 31 December 2019	<b><u>588,055</u></b>	<b><u>403,157</u></b>	<b><u>991,212</u></b>
At 31 December 2018	<b><u>671,313</u></b>	<b><u>(184,987)</u></b>	<b><u>486,326</u></b>

# Spring Media Investments Limited

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 December 2019

### 11. FIXED ASSET INVESTMENTS

#### Group

	Interest in associate £
<b>COST</b>	
At 1 January 2019	78,528
Exchange differences	(2,682)

At 31 December 2019 75,846

#### NET BOOK VALUE

At 31 December 2019 75,846

At 31 December 2018 78,528

#### Company

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2019 and 31 December 2019	4,131,761

#### NET BOOK VALUE

At 31 December 2019 4,131,761

At 31 December 2018 4,131,761

Name of Company	Country of Incorporation	Principal activity	% Holding	Registered Office
Spring Studios Limited	England	Production services and Studio rentals	100	Spring House, 10 Spring Place, Kentish Town, London, NW5 3BH
Six Design Limited	England	Creative advertising	100	Spring House, 10 Spring Place, Kentish Town, London, NW5 3BH
Henhouse Media Limited	England	Dormant	100	Spring House, 10 Spring Place, Kentish Town, London, NW5 3BH
Star & Co Limited	England	Dormant	100	Spring House, 10 Spring Place, Kentish Town, London, NW5 3BH
Wink Management Limited	England	Dormant	100	Spring House, 10 Spring Place, Kentish Town, London, NW5 3BH
Star Production Limited	England	Dormant	75	Spring House, 10 Spring Place, Kentish Town, London, NW5 3BH
Spring Creative Inc	USA	Creative advertising	100	6 St Johns Lane, New York, NY 10013
Spring America Inc	USA	Intermediate Holding co	100	6 St Johns Lane, New York, NY 10013
Spring Studios New York LLC	USA	Events management and Studio rentals	100	6 St Johns Lane, New York, NY 10013
Spring Studios SRL	Italy	Creative advertising and Production services	90	Via Visconti di Modrone, 11 - 20122 Milan

## Spring Media Investments Limited

### Notes to the Consolidated Financial Statements - continued for the Year Ended 31 December 2019

#### 12. STOCKS

	Group	
	2019	2018
	£	£
Stocks	<u>11,524</u>	<u>11,914</u>

#### 13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	6,294,370	7,844,503	-	-
Amounts owed by group undertakings	-	-	12,773,331	12,773,331
Other debtors	1,403,718	1,787,829	-	-
Tax	134,717	134,717	-	-
Prepayments and accrued income	<u>4,472,256</u>	<u>4,638,499</u>	-	-
	<u>12,305,061</u>	<u>14,405,548</u>	<u>12,773,331</u>	<u>12,773,331</u>

At the balance sheet date, £931,834 (2018: £724,332) of debts subject to invoice discounting and £690,054 (2018: £986,169) of debts subject to invoice factoring were outstanding in the group and £Nil (2018: £Nil) in the company.

#### 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2019	2018
	£	£
Bank loans and overdrafts (see note 16)	1,677,159	1,711,069
Hire purchase contracts (see note 17)	216,488	139,642
Trade creditors	6,662,470	4,517,377
Amounts owed to associates	80,679	107,383
Tax	36,961	14,043
Social security and other taxes	538,024	895,981
Other creditors	792,819	823,887
Accruals and deferred income	<u>9,826,536</u>	<u>8,787,289</u>
	<u>19,831,136</u>	<u>16,996,671</u>

#### 15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2019	2018
	£	£
Other loans (see note 16)	3,792,297	6,282,226
Hire purchase contracts (see note 17)	<u>310,486</u>	<u>36,691</u>
	<u>4,102,783</u>	<u>6,318,917</u>

## **Spring Media Investments Limited**

### **Notes to the Consolidated Financial Statements - continued** **for the Year Ended 31 December 2019**

#### **16. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1,677,159</u>	<u>1,711,069</u>
	<u>1,677,159</u>	<u>1,711,069</u>
Amounts falling due between one and two years:		
Other loans - 1-2 years	<u>3,792,297</u>	<u>6,282,226</u>

#### **17. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

<b>Group</b>		<b>Hire purchase contracts</b>	
		<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
Gross obligations repayable:			
Within one year		262,341	141,336
Between one and five years		<u>336,639</u>	<u>37,076</u>
		<u>598,980</u>	<u>178,412</u>
Finance charges repayable:			
Within one year		45,853	1,694
Between one and five years		<u>26,153</u>	<u>385</u>
		<u>72,006</u>	<u>2,079</u>
Net obligations repayable:			
Within one year		216,488	139,642
Between one and five years		<u>310,486</u>	<u>36,691</u>
		<u>526,974</u>	<u>176,333</u>
<b>Group</b>			
		<b>Non-cancellable operating leases</b>	
		<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
Within one year		3,906,363	3,988,556
Between one and five years		15,601,161	17,282,365
In more than five years		<u>16,072,311</u>	<u>19,215,073</u>
		<u>35,579,835</u>	<u>40,485,994</u>

**Spring Media Investments Limited**

**Notes to the Consolidated Financial Statements - continued**  
**for the Year Ended 31 December 2019**

**18. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Bank overdraft	<u>1,677,159</u>	<u>1,711,069</u>

**19. PROVISIONS FOR LIABILITIES**

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Deferred tax	<u>195,090</u>	<u>195,090</u>
Other provisions	<u>448,484</u>	<u>454,033</u>
Aggregate amounts	<u>643,574</u>	<u>649,123</u>
<b>Group</b>		
	<b>Deferred tax</b>	<b>Withholding tax</b>
	<b>£</b>	<b>£</b>
Balance at 1 January 2019	<u>195,090</u>	<u>454,033</u>
Decrease in provision in the year	<u>-</u>	<u>(5,549)</u>
Balance at 31 December 2019	<u>195,090</u>	<u>448,484</u>

The company has no recognised deferred tax balances.

**20. CALLED UP SHARE CAPITAL**

<b>Allotted, issued and fully paid:</b>				
<b>Number:</b>	<b>Class:</b>	<b>Nominal value:</b>	<b>2019</b>	<b>2018</b>
			<b>£</b>	<b>£</b>
28,012,562	ordinary	0.00001	<u>280</u>	<u>280</u>

## **Spring Media Investments Limited**

### **Notes to the Consolidated Financial Statements - continued** **for the Year Ended 31 December 2019**

#### **21. RESERVES**

<b>Reserve Description</b>	
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Merger reserve	Reserve created on acquisition of subsidiary in exchange for shares in subsidiary undertaking
Share premium reserve	Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium
Profit and loss account	The cumulative profit and loss reserve
Foreign exchange reserve	Comprises translation differences arising from the translation of financial statements of the Group's foreign entities into Sterling (£).

#### **22. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

As at 31 December 2019, there is no immediate or ultimate controlling party.

#### **23. RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Key management personnel include all directors of the parent company and certain members of senior management across the group who together have authority and responsibility for planning, directing and controlling activities of the group. The total compensation paid for services provided to the group was £3,404,905 (2018: £3,330,625).

All other related parties are detailed in the notes to the accounts.

## **Spring Media Investments Limited**

### **Notes to the Consolidated Financial Statements - continued** **for the Year Ended 31 December 2019**

#### **24. SHARE-BASED PAYMENT TRANSACTIONS**

In 2014, the company introduced a share option plan, under which directors, senior management and other qualifying staff have been granted options to subscribe for ordinary shares in Spring Studios Limited. All options are settled by the issue of shares. The number and weighted average exercise price of share options in existence at the balance sheet date are as follows:

	2019 Weighted average exercise price (£)	2019 Number	2018 Weighted average exercise price (£)	2018 Number
Outstanding at 1 January	1	171,000	1	461,000
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	(290,000)
<b>Outstanding at 31 December</b>	<b>1</b>	<b>171,000</b>	<b>1</b>	<b>171,000</b>

Share options outstanding at 31 December 2019 had a weighted average exercise price of £1.00 and a weighted average remaining contractual life of 6 years. There are no performance conditions attached to any of the share options granted up to the balance sheet date, other than continued employment to the vesting date.

#### **On issuance**

Option pricing model used	Black-Scholes
Weighted average share price at grant date	£1.99
Exercise price	£1.00
Weighted average contractual life (in years)	10
Expected volatility	30%
Risk-free interest rate	2.05%

The Black-Scholes option pricing model was used to value the share-based payment awards as it was considered that this approach would result in a materially accurate estimate of the fair value of options granted. The volatility assumption was determined with reference to comparable companies.

The share-based remuneration (income)/expense comprises:

	2019 £	2018 £
Equity-settled schemes	-	(274,605)