
Social Communications Group Limited

Unaudited

Directors' Report and Financial Statements

For the Year Ended 31 October 2021

Social Communications Group Limited

Company Information

Directors

D Cowans
C Cross (appointed 1 November 2020)
R H V Luke
C R L Phillips
J P Quinton-Barber
P S Wrathmell

Registered number 08235569

Registered office

Lancashire Gate
21 Tiviot Dale
Stockport
Cheshire
SK1 1TD

Accountants

Hurst Accountants Limited
Chartered Accountants
Lancashire Gate
21 Tiviot Dale
Stockport
SK1 1TD

Social Communications Group Limited

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**Directors' Report
For the Year Ended 31 October 2021**

The directors present their report and the financial statements for the year ended 31 October 2021.

Principal activity

The principal activity of the company during the year under review was that of public relations and communications consultancy.

Business review

The year to 31 October 2021 marked another year of significant growth for the company, composed of both organic growth of the pre-existing business and the encouraging performance of four new divisions established during the year.

Turnover grew over 32% in comparison to the year to 31 October 2020, exceeding £3.4m, and this was achieved at a similar level of pre-tax profitability at 5%.

The company is pleased to record this level of performance in another year impacted by a level of disruption, risk and uncertainty associated with the COVID-19 pandemic. The company recognises with gratitude the Government support of £2,989 received during the period.

The company also reflects with appreciation on the resilience and flexibility of the whole Social team who have worked tirelessly not only to safeguard the business in the face of the challenges of this period but moreover to seize proactively the opportunities to grow our existing teams and increase our client portfolio. The total number of colleagues employed increased by 7 over the period, from 42 to 49.

Particularly noteworthy is the establishment and early-stage growth of four new divisions: three specialist communications practices (Social Invest, Social Net Zero and Social Tech Communications) and a new regional office serving Merseyside, Lancashire, and Cumbria. Each has performed well in relation to our expectations, and we are optimistic for the continued growth of each during the year ahead, as we are for the transition of our in-house creative team to a dedicated client-facing creative consultancy under its own, new brand.

Consistent with these growth ambitions the company has again opted not to pay any dividends during the period and to retain earnings to underpin the investments made.

The company is equally proud that the commercial performance above goes hand in hand with further important achievements aimed at delivering positive social and environmental impact in line with the company's objects as updated in October 2020: to promote the success of the company for the benefit of its members as a whole and, through its business and operations, to have a material positive impact on society and the environment, taken as a whole.

The detail of our continued significant progress in these regards is set out in our second annual Impact Report to be published in parallel to this report and accessible via the company website. We are also optimistic about achieving in the months to come our aspiration of accreditation as a certified B Corporation. Our application to B Corp was submitted in December 2020 and given huge demand among organisations for accreditation, as of 31 October 2021 we were still waiting to undergo the verification process.

Finally, the company remains strongly committed to its ambitious three-year plan for the period from November 2020 – October 2023. This foresees continued strong organic growth and sets out a determination to deliver growth through acquisition and the realisation of a vision of a purpose-driven communications group made up of an integrated family of specialist communications consultancies.

Social Communications Group Limited

Directors' Report (continued)
For the Year Ended 31 October 2021

Directors

The directors who served during the year were:

D Cowans

C Cross (appointed 1 November 2020)

R H V Luke

C R L Phillips

J P Quinton-Barber

P S Wrathmell

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

.....
J P Quinton-Barber

Director

Date: 18 February 2022

Chartered Accountants' Report to the Board of Directors on the preparation of the Unaudited Statutory Financial Statements of Social Communications Group Limited for the Year Ended 31 October 2021

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Social Communications Group Limited for the year ended 31 October 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes from the Company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <https://www.icaew.com/regulation>.

This report is made solely to the Board of Directors of Social Communications Group Limited, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the financial statements of Social Communications Group Limited and state those matters that we have agreed to state to the Board of Directors of Social Communications Group Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Social Communications Group Limited and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Social Communications Group Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Social Communications Group Limited. You consider that Social Communications Group Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or review of the financial statements of Social Communications Group Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Hurst Accountants Limited

Chartered Accountants
Lancashire Gate
21 Tiviot Dale
Stockport
SK1 1TD
18 February 2022

Social Communications Group Limited

**Statement of Comprehensive Income
For the Year Ended 31 October 2021**

	Note	2021 £	2020 £
Turnover		3,443,157	2,592,087
Cost of sales		(754,592)	(489,268)
Gross profit		2,688,565	2,102,819
Administrative expenses		(2,508,207)	(2,022,998)
Other operating income		2,989	62,386
Operating profit		183,347	142,207
Interest receivable and similar income		304	1,391
Interest payable and similar expenses		(8,202)	(14,443)
Profit before tax		175,449	129,155
Tax on profit		(34,388)	(27,174)
Profit for the financial year		141,061	101,981

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 8 to 15 form part of these financial statements.

Social Communications Group Limited
Registered number: 08235569

Balance Sheet
As at 31 October 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	4	12,300	13,837
Tangible assets	5	54,433	40,492
Investments	6	400	400
		<u>67,133</u>	<u>54,729</u>
Current assets			
Debtors: amounts falling due within one year	7	538,925	493,651
Cash at bank and in hand	8	702,640	715,229
		<u>1,241,565</u>	<u>1,208,880</u>
Creditors: amounts falling due within one year	9	(542,358)	(547,668)
Net current assets		<u>699,207</u>	<u>661,212</u>
Total assets less current liabilities		<u>766,340</u>	<u>715,941</u>
Creditors: amounts falling due after more than one year	10	(36,462)	(128,346)
Provisions for liabilities			
Deferred tax	12	(8,843)	(7,693)
Net assets		<u><u>721,035</u></u>	<u><u>579,902</u></u>
Capital and reserves			
Called up share capital		1,415	1,343
Share premium account		369,757	369,757
Profit and loss account		349,863	208,802
		<u><u>721,035</u></u>	<u><u>579,902</u></u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

Social Communications Group Limited
Registered number: 08235569

Balance Sheet (continued)
As at 31 October 2021

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

.....
J P Quinton-Barber
Director

Date: 18 February 2022

The notes on pages 8 to 15 form part of these financial statements.

Social Communications Group Limited

**Statement of Changes in Equity
For the Year Ended 31 October 2021**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 November 2019	1,200	69,900	106,821	177,921
Comprehensive income for the year				
Profit for the year	-	-	101,981	101,981
Total comprehensive income for the year	-	-	101,981	101,981
Shares issued during the year	143	299,857	-	300,000
Total transactions with owners	143	299,857	-	300,000
At 1 November 2020	1,343	369,757	208,802	579,902
Comprehensive income for the year				
Profit for the year	-	-	141,061	141,061
Total comprehensive income for the year	-	-	141,061	141,061
Shares issued during the year	72	-	-	72
Total transactions with owners	72	-	-	72
At 31 October 2021	1,415	369,757	349,863	721,035

The notes on pages 8 to 15 form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 31 October 2021

1. General information

Social Communications Group Limited is a private company, limited by shares and incorporated in England & Wales. The address of the registered office is 21 Tiviot Dale, Stockport, SK1 1TD.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with 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 following principal accounting policies have been applied:

2.2 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.

2.3 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.4 Government grants

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Notes to the Financial Statements
For the Year Ended 31 October 2021

2. Accounting policies (continued)

2.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.8 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.10 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Intangible Assets	-	10 % straight line
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Notes to the Financial Statements
For the Year Ended 31 October 2021

2. Accounting policies (continued)

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Depreciation is provided on the following basis:

Fixtures, fittings and equipment	-	20%	reducing balance
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements
For the Year Ended 31 October 2021

2. Accounting policies (continued)

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

3. Employees

The average monthly number of employees, including directors, during the year was 49 (2020 - 40).

4. Intangible assets

	Other intangible assets £
Cost	
At 1 November 2020	15,375
At 31 October 2021	15,375
Amortisation	
At 1 November 2020	1,538
Charge for the year	1,537
At 31 October 2021	3,075
Net book value	
At 31 October 2021	12,300
At 31 October 2020	13,837

Social Communications Group Limited

Notes to the Financial Statements
For the Year Ended 31 October 2021

5. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation			
At 1 November 2020	4,911	51,805	56,716
Additions	-	25,037	25,037
Disposals	-	(790)	(790)
At 31 October 2021	<u>4,911</u>	<u>76,052</u>	<u>80,963</u>
Depreciation			
At 1 November 2020	2,678	13,546	16,224
Charge for the year	447	10,230	10,677
Disposals	-	(371)	(371)
At 31 October 2021	<u>3,125</u>	<u>23,405</u>	<u>26,530</u>
Net book value			
At 31 October 2021	<u><u>1,786</u></u>	<u><u>52,647</u></u>	<u><u>54,433</u></u>
At 31 October 2020	<u><u>2,233</u></u>	<u><u>38,259</u></u>	<u><u>40,492</u></u>

6. Fixed asset investments

	Shares in group undertakings and participating interests £
Cost or valuation	
At 1 November 2020	<u>400</u>
At 31 October 2021	<u><u>400</u></u>

Social Communications Group Limited

Notes to the Financial Statements
For the Year Ended 31 October 2021

7. Debtors

	2021 £	2020 £
Trade debtors	478,991	465,691
Other debtors	9,314	9,594
Prepayments and accrued income	50,620	18,366
	<u>538,925</u>	<u>493,651</u>

8. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	<u>702,640</u>	<u>715,229</u>

9. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans	9,606	51,606
Trade creditors	76,788	90,536
Corporation tax	33,238	24,457
Other taxation and social security	171,834	261,827
Other creditors	21,790	10,984
Accruals and deferred income	229,102	108,258
	<u>542,358</u>	<u>547,668</u>

A bank loan is secured by a fixed & floating charge over the assets of the company.

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

	2021 £	2020 £
Bank loans	<u>36,462</u>	<u>128,346</u>

A bank loan is secured by a fixed & floating charge over the assets of the company.

Social Communications Group Limited

Notes to the Financial Statements
For the Year Ended 31 October 2021

11. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Bank loans	9,606	51,606
	<u>9,606</u>	<u>51,606</u>
Amounts falling due 1-2 years		
Bank loans	36,462	128,346
	<u>36,462</u>	<u>128,346</u>
	<u>46,068</u>	<u>179,952</u>

12. Deferred taxation

	2021 £	2020 £
At beginning of year	7,693	4,976
Charged to profit or loss	1,150	2,717
At end of year	<u>8,843</u>	<u>7,693</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	10,342	7,693
Pension surplus	(1,499)	-
	<u>(8,843)</u>	<u>(7,693)</u>

13. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £41,830 (2020: £53,251). Contributions totalling £7,891 (2020: £nil) were payable to the fund at the balance sheet date.

Social Communications Group Limited

**Notes to the Financial Statements
For the Year Ended 31 October 2021**

14. Commitments under operating leases

At 31 October 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021	<i>2020</i>
	£	£
Not later than 1 year	28,737	<i>47,493</i>
Later than 1 year and not later than 5 years	3,858	<i>6,361</i>
	<u>32,595</u>	<i><u>53,854</u></i>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.