

SONR NEWS LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2018



SONR NEWS LIMITED

COMPANY INFORMATION

Director	R Proctor
Registered number	09178060
Registered office	The Morocco Store 1a-1b Leathermarket Street London SE1 3HN
Independent auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

SONR NEWS LIMITED

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**DIRECTOR'S REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2018**

The director presents his report and the financial statements for the period ended 31 December 2018.

Director's responsibilities statement

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the director is required to:

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

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

Director

The director who served during the period was:

R Proctor

Disclosure of information to auditors

The director at the time when this Director's Report is approved has confirmed that:

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

Auditors

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

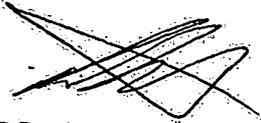
SONR NEWS LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2018**

Small companies note

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

This report was approved by the board on 29 May 2019 and signed on its behalf.



R. Proctor
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SONR NEWS LIMITED

Opinion

We have audited the financial statements of SONR News Limited (the 'Company') for the period ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The director is 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SONR NEWS LIMITED (CONTINUED)

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.

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 Director's Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Director's Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's 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 director's 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 Director's Responsibilities Statement on page 1, the director is 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 director determines 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 director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SONR NEWS LIMITED (CONTINUED)

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.

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 Cliffe (Senior Statutory Auditor)

for and on behalf of
Haysmacintyre LLP

Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

29 May 2019

SONR NEWS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Administrative expenses		(554)	(1,830)
Other operating income	4	-	419
Operating loss	5	(554)	(1,411)
Interest payable and expenses	9	-	(4)
Amounts written off investments		-	(80)
Loss before tax		(554)	(1,495)
Tax on loss	10	-	62
Loss for the financial period		(554)	(1,433)

The notes on pages 9 to 18 form part of these financial statements.

There was no other comprehensive income for 2018 (2017:£Nil).

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	31 December 2018 £000	30 November 2017 £000
Fixed assets			
Intangible assets	11	320	412
Tangible assets	12	-	4
		<u>320</u>	<u>416</u>
Current assets			
Debtors: amounts falling due within one year	13	-	88
Cash at bank and in hand	14	-	10
		<u>-</u>	<u>98</u>
Creditors: amounts falling due within one year	15	(1,199)	(839)
		<u>(1,199)</u>	<u>(741)</u>
Net current liabilities		<u>(1,199)</u>	<u>(741)</u>
Total assets less current liabilities		<u>(879)</u>	<u>(325)</u>
Net liabilities		<u>(879)</u>	<u>(325)</u>
Capital and reserves			
Called up share capital	16	1	1
Share premium account	17	6,373	6,373
Profit and loss account	17	(7,253)	(6,699)
		<u>(879)</u>	<u>(325)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 May 2019.



R Proctor
Director

The notes on pages 9 to 18 form part of these financial statements.

SONR NEWS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2018**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 December 2016	1	6,373	(5,266)	1,108
Loss for the period	-	-	(1,433)	(1,433)
At 1 December 2017	1	6,373	(6,699)	(325)
Loss for the period	-	-	(554)	(554)
At 31 December 2018	1	6,373	(7,253)	(879)

The notes on pages 9 to 18 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

1. General information

The company is limited by shares. It is incorporated in England & Wales. The registered office is The Morocco Store, 1a-1b Leathermarket Street, London, SE1 3HN.

The principal objective of the company is the development of proprietary software.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23.

This information is included in the consolidated financial statements of Audioboom Group Plc as at 31 December 2018 and these financial statements may be obtained from its registered office.

2.3 Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Company will have sufficient funds to continue in operational existence for the foreseeable future. Following the recent successful placing and subscription to raise £2.8m by the Company's parent undertaking (Audioboom Group Plc), the Board's forecasts for the Company, including due consideration of the continued operating losses, projected increase in revenues and decreasing cash-burn of the Company (and taking account of reasonably possible changes in trading performance), indicate that the Company will have sufficient cash available to continue in operational existence for the next 12 months and beyond on the assumption that continuing finance will be made available by Audioboom Group Plc to provide sufficient funds to the Company to meet its liabilities as and when they fall due.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.5 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.6 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 Comprehensive Income 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.

2.7 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.8 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.

2.9 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, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	- 5 years
Computer equipment	- 3 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.11 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.

2.12 Creditors

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

2.13 Financial 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

3. Judgments in applying accounting policies and key sources of estimation uncertainty*Capitalisation of development costs*

Development costs are capitalised in accordance with the accounting policy as laid out in note 2.8 of these financial statements. Costs incurred in respect to development are estimated using an apportionment of time spent by certain staff members on development projects in relation to overall staff costs.

Intangible assets are tested whenever circumstances indicate that their carrying value may not be recoverable. The recoverable amount is determined based on value in use calculations.

4. Other operating income

	2018 £000	2017 £000
Write off of loans due to group undertakings	-	419
	<u>-</u>	<u>419</u>

5. Operating loss

The operating loss is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets	4	17
Amortisation of intangible assets, including goodwill	92	14
Defined contribution pension cost	9	1
	<u>95</u>	<u>32</u>

6. Auditors' remuneration

	2018 £000	2017 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	6	5
Taxation compliance services	1	1
	<u>7</u>	<u>6</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

7. Employees

Staff costs, including director's remuneration, were as follows:

	2018 £000	2017 £000
Wages and salaries	279	59
Social security costs	22	7
Cost of defined contribution scheme	9	1
	<u>310</u>	<u>67</u>

There was an average of four employees during the year (2017: three).

8. Director's remuneration

	2018 £000	2017 £000
Directors' emoluments	-	40
	<u>-</u>	<u>40</u>

The aggregate remuneration of key management personnel in the year was £100,000 (2017: £100,000).

9. Interest payable and similar expenses

	2018 £000	2017 £000
Other loan interest payable	-	4
	<u>-</u>	<u>4</u>

10. Taxation

	2018 £000	2017 £000
Corporation tax		
Current tax for the year	-	(62)
Total tax credit for the year	<u>-</u>	<u>(62)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

10. Taxation (continued)**Factors affecting tax charge for the period**

The tax assessed for the period is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.27%). The differences are explained below:

	2018 £000	2017 £000
Loss on ordinary activities before tax	(554)	(1,495)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.27%)	(105)	(288)
Effects of:		
Expenses not deductible for tax purposes	-	333
Non-taxable income	-	(81)
Adjustment in research and development tax credit leading to an decrease in the tax charge	-	(46)
Surrender of tax losses for R&D tax credit refund	-	19
Unrelieved tax losses carried forward	105	1
Total tax charge for the period	-	(62)

Factors that may affect future tax charges

The Company has unutilised tax losses of £2,501,000 (2017: £1,950,000) as at 31 December 2018. No deferred tax asset has been recognised on the basis that uncertainty exists as to the timing and scale of future profits.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018

11. Intangible assets

	Development expenditure £000
Cost	
At 1 December 2017	426
At 31 December 2018	<u>426</u>
Amortisation	
At 1 December 2017	14
Charge for the period	92
At 31 December 2018	<u>106</u>
Net book value	
At 31 December 2018	<u>320</u>
At 30 November 2017	<u>412</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018

12. Tangible fixed assets

	Office equipment £000	Computer equipment £000	Total £000
At 1 December 2017	10	31	41
Disposals	(10)	(31)	(41)
At 31 December 2018	-	-	-
At 1 December 2017	10	27	37
Charge for the period on owned assets	-	4	4
Disposals	(10)	(31)	(41)
At 31 December 2018	-	-	-
Net book value			
At 31 December 2018	-	-	-
At 30 November 2017	-	4	4

13. Debtors

	31 December 2018 £000	30 November 2017 £000
Other debtors	-	26
Tax recoverable	-	62
	-	88

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018

14. Cash and cash equivalents

	31 December 2018 £000	30 November 2017 £000
Cash at bank and in hand	-	10
	<u>-</u>	<u>10</u>

15. Creditors: Amounts falling due within one year

	31 December 2018 £000	30 November 2017 £000
Other loans	-	100
Trade creditors	-	9
Amounts owed to group undertakings	1,194	678
Other taxation and social security	-	22
Other creditors	-	2
Accruals and deferred income	5	28
	<u>1,199</u>	<u>839</u>

16. Share capital

	31 December 2018 £000	30 November 2017 £000
Allotted, called up and fully paid		
91,980 (2017 - 91,980) Ordinary Shares of £0.01 each shares of £0.01 each	1	1
	<u>1</u>	<u>1</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018**

17. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premiums.

Profit and loss account

Includes all current and prior period retained profits and losses.

18. Related party transactions

Included within other loans is £nil owed to a director (2017: £100,000). The balance carries no rate of interest and has no fixed repayment date.

19. Controlling party

The company's parent entity is Audioboom Group Plc, a company incorporated in Jersey. There is no single ultimate controlling party.