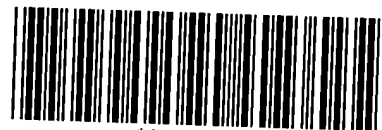


Company Registration No. 11272169 (England and Wales)

SWNS MEDIA GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2021

WEDNESDAY



AAD25NP4

A32

15/09/2021

#168

COMPANIES HOUSE

SWNS MEDIA GROUP LIMITED

COMPANY INFORMATION

Directors	P M Walters M A Winter A W Young A K Jonesco C D White C L Pharo P J Potts
Secretary	A W Young
Company number	11272169
Registered office	Media Centre Emma Chris Way Filton Bristol BS34 7JU
Auditor	RSM UK Audit LLP Chartered Accountants Hartwell House 55-61 Victoria Street Bristol BS1 6AD

SWNS MEDIA GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present the strategic report for the year ended 31 March 2021.

Review of the business

The Company is a holding company and the principal activity of its subsidiary undertakings is the transaction of business in the public relations (PR) and media sectors in the United Kingdom. The business conducted is principally the provision of PR news generation and research services to businesses and the PR sector (under the 72 Point and OnePoll brands) and the provision of news and lifestyle content and news related services to publishers (under the SWNS brand).

During the year the business continued to invest in a number of initiatives in our PR division – a new brand, Play PR has been launched, OnePoll has upgraded its research software and 72 Point has developed its creative team.

On 1 April 2021, 72 Point Inc our sister company that was partially owned by two of our shareholder directors formally joined the group as a subsidiary, marking the group's formal entry into the US PR market. The SWNS, OnePoll and 72 Point brands are all operating in the US via this business.

In the lifestyle and news content sector we continue to develop new outsourced services for publishers and our video content and offerings. SWNS continued to forge strong media relations at home and overseas including new relationships in the year with Xinhua (China), JPI Media (UK) and USA Today.

COVID-19

The board continue to track the impact of 'COVID-19' on the business and its trading partners. The directors have considered these risks and taken steps and actions they consider appropriate to minimise the associated impact. These include, and are not limited to, contingency planning, regular executive reviews of the position, and both short and long term stress-tested forecasts covering anticipated workload and liquidity. Regular communications have been made to staff by the Group's senior management team including townhall meetings, staff surveys and regular executive briefings to minimise disruption of business. The whole team adapted with great resilience and seamlessly to working from home. A great deal of effort was put in to wellbeing and mental health in this period. The Group successfully completed a Coronavirus Business Interruption Loan Scheme (CBILS) loan application totalling £500k in July 2020, that has been drawn in full. The Group also has an unused overdraft facility of £465k, this has resulted in available cash and undrawn facility of circa £4.2m as at August 2021. The Group's revenues and performance proved extremely resilient during the COVID-19 period with overall Group turnover stable and EBITDA generation improved year on year.

As a result of these steps and the experience we have had of the COVID-19 pandemic to date, the financial statements are prepared on a going concern basis, and do not include any adjustments which would result from a failure of the Group to trade within its available facilities.

Results and performance

The results of the Group for the year, as set out on page 8, show a profit on ordinary activities before tax of £1,055k (2020 - £512k). The shareholders' funds of the Group total £498k (2020 - £339k). The performance of the Group during 2020-21 continues to produce encouraging results.

72 Point Limited, our PR business had a further strong year growing revenue with improved margins. SWNS our news business realigned its cost base and improved profit on lower sales this year. The results for the core subsidiaries are shown below:

Subsidiary	Brands	Area of business	2020/21 Turnover £'000	2019/20 Turnover £'000	2020/21 EBITDA £'000	2019/20 EBITDA £'000
South West News Service Limited	SWNS	Lifestyle content, news and services for publishers	5,014	5,626	472	(13)
72 Point Limited	72 Point, OnePoll and Play PR	PR and research services for businesses and PR agencies	8,503	7,990	869	697

SWNS MEDIA GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Key performance indicators

We have made significant progress throughout the year in relation to key elements of our strategy. The Board monitors the progress of the Group by reference to the following KPIs:

- Turnover growth: £12,853k in 2021, up from £12,833k in 2020 (-% growth)
- Earnings Before Interest Tax Depreciation and Amortisation growth: £1,247k in 2021, up from £770k in 2020 (62% increase)
- Gross margin percentage: 39.5% in 2021 compared to 38.4% in 2020
- Net Current Assets change: +£629k in 2021, +£108k in 2020
- Net Assets: £498k in 2021, £339k in 2020

Business environment

The UK media industry is highly competitive, particularly in the news media sectors where part of our business is focused. Long term trends in the sector have driven significant consolidation of traditional publishers and this has accelerated in the COVID-19 period. Traditional publishers have continued to seek economies in their businesses and budgets for purchasing content continue to be squeezed – the push to digitisation continues and has accelerated in the COVID-19 period. The number of online news publishers continues to proliferate with some significant technology companies active in this sector. The market continues to demand video content.

The news generation, PR and Market Research sectors showed an initial contraction of demand during COVID-19 and then returned to growth and have continued to show growth in spend in the market.

Governance and risk

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval. The governance of the Group has been enhanced with the further development of a Governance committee made up of Mr Paul Potts CBE, Mr Andrew Jonesco our non-executive directors and Christopher White the Group CFO.

Compliance with regulation, legal and ethical standards is a high priority for the Group and the Group CFO takes on an important oversight role in this regard. The Group Risk and Governance Committee identifies and reports to the Board on risk. The primary risk to the business relates to the consolidation of publishers in the news sector and diminishing budgets for the purchase of news content within publishers. The Group's mitigation of this is based on diversification of turnover into new sectors and with new publishers. The Group has successfully maintained turnover levels despite COVID-19 and a decline in sales to traditional publishers. The second identified risk is the IT Infrastructure of the Group – this has been subject to significant investment in the last two years in all major software used in the operation of the business and in the infrastructure. The Group is not exposed to significant financial risk as it has very low levels of debt and negotiated facilities that are used to a low level only. Currency exposure is also limited.


Future developments

Following 72 Point Inc formally joining the group from 1 April 2021, the Group continues to expand its operation into the US and plans to operate all of its brands in the US market through 72 Point Inc. The US business has successfully established offices in New York, San Diego and Austin and plans to open new offices in the next 18 months.

In the UK further growth is anticipated in 72 Point in all of our key markets, further development of our creative offering is anticipated in the new Play brand and we are diversifying our research offering.

SWNS continues to develop new outsourced services for publishers and businesses and expansion of its own online publishing brands to develop audience and new revenue streams. We anticipate continuing to grow our global media relationships via SWNS.

On behalf of the board



P M Walters
Director

Date: 23/08/21

SWNS MEDIA GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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

Principal activities

The principal activity of the company and group is the provision of media services.

Results and dividends

The results for the year are set out on page 8. Ordinary dividends amounting to £700,000 were paid in the year. Further details are given in note 13. A final dividend for the year of £63,500 was declared on 30 July 2021.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P M Walters
M A Winter
A W Young
A K Jonesco
C D White
C L Pharo
P J Potts

Qualifying third party indemnity provisions

The group has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Post reporting date events

On 1 April 2021, in a reorganisation of the shareholders' interests, the group acquired 204 of the 400 issued ordinary shares of 72 Point Inc., a Delaware corporation, for consideration of £909,553. The consideration was satisfied by a share for share exchange under which the former shareholders received 1,764 ordinary shares in SWNS Media Group Limited in exchange for their 204 shares in 72 Point Inc.

On 12 May 2021 a further 1,151 share options were granted under the company's EMI scheme. Further details are given in note 9.

On 31 July 2021 the Group acquired the remaining 6.25% shareholding in 72 Point Limited for consideration that included 149 newly issued shares in SWNS Media Group Limited and £66,000 cash. The Group now holds 100% of the share capital of 72 Point Limited.

Auditor

RSM UK Audit LLP has indicated its willingness to continue in office.

Matters included in the strategic report

As permitted by Companies Act 2006, s414C(11) the directors have chosen to set out in the group's strategic report information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. They have done so in respect of future developments.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



P M Walters

Director

Date: 23/08/21

SWNS MEDIA GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 group and company, 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWNS MEDIA GROUP LIMITED

Opinion

We have audited the financial statements of SWNS Media Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and 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 FRS 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's affairs as at 31 March 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWNS MEDIA GROUP LIMITED (CONTINUED)

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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept 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 directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group'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.

Auditor's 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 auditor's 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWNS MEDIA GROUP LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and reviewing tax computations prepared by external specialists.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business; testing the recognition of a sample of revenue items with reference to the relevant contractual and coverage documentation, testing deferral of revenue, undertaking data analytics in respect of some revenue streams and the testing of controls relevant to the sales process.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Thomas Morgan (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD
26 AUGUST 2021

SWNS MEDIA GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	3	12,853,328	12,832,617
Cost of sales		(7,777,962)	(7,903,674)
Gross profit		5,075,366	4,928,943
Administrative expenses		(4,327,163)	(4,462,770)
Other operating income	4	329,621	53,687
Operating profit	7	1,077,824	519,860
Interest receivable and similar income	10	639	1,679
Interest payable and similar expenses	11	(22,976)	(9,890)
Profit before taxation		1,055,487	511,649
Tax on profit	12	(196,508)	(130,129)
Profit for the financial year		858,979	381,520
Profit for the financial year is attributable to:			
- Owners of the parent company		816,042	341,929
- Non-controlling interests		42,937	39,591
		858,979	381,520
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		816,042	341,929
- Non-controlling interests		42,937	39,591
		858,979	381,520

SWNS MEDIA GROUP LIMITED**STATEMENTS OF FINANCIAL POSITION****AS AT 31 MARCH 2021**

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Fixed assets					
Goodwill	14	53,059	65,861	-	-
Negative goodwill	14	(26,186)	(39,279)	-	-
Net goodwill		26,873	26,582	-	-
Other intangible assets	14	108,164	125,150	-	-
Total intangible assets		135,037	151,732	-	-
Tangible assets	15	166,885	250,211	-	-
Investments	16	-	-	2,256,355	2,256,355
		301,922	401,943	2,256,355	2,256,355
Current assets					
Debtors	18	3,189,250	3,340,709	119,608	385,733
Cash at bank and in hand		2,562,725	1,100,823	1,560,802	20,997
		5,751,975	4,441,532	1,680,410	406,730
Creditors: amounts falling due within one year	19	(5,035,757)	(4,354,284)	(3,374,132)	(2,536,004)
Net current assets/(liabilities)		716,218	87,248	(1,693,722)	(2,129,274)
Total assets less current liabilities		1,018,140	489,191	562,633	127,081
Creditors: amounts falling due after more than one year	20	(474,650)	(90,147)	(433,333)	-
Provisions for liabilities	22	(45,694)	(60,227)	-	-
Net assets		497,796	338,817	129,300	127,081
Capital and reserves					
Called up share capital	24	130	130	130	130
Other reserves	25	(593,625)	(593,625)	-	-
Profit and loss reserves	25	958,850	842,808	129,170	126,951
Equity attributable to owners of the parent company		365,355	249,313	129,300	127,081
Non-controlling interests		132,441	89,504	-	-
		497,796	338,817	129,300	127,081

SWNS MEDIA GROUP LIMITED

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2021

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes as it prepares group accounts.

The company's profit for the year was £702,219 (2020 - £564,762 profit).

The financial statements were approved by the board of directors and authorised for issue on 23/08/21 and are signed on its behalf by:



P.M Walters
Director

SWNS MEDIA GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share capital £	Merger reserve £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 April 2019		130	(593,625)	885,879	292,384	49,913	342,297
Year ended 31 March 2020:							
Profit and total comprehensive income for the year		-	-	341,929	341,929	39,591	381,520
Dividends	13	-	-	(385,000)	(385,000)	-	(385,000)
Balance at 31 March 2020		130	(593,625)	842,808	249,313	89,504	338,817
Year ended 31 March 2021:							
Profit and total comprehensive income for the year		-	-	816,042	816,042	42,937	858,979
Dividends	13	-	-	(700,000)	(700,000)	-	(700,000)
Balance at 31 March 2021		130	(593,625)	958,850	365,355	132,441	497,796

SWNS MEDIA GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2019		130	(52,811)	(52,681)
Year ended 31 March 2020:				
Profit and total comprehensive income for the year		-	564,762	564,762
Dividends	13	-	(385,000)	(385,000)
Balance at 31 March 2020		130	126,951	127,081
Year ended 31 March 2021:				
Profit and total comprehensive income for the year		-	702,219	702,219
Dividends	13	-	(700,000)	(700,000)
Balance at 31 March 2021		130	129,170	129,300

SWNS MEDIA GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	26	1,953,202		1,630,895	
Interest paid		(22,976)		(9,890)	
Income taxes paid		(123,166)		(178,301)	
Net cash inflow from operating activities		1,807,060		1,442,704	
Investing activities					
Net proceeds on acquisition of subsidiary		-		35,130	
Purchase of intangible assets		(72,972)		(64,294)	
Purchase of tangible fixed assets		(24,683)		(65,622)	
Proceeds on disposal of tangible fixed assets		896		-	
Interest received		639		1,679	
Net cash used in investing activities		(96,120)		(93,107)	
Financing activities					
Proceeds of new bank loans		500,000		-	
Repayment of bank loans		(49,038)		(46,003)	
Dividends paid to equity shareholders		(700,000)		(385,000)	
Net cash used in financing activities		(249,038)		(431,003)	
Net increase in cash and cash equivalents		1,461,902		918,594	
Cash and cash equivalents at beginning of year		1,100,823		182,229	
Cash and cash equivalents at end of year		2,562,725		1,100,823	

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

SWNS Media Group Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Media Centre, Emma Chris Way, Filton, Bristol, BS34 7JU.

The group consists of SWNS Media Group Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosures

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes, recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of SWNS Media Group Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. If the fair value of the assets and liabilities exceed the cost of the business then the excess is recognised as negative goodwill.

Going concern

The board continue to track the impact of 'COVID-19' on the business and its trading partners. The directors have considered these risks and taken steps and actions they consider appropriate to minimise the associated impact. These include, and are not limited to; contingency planning, regular executive reviews of the position, and both short and long term stress-tested forecasts covering anticipated workload and liquidity. Regular communications have been made to staff by the Group's senior management team including townhall meetings, staff surveys and regular executive briefings to minimise disruption of business. The whole team adapted with great resilience and seamlessly to working from home. A great deal of effort was put in to wellbeing and mental health in this period. The Group successfully completed a Coronavirus Business Interruption Loan Scheme (CBILS) loan application totalling £500k in July 2020, that has been drawn in full. The Group also has an unused overdraft facility of £465k, this has resulted in available cash and undrawn facility of circa £4.2m as at August 2021. The Group's revenues and performance proved extremely resilient during the COVID-19 period with overall Group turnover stable and EBITDA generation improved year on year.

At the time of approving the financial statements, the directors therefore have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for a period of at least twelve months following the date of approval of these financial statements. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and rebates as applicable.

Revenue from fixed price subscriptions is recognised in accordance with the underlying contract on a monthly basis.

Where self-billing arrangements exist, the directors identify usage in the period by customer and make an accrual for all income earned but not invoiced at the reporting date.

Income for features is recognised when a customer has published a features article. The directors review accrued income that has not been invoiced at each reporting date and make appropriate adjustments for any income with significant delays between the accrual of income and the raising of invoices.

Revenue from contracts is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Intangible fixed assets - goodwill

Goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised and written off evenly over 5 - 10 years as in the opinion of the directors this represents the period over which the goodwill is effective. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

Negative goodwill arises when the cost of a business combination is less than the fair value of the interest in the identifiable assets, liabilities and contingent liabilities acquired. The amount up to the fair value of the non-monetary assets acquired is credited to profit or loss in the period in which those non-monetary assets are recovered. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to profit or loss in the periods expected to benefit, which the directors consider to be 3 years.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Website & software development	20% - 33% straight line
Patents	Not depreciated

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer equipment	25% - 33% straight line
Fixtures and fittings	33% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the entire asset to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable. Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Grant income

Grant income is recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

In the opinion of the directors, the judgements, estimates and assumptions which are considered to have a material impact on the amounts presented in these financial statements are:

Revenue recognition

Revenue recognition is subject to the directors' reviews and estimation processes described under the turnover accounting policy set out in note 1.

OnePoll panel accruals

A significant proportion of the group's income is generated from the utilisation of research data collected from OnePoll panel members who are not employees of the group. The directors make an appropriate accrual of the costs to compensate third parties who have completed research on the group's OnePoll platform. The directors' estimate is based on the historic track record of panel members over the previous periods. An accrual for cost to date is made where it is deemed probable that a panel member will qualify for payment within the next twelve months. At the year end, the accrual was £195,000 (2020 - £269,509).

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Provision of media services	12,853,328	12,832,617
	<u>12,853,328</u>	<u>12,832,617</u>
Turnover analysed by geographical market		
United Kingdom	12,853,328	12,832,617
	<u>12,853,328</u>	<u>12,832,617</u>

4 Other operating income

	2021 £	2020 £
Rent receivable	4,750	39,411
Government grants	208,619	-
Other income	116,252	14,276
	<u>329,621</u>	<u>53,687</u>

Government grants principally comprise furlough grants received towards the employment costs of staff placed on leave during the outbreak of COVID-19.

5 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Employees	153	167	4	5

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	6,701,152	6,650,872	542,967	310,383
Social security costs	677,044	657,863	54,461	33,069
Pension costs	222,157	217,238	1,860	3,360
	<u>7,600,353</u>	<u>7,525,973</u>	<u>599,288</u>	<u>346,812</u>

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	917,087	116,075
Company pension contributions to defined contribution schemes	44,700	42,300
	<u>961,787</u>	<u>158,375</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2020 - 5).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	246,787	38,025
Company pension contributions to defined contribution schemes	-	12,000
	<u>-</u>	<u>12,000</u>

7 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	57,408	(20,922)
Depreciation of owned tangible fixed assets	107,053	112,213
Loss on disposal of tangible fixed assets	60	-
Amortisation of intangible assets	61,684	138,423
Loss on disposal of intangible assets	27,983	-
Operating lease charges	<u>556,034</u>	<u>537,691</u>

In the statement of comprehensive income the amortisation of intangible assets is included within administrative expenses.

8 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	<u>34,000</u>	<u>31,000</u>

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

9 Share options

SWNS Media Group Limited has granted share options under the Enterprise Management Incentive (EMI) scheme to its employees.

Under the Company EMI plan, share options are granted at the market price agreed with HMRC of the Company's shares at the grant date for the purposes of granting EMI options. The employee is entitled to exercise the share options in accordance with the EMI plan. If options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options lapse if the employee leaves the Company before they become entitled to exercise the share options.

	2021 Number of options	2021 Market value exercise price £	2020 Number of options	2020 Market value exercise price £
Outstanding options at start of year	1,359	86.64	1,359	86.64
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding options at end of year	<u>1,359</u>	<u>86.64</u>	<u>1,359</u>	<u>86.64</u>

The actual market value of £86.64 per Ordinary share was agreed with HMRC on 19 July 2018 for the purposes of granting EMI options. No charge has been recognised in the income statement as the directors have deemed the charge to be immaterial.

After the year end, on 12 May 2021, a further 1,151 options were granted with an exercise price of £111.61 per share, a price agreed with HMRC on 12 March 2021. The terms and conditions attaching to these options are the same as those set out above.

10 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	<u>639</u>	<u>1,679</u>

11 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdrafts and loans	<u>22,976</u>	<u>9,890</u>

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

12 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	220,397	132,589
Adjustments in respect of prior periods	(9,356)	(67)
Total current tax	<u>211,041</u>	<u>132,522</u>
Deferred tax		
Origination and reversal of timing differences	(7,070)	(2,393)
Adjustment in respect of prior periods	(7,463)	-
Total deferred tax	<u>(14,533)</u>	<u>(2,393)</u>
Total tax charge	<u>196,508</u>	<u>130,129</u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	<u>1,055,487</u>	<u>511,649</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	200,543	97,213
Tax effect of expenses that are not deductible in determining taxable profit	3,217	10,095
Change in unrecognised deferred tax assets	-	113
Adjustments in respect of prior years	(9,356)	(67)
Depreciation on assets not qualifying for tax allowances	9,567	15,412
Deferred tax adjustments in respect of prior years	(7,463)	-
Adjust deferred tax to reconciliation rate	-	7,363
Taxation charge	<u>196,508</u>	<u>130,129</u>

13 Dividends

	Company 2021 £	Company 2020 £
Interim paid	<u>700,000</u>	<u>385,000</u>

A final dividend for the year ended 31 March 2021 of £63,500 was declared on 30 July 2021.

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

14 Intangible fixed assets

Group	Goodwill	Negative goodwill	Website & software development	Patents	Total
	£	£	£	£	£
Cost					
At 1 April 2020	1,755,162	(39,279)	336,147	1	2,052,031
Additions	-	-	72,972	-	72,972
Disposals	-	-	(79,525)	-	(79,525)
At 31 March 2021	1,755,162	(39,279)	329,594	1	2,045,478
Amortisation and impairment					
At 1 April 2020	1,689,301	-	210,998	-	1,900,299
Amortisation charged for the year	12,802	(13,093)	61,975	-	61,684
Disposals	-	-	(51,542)	-	(51,542)
At 31 March 2021	1,702,103	(13,093)	221,431	-	1,910,441
Carrying amount					
At 31 March 2021	53,059	(26,186)	108,163	1	135,037
At 31 March 2020	65,861	(39,279)	125,149	1	151,732

The company had no intangible fixed assets at 31 March 2021 or 31 March 2020.

15 Tangible fixed assets

Group	Computer equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2020	376,172	251,143	9,754	637,069
Additions	21,754	2,929	-	24,683
Disposals	-	-	(4,999)	(4,999)
At 31 March 2021	397,926	254,072	4,755	656,753
Depreciation and impairment				
At 1 April 2020	233,337	146,084	7,437	386,858
Depreciation charged in the year	72,192	34,390	471	107,053
Eliminated in respect of disposals	-	-	(4,043)	(4,043)
At 31 March 2021	305,529	180,474	3,865	489,868
Carrying amount				
At 31 March 2021	92,397	73,598	890	166,885
At 31 March 2020	142,835	105,059	2,317	250,211

The company had no tangible fixed assets at 31 March 2021 or 31 March 2020.

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

16 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	17	-	-	2,256,355	2,256,355

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 April 2020 and 31 March 2021	2,256,355
Carrying amount	
At 31 March 2021	2,256,355
At 31 March 2020	2,256,355

17 Subsidiaries

Details of the company's subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held	
			Direct	Indirect
South West News Service Limited	News, pictures and features agency	Ordinary	100.00	-
N.N. (Holdings) Limited	Dormant	Ordinary	-	100.00
NTI Media Limited	Dormant	Ordinary	-	100.00
Hard Edge Media Limited	Dormant	Ordinary	-	100.00
Play PR Limited	Dormant	Ordinary	-	100.00
Masons News Limited	Dormant	Ordinary	-	100.00
72 Point Limited	Public relations and market research	Ordinary	93.75	-
Onepoll Research Limited	Dormant	Ordinary	-	93.75
Onepoll Limited	Dormant	Ordinary	-	93.75
Inside Media Limited	Dormant	Ordinary	-	93.75

N.N. (Holdings) Limited, NTI Media Limited, Hard Edge Media Limited, Play-PR Limited and Masons News Limited are all directly held by South West News Service Limited. Onepoll Research Limited, Onepoll Limited and Inside Media Limited are all directly held by 72 Point Limited.

The registered office of all these companies is Media Centre, Emma Chris Way, Bristol, BS34 7JU, except Hard Edge Media Limited which has its registered office at Suite 15/16 M8 Business Centre, 259 Summerlee Street, Glasgow, G33 4DB.

South West News Service Limited, 72 Point Limited and Inside Media Limited have taken exemption from audit by virtue of S479A of the Companies Act 2006. The guarantee given by the company is disclosed in note 29. All other subsidiaries are dormant and audit exempt by virtue of S480 of the Companies Act 2006.

On 31 July 2021 the Group acquired the remaining 6.25% shareholding in 72 Point Limited for consideration that included 149 newly issued shares in SWNS Media Group Limited and £66,000 cash. The Group now holds 100% of the share capital of 72 Point Limited.

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

18 Debtors

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	2,094,517	1,936,758	7,200	-
Other debtors	166,086	993,374	45,296	357,627
Prepayments and accrued income	928,647	410,577	67,009	28,000
	<u>3,189,250</u>	<u>3,340,709</u>	<u>119,505</u>	<u>385,627</u>
Deferred tax asset (note 22)	-	-	103	106
	<u>3,189,250</u>	<u>3,340,709</u>	<u>119,608</u>	<u>385,733</u>

19 Creditors: amounts falling due within one year

	Notes	Group 2021	2020	Company 2021	2020
		£	£	£	£
Bank loans	21	122,019	55,560	66,667	-
Trade creditors		729,387	926,030	83,550	34,300
Amounts owed to group undertakings		-	-	2,988,942	2,421,986
Corporation tax payable		220,397	132,522	-	-
Other taxation and social security		1,203,252	673,134	71,964	33,071
Other creditors		101,825	158,946	65,272	560
Accruals and deferred income		2,658,877	2,408,092	97,737	46,087
		<u>5,035,757</u>	<u>4,354,284</u>	<u>3,374,132</u>	<u>2,536,004</u>

20 Creditors: amounts falling due after more than one year

	Notes	Group 2021	2020	Company 2021	2020
		£	£	£	£
Bank loans	21	<u>474,650</u>	<u>90,147</u>	<u>433,333</u>	<u>-</u>

21 Borrowings

	Group 2021	2020	Company 2021	2020
	£	£	£	£
Bank loans	<u>596,669</u>	<u>145,707</u>	<u>500,000</u>	<u>-</u>
Payable within one year	122,019	55,560	66,667	-
Payable after one year	<u>474,650</u>	<u>90,147</u>	<u>433,333</u>	<u>-</u>

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

21 Borrowings (Continued)

Bank loans include £500,000 drawn down in July 2020 under the Coronavirus Business Interruption Loan Scheme ('CBILS'). The loan bears floating rate interest at a margin of 3.790% and is repayable in 60 monthly instalments of £8,333 after an initial repayment holiday of twelve months. The arrangement includes a Business Interruption Payment ('BIP') under which the UK Government will bear the interest for the first twelve months after draw down. The loan is guaranteed by the UK Government.

The other bank loan bears interest at base rate +5% and is being repaid in equal monthly instalments over five years since drawdown. It is secured by a guarantee dated 21 September 2017 given by South West News Service Limited and 72 Point Limited comprising a fixed and floating charge over all property and undertakings, and by a personal guarantee given by the directors P M Walters, M A Winter and A W Young.

The term loan of £96,669 at the year end date was paid off early, in full, on 24 June 2021. The disclosures in this note reflect the contractual liability at the year end date.

22 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities 2021 £	Liabilities 2020 £	Assets 2021 £	Assets 2020 £
Group				
Fixed asset timing differences	48,047	65,917	-	-
Losses and other deductions	(103)	(106)	-	-
Short term timing differences	(2,250)	(5,584)	-	-
	<u>45,694</u>	<u>60,227</u>	<u>-</u>	<u>-</u>
	Liabilities 2021 £	Liabilities 2020 £	Assets 2021 £	Assets 2020 £
Company				
Losses and other deductions	-	-	103	106
	<u>-</u>	<u>-</u>	<u>103</u>	<u>106</u>
			Group 2021 £	Company 2021 £
Movements in the year:				
Liability/(Asset) at 1 April 2020			60,227	(106)
(Credit)/charge to profit or loss			(14,533)	3
Liability/(Asset) at 31 March 2021			<u>45,694</u>	<u>(103)</u>

It is not possible to provide a meaningful estimate the extent to which the deferred tax assets and liabilities set out above will reverse within the next twelve months as their reversal depends on several factors which cannot be reliably estimated.

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

23 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes:	222,157	217,238

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Share capital

	2021 Number	Group and Company 2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of 1p each	12,977	12,977	130	130

The company has one class of ordinary shares, each of which carries the right to one vote at meetings of the company. The shares carry no right to fixed income.

After the year end, on 1 April 2021, the company issued a further 1,764 ordinary shares in connection with the acquisition of 72 Point Inc. Further details are given in note 30.

25 Reserves

Merger reserve

The merger reserve arose on the group reorganisation on 3 April 2018 and reflects the difference between the assets transferred and the nominal value of the shares issued by SWNS Media Group Limited.

Profit and loss reserves

Profit and loss reserves reflect the cumulative earnings of the group net of distributions to owners.

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

26 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	858,979	381,520
Adjustments for:		
Taxation charged	196,508	130,129
Finance costs	22,976	9,890
Investment income	(639)	(1,679)
Loss on disposal of tangible fixed assets	60	-
Loss on disposal of intangible assets	27,983	-
Amortisation and impairment of intangible assets	61,684	138,423
Depreciation and impairment of tangible fixed assets	107,053	112,213
Movements in working capital:		
Decrease in debtors	151,459	247,206
Increase in creditors	527,139	613,193
Cash generated from operations	1,953,202	1,630,895

27 Analysis of changes in net funds - group

	1 April 2020 £	Cash flows £	31 March 2021 £
Cash at bank and in hand	1,100,823	1,461,902	2,562,725
Borrowings excluding overdrafts	(145,707)	(450,962)	(596,669)
	955,116	1,010,940	1,966,056

28 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	327,279	399,722	-	-
Between one and five years	841,188	1,113,887	-	-
In over five years	303,417	82,500	-	-
	1,471,884	1,596,109	-	-

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

29 Related party transactions

Remuneration of key management personnel

The key management personnel of the group are the statutory directors of the company and details of their remuneration are disclosed in note 6.

Guarantee in relation to audit exemption

In connection with exemption from audit under section 479A of the Companies Act 2006, SWNS Media Group Limited has guaranteed the liabilities of its subsidiaries South West News Service Limited, 72 Point Limited and Inside Media Limited at the reporting date.

Transactions with directors

The directors A W Young, M A Winter and P M Walters received dividends of £279,471 (2020 - £154,682), £141,058 (2020 - £77,581) and £279,471 (2020 - £153,709) respectively from the group.

Also during the year, the directors A W Young, M A Winter and P M Walters maintained loan accounts with the company. At the year end, the group owed these directors in aggregate £64,459 (2020 - £nil) which is included in other creditors, and these directors in aggregate owed the group £26,787 (2020 - £330,718) which is included in other debtors. No interest was charged on these balances, and there are no fixed repayment terms.

Transactions with other related parties

Oblong Films Limited and 72 Point Inc have directors in common with SWNS Media Group Limited and are therefore considered to be related parties. During the year, the group recorded transactions with these entities as set out below. No interest is charged on any outstanding balances.

Loan account			Debtor at year end 2021 £	Debtor at year end 2020 £
Oblong Films Limited			5,451	5,451
Recharges to related parties	Amounts recharged 2021 £	Amounts recharged 2020 £	Debtor at year end 2021 £	Debtor at year end 2020 £
Oblong Films Limited	2,375	3,063	-	-
72 Point Inc	669,408	598,468	505,988	635,000
	<u>671,783</u>	<u>601,531</u>	<u>505,988</u>	<u>635,000</u>

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

29 Related party transactions (Continued)

Recharges from related parties	Amounts recharged 2021 £	Amounts recharged 2020 £	Creditor at year end 2021 £	Creditor at year end 2020 £
72 Point Inc	48,105	217,874	194,042	263,264
	<u>48,105</u>	<u>217,874</u>	<u>194,042</u>	<u>263,264</u>

Transactions with wholly-owned group companies

The group has taken advantage of the exemption under section 33 of FRS 102 and has not disclosed details of transactions or balances between wholly-owned companies in its group.

Transactions with 72 Point Limited

72 Point Limited is a 93.75% subsidiary of the group and is therefore considered to be a related party not covered by the exemption set out above. During the year, group companies maintained loan accounts with 72 Point Limited. At the year end, group companies owed 72 Point Limited £2,429,819 (2020 - £1,464,703) in respect of these loan accounts. No interest is charged on these amounts.

Also during the year, 72 Point Limited recharged the group £83,255 (2020 - £93,101) in respect of goods and services. At the year end, 72 Point Limited was owed by the group £13,810 (2020 - £27,633) in respect of these transactions. Also during the year, the group recharged 72 Point Limited £1,299,013 (2020 - £1,471,800) in respect of goods and services. At the year end, 72 Point Limited owed the group £7,240 (2020 - £82,905) in respect of these transactions.

30 Events after the reporting date

On 1 April 2021, in a reorganisation of the shareholders' interests, the group acquired 204 of the 400 issued ordinary shares of 72 Point Inc., a Delaware corporation, for consideration of £909,553. The consideration was satisfied by a share for share exchange under which the former shareholders received 1,764 ordinary shares in SWNS Media Group Limited in exchange for their 204 shares in 72 Point Inc.

On 12 May 2021 a further 1,151 share options were granted under the company's EMI scheme. Further details are given in note 9.

On 31 July 2021 the Group acquired the remaining 6.25% shareholding in 72 Point Limited for consideration that included 149 newly issued shares in SWNS Media Group Limited and £66,000 cash. The Group now holds 100% of the share capital of 72 Point Limited.