

Company Registration No. 11272169 (England and Wales)

SWNS MEDIA GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2022

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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 C H M White-Smith
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 2nd Floor 1 The Square Temple Quay Bristol BS1 6DG

SWNS MEDIA GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present the strategic report for the year ended 31 March 2022.

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 and the United States.

The business conducted is principally the provision of PR news generation and research services direct to businesses and to the PR sector (under the 72 Point, Play and OnePoll brands) and the provision of news and lifestyle content and news related services to publishers (under the SWNS brand).

The business is an established and essential partner to brands, agencies and publishers in the United Kingdom and is seeking to establish a similar position in the United States.

Review of the business

During the year, the business continued to invest in initiatives in our PR division – the development of our operational software stack, developing our product range with video and other visual assets and our creative product offering and consultancy team.

On 1 April 2021, the group acquired 51% of the issued common stock of 72 Point Inc for total consideration of £909,552 comprising shares issued under a share for share exchange (see note 18).

The group saw growth in 72 Point Inc compared to the preacquisition period. In the United States the business continued to develop its product offering in terms of coverage solutions and developed its research business and creative offering. 72 Point Inc also saw the launch of a new distribution platform called Talker.net.

In the lifestyle and news content sector we continue to develop our video content and offerings and have seen significant growth in our audience on our social media channels. SWNS continued to forge strong media relations overseas with MSN, Yahoo, New York Post, Fox and USA Today all notable developing relationships.

The Board continues 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.

As well as COVID-19, significant environmental challenges in terms of Brexit, the war in Ukraine and strong inflationary pressure have all been experienced in the period causing more uncertainty and volatility.

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 when required and a hybrid working arrangement at all times. A great deal of effort was put into wellbeing and mental health in this period.

The group successfully completed a Coronavirus Business Interruption Loan Scheme (CBILS) loan application totalling £500,000 in July 2020. The group's strong performance in the last two years despite these external challenges has shown that the business is resilient and has allowed early repayment of some of the loan. The outstanding balance at July 2022 is £220,053 and the group plans to continue to pay this loan back early.

The group also has an unused overdraft facility of £300,000. This has resulted in available cash of £3,569,917 and \$580,449 and an undrawn facility of £300,000 as at July 2022. The group's revenues and EBITDA grew significantly year on year as detailed below in the key performance indicators section.

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.

SWNS MEDIA GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Results and performance

The results of the group for the year, as set out on page 9, show a profit on ordinary activities before taxation of £2,003k (2021 - £1,055k). The shareholders' funds of the group total £2,986k (2021 - £498k). The performance of the group during 2021-22 continues to produce encouraging results in a difficult economic and global political climate.

72 Point Limited, our PR business, had a further strong year growing revenue with improved margins. 72 Point Inc is in a development phase and significant steps are being taken to accelerate the business to replicate the model in the United Kingdom. SWNS continues with stable results. The results for the core subsidiaries are shown below:

Subsidiary	Brands	Area of business	2021/22 Turnover £'000	2020/21 Turnover £'000	2021/22 EBITDA £'000	2020/21 EBITDA £'000
South West News Service Limited	SWNS	Lifestyle content, news and services for publishers	5,323	5,014	389	472
72 Point Limited	72 Point, OnePoll and Play PR	PR and research services for businesses and PR agencies	11,646	8,503	2,398	869
72 Point Inc	72 Point, OnePoll and SWNS	PR and research services for businesses and PR agencies	5,408	N/A	(256)	N/A

Key performance indicators

We have made significant progress throughout the year in relation to key elements of our strategy, in particular significant growth in our volume in 72 Point Limited. The Board monitors the progress of the group by reference to the following Key Performance Indicators (KPIs):

	Year to March 2022 £'000	Year to March 2021 £'000	Year to March 2020 £'000
Turnover	21,673	12,853	12,833
- Turnover growth	69%	-	-
- Organic turnover growth	16,265	12,853	12,833
- Turnover from acquisition of 72 Point Inc	5,408	-	-
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	2,338	1,247	770
Adjusted EBITDA excluding share-based payments	2,515	1,247	770
Gross Margin percentage	38.4%	39.5%	38.4%
	As at 31 March 2022 £'000	As at 31 March 2021 £'000	As at 31 March 2020 £'000
Net Current Assets	2,129	716	87
Change in Net Current Assets	1,413	629	-
Net Assets	2,986	498	339
Change in Net Assets	2,488	159	-
Cash at Bank and in Hand	4,338	2,563	1,101
Change in Cash at Bank and in Hand	1,775	1,462	-

SWNS MEDIA GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Business environment

The news generation PR and Market Research sectors have been extremely resilient to the significant economic and political challenges in the global environment and the group has continued to grow strongly in this period at rates higher than the market. The model we have is efficient, proven and scalable.

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. Traditional publishers have continued to seek economies in their businesses and budgets for purchasing content continue to be squeezed. The consumption of news and lifestyle content continues to be high with strong growth in online consumption. The push to digitisation continues and has accelerated. 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 trends in digitisation and video, offer opportunities for the group and our original content and unique delivery systems continue to give the group a strong position 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 is overseen by our established 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 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 does not consider itself significantly exposed to liquidity or interest rate risk due to low levels of borrowing and strong cash reserves. Currency exposure is limited due to the vast majority of sales and purchases being in the base currency of each entity.

Future developments

In the United Kingdom, further growth is anticipated in 72 Point in all of our key markets. Development of our creative offering and our product range, incorporating more visual assets, is planned as we seek to add additional value for our clients and we expect to see a growth in average order value and further increases in volume.

The group plans to continue the build out of its 72 Point Inc business in the United States to fully replicate the established United Kingdom model, enhancing profit levels and continuing to grow in this large market for PR services.

SWNS plans 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 and to generate new clients both geographically and on digital and social platforms.

A high proportion of the group's output is digital (70% of SWNS and more than 90% of 72 Point) and we expect this to grow in the year ahead as we become digital first in all aspects of our business.

We would like to thank our entire team for all of their efforts in the last year in delivering this exceptional performance in a very challenging climate.

On behalf of the board



P M Walters
Director

Date: 01/09/22

SWNS MEDIA GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the group is the provision of PR and media services. The principal activity of the company is that of a holding company and provider of group services.

Results and dividends

The results for the year are set out on page 9. Ordinary dividends were paid amounting to £183,500. Further details are given in note 13. A final dividend for the year ended 31 March 2022 of £508,946 was declared on 12 August 2022.

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
C H M White-Smith

(Appointed 19 May 2022)

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.

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: 01/09/22

SWNS MEDIA GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

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 2022 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 2022 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 5, 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.

Thomas Morgan (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
2nd Floor
1 The Square
Temple Quay
Bristol
BS1 6DG

T R Morgan

01/09/22

SWNS MEDIA GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Turnover	3	21,672,975	12,853,328
Cost of sales		(13,345,027)	(7,777,962)
Gross profit		8,327,948	5,075,366
Administrative expenses		(6,698,709)	(4,327,163)
Other operating income	4	401,313	329,621
Operating profit	7	2,030,552	1,077,824
Interest receivable and similar income	10	459	639
Interest payable and similar expenses	11	(27,931)	(22,976)
Profit before taxation		2,003,080	1,055,487
Tax on profit	12	(276,242)	(196,508)
Profit for the financial year		1,726,838	858,979
Other comprehensive income net of taxation			
Currency translation differences		(14,535)	-
Total comprehensive income for the year		1,712,303	858,979
Profit for the financial year is attributable to:			
- Owners of the parent company		1,708,880	816,042
- Non-controlling interests		17,958	42,937
		1,726,838	858,979
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		1,701,427	816,042
- Non-controlling interests		10,876	42,937
		1,712,303	858,979

SWNS MEDIA GROUP LIMITED**STATEMENTS OF FINANCIAL POSITION****AS AT 31 MARCH 2022**

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Fixed assets					
Goodwill	14	876,064	53,059	-	-
Negative goodwill	14	-	(26,186)	-	-
Net goodwill		876,064	26,873	-	-
Other intangible assets	14	93,167	108,164	27,000	-
Total intangible assets		969,231	135,037	27,000	-
Tangible assets	15	212,494	166,885	14,970	-
Investments	16	-	-	3,258,785	2,256,355
		1,181,725	301,922	3,300,755	2,256,355
Current assets					
Debtors	19	4,613,425	3,189,250	515,759	119,608
Cash at bank and in hand		4,337,873	2,562,725	2,260,048	1,560,802
		8,951,298	5,751,975	2,775,807	1,680,410
Creditors: amounts falling due within one year	20	(6,822,533)	(5,035,757)	(3,513,127)	(3,374,132)
Net current assets/(liabilities)		2,128,765	716,218	(737,320)	(1,693,722)
Total assets less current liabilities		3,310,490	1,018,140	2,563,435	562,633
Creditors: amounts falling due after more than one year	21	(273,386)	(474,650)	(273,386)	(433,333)
Provisions for liabilities	23	(50,989)	(45,694)	(3,607)	-
Net assets		2,986,115	497,796	2,286,442	129,300
Capital and reserves					
Called up share capital	25	149	130	149	130
Share premium account	26	935,533	-	935,533	-
Share-based payment reserve	26	402,622	-	402,622	-
Merger reserve	26	(593,625)	(593,625)	-	-
Profit and loss reserves	26	2,331,495	958,850	948,138	129,170
Equity attributable to owners of the parent company		3,076,174	365,355	2,286,442	129,300
Non-controlling interests		(90,059)	132,441	-	-
		2,986,115	497,796	2,286,442	129,300

SWNS MEDIA GROUP LIMITED

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2022

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 £1,227,777 (2021 - £702,219 profit).

The financial statements were approved by the board of directors and authorised for issue on 01/09/22 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 2022

	Notes	Share capital £	Share premium account £	Share-based payment reserve £	Merger reserve £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 April 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
Year ended 31 March 2022:									
Profit for the year		-	-	-	-	1,708,880	1,708,880	17,958	1,726,838
Other comprehensive income net of taxation:									
Currency translation differences		-	-	-	-	(14,535)	(14,535)	-	(14,535)
Amounts attributable to non-controlling interests		-	-	-	-	7,082	7,082	(7,082)	-
Total comprehensive income for the year		-	-	-	-	1,701,427	1,701,427	10,876	1,712,303
Issue of share capital	25	19	935,533	-	-	-	935,552	-	935,552
Dividends	13	-	-	-	-	(183,500)	(183,500)	-	(183,500)
Share-based payments	9	-	-	177,313	-	-	177,313	-	177,313
Share-based payment reserve transfers	9	-	-	225,309	-	(225,309)	-	-	-
Non-controlling interest recognised on acquisition	18	-	-	-	-	-	-	(61,349)	(61,349)
Purchase of shares in subsidiary undertaking from non-controlling interest		-	-	-	-	(92,000)	(92,000)	-	(92,000)
Transfer on purchase of shares in subsidiary		-	-	-	-	172,027	172,027	(172,027)	-
Balance at 31 March 2022		149	935,533	402,622	(593,625)	2,331,495	3,076,174	(90,059)	2,986,115

SWNS MEDIA GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Share capital £	Share premium account £	Share-based payment reserve £	Profit and loss reserves £	Total £
Balance at 1 April 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
Year ended 31 March 2022:						
Profit and total comprehensive income for the year		-	-	-	1,227,777	1,227,777
Issue of share capital	25	19	935,533	-	-	935,552
Dividends	13	-	-	-	(183,500)	(183,500)
Share-based payments	9	-	-	177,313	-	177,313
Share-based payment reserve transfers	9	-	-	225,309	(225,309)	-
Balance at 31 March 2022		149	935,533	402,622	948,138	2,286,442

SWNS MEDIA GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	27	1,527,899		1,953,202	
Interest paid		(27,931)		(22,976)	
Income taxes paid		(407,023)		(123,166)	
Net cash inflow from operating activities		1,092,945		1,807,060	
Investing activities					
Cash acquired with subsidiary		1,320,615		-	
Purchase of non-controlling interest		(66,000)		-	
Purchase of intangible assets		(34,615)		(72,972)	
Purchase of tangible fixed assets		(131,473)		(24,683)	
Proceeds on disposal of tangible fixed assets		-		896	
Interest received		459		639	
Net cash generated from/(used in) investing activities		1,088,986		(96,120)	
Financing activities					
Proceeds of new bank loans		-		500,000	
Repayment of bank loans		(223,283)		(49,038)	
Dividends paid to equity shareholders		(183,500)		(700,000)	
Net cash used in financing activities		(406,783)		(249,038)	
Net increase in cash and cash equivalents		1,775,148		1,461,902	
Cash and cash equivalents at beginning of year		2,562,725		1,100,823	
Cash and cash equivalents at end of year		4,337,873		2,562,725	

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 2022. 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.

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.

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

Going concern

The Board continuously monitors the external environment for factors that may impact on the business and its trading partners. In recent years the COVID-19 pandemic has been at the fore front of the Board's mind and the business has performed well during this period. As we move out of the pandemic a global recession driven by soaring inflation is a clear and present threat to global economies.

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.

The group continues to have healthy cash reserves, which have increased by £1.78m in the year, and has an unused overdraft facility of £0.3m. The group's revenues and EBITDA continue to perform well despite the economic uncertainties.

The group has made accelerated repayments on its two bank loans in the year and is now left with just the Coronavirus Business Interruption Loan Scheme (CBILS) loan. The outstanding loan balance of £373k is a reduction of £224k in debt in the year. The repayments of these loans has helped to improve the group's liquidity and the current ratio has improved from 1.14 to 1.31 in the 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 2022

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
Intangible assets under construction	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 2022

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.

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.

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

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.

Share-based payments

The company grants share options ("equity-settled share-based payments") to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

Where the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions (the "original fair value") and under the modified terms and conditions (the "modified fair value") are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

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.

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

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.

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.

Assets and liabilities of overseas subsidiaries (including goodwill and fair value adjustments in relation to overseas subsidiaries) are translated into the group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year as the directors consider this to be a reasonable approximation to the rate on the transaction date. Translation differences are recognised in other comprehensive income and accumulated in equity.

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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.

Fair values of assets and liabilities acquired in business combination

On 1 April 2021, the group acquired 51% of the issued common stock of 72 Point Inc. Management considers the values set out in the table in note 18 to be a reasonable reflection of their fair values at that date, and therefore a reasonable basis for the calculation of goodwill arising on acquisition.

Goodwill carrying value and amortisation

Goodwill is being amortised on the basis disclosed in note 1. The amortisation rate reflects management's best estimate of the period over which this goodwill is expected to give rise to economic benefits. The goodwill is subject to periodic impairment reviews taking into account the performance of the acquired entity and expected future market conditions.

Carrying value of investments in subsidiaries

In the company's individual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. The carrying values of these investments are disclosed in note 16. The directors monitor the performance of the underlying subsidiaries for any indications of impairment, taking into account their performance, financial position and outlook, and make judgements on whether the carrying values need to be adjusted.

3 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Provision of media services	21,672,975	12,853,328
	<u>21,672,975</u>	<u>12,853,328</u>
	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	14,260,818	8,457,490
Rest of Europe	1,278,706	758,346
Rest of World	6,133,451	3,637,492
	<u>21,672,975</u>	<u>12,853,328</u>

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

4 Other operating income

	2022 £	2021 £
Rent receivable	24,921	4,750
Government grants	11,346	208,619
Other coronavirus support (see below)	276,183	-
Other income	88,863	116,252
	<u>401,313</u>	<u>329,621</u>

In the current year, government grants comprised a Business Interruption Payment relating to the CBILS loan (see note 22). In the comparative year, government grants principally comprised furlough grants received towards the employment costs of staff placed on leave during the outbreak of COVID-19.

Other coronavirus support reflects amounts received from the US government by the group's subsidiary 72 Point Inc. The support initially took the form of a loan, repayment of which was subsequently waived.

5 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Operations	182	142	1	1
Administrative	40	11	23	3
Total	<u>222</u>	<u>153</u>	<u>24</u>	<u>4</u>

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	11,229,056	6,701,152	1,453,214	542,967
Social security costs	1,316,626	677,044	136,140	54,461
Pension costs	274,773	222,157	22,941	1,860
	<u>12,820,455</u>	<u>7,600,353</u>	<u>1,612,295</u>	<u>599,288</u>

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	1,148,341	917,087
Company pension contributions to defined contribution schemes	43,466	44,700
	<u>1,191,807</u>	<u>961,787</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2021 - 5).

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

	2022 £	2021 £
Remuneration for qualifying services	330,441	236,887
Company pension contributions to defined contribution schemes	7,500	9,900
	<u>337,941</u>	<u>246,787</u>

7 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences	(15,878)	57,408
Depreciation of owned tangible fixed assets	121,043	107,053
(Profit)/loss on disposal of tangible fixed assets	-	60
Amortisation of intangible assets	186,875	61,684
(Profit)/loss on disposal of intangible assets	-	27,983
Share-based payments	177,313	-
Operating lease charges	686,713	556,034
	<u>1,069,866</u>	<u>810,122</u>

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

8 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	<u>55,000</u>	<u>34,000</u>

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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.

	2022 Number of options	2022 Market value exercise price £	2021 Number of options	2021 Market value exercise price £
Outstanding options at start of year	1,323	86.64	1,323	86.64
Granted during the year	1,151	111.61	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding options at end of year	2,474	98.09	1,323	86.64

A market value of £86.64 per Ordinary share was agreed with HMRC on 19 July 2018 for the purposes of granting initial options. A market value of £111.61 per Ordinary share was agreed with HMRC on 12 March 2021 for the purpose of granting further options on 12 May 2021. The terms and conditions attaching to these options are the same as those granted previously.

The weighted average fair value of options granted in the year was determined using the Black-Scholes option pricing model. In addition to the share-based payment charge recognised in the current year, £225,309 has been transferred from the profit and loss reserve to the EMI reserve to account for charges not recognised in previous years.

10 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	459	639

11 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank overdrafts and loans	24,834	22,976
Interest on other loans	2,481	-
Other interest	616	-
Total finance costs	27,931	22,976

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

12 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	501,321	220,397
Adjustments in respect of prior periods	192	(9,356)
Total UK current tax	501,513	211,041
Foreign current tax on profits for the current period	(566)	-
Total current tax	500,947	211,041
Deferred tax		
Origination and reversal of timing differences	5,295	(7,070)
Adjustment in respect of prior periods	-	(7,463)
Deferred tax credit relating to losses arising in foreign subsidiary	(230,000)	-
Total deferred tax	(224,705)	(14,533)
Total tax charge	276,242	196,508

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:

	2022 £	2021 £
Profit before taxation	2,003,080	1,055,487
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	380,585	200,543
Tax effect of expenses that are not deductible in determining taxable profit	14,042	3,217
Tax effect of income not taxable in determining taxable profit	(3,111)	-
Recognition of previously unrecognised deferred tax asset	(230,000)	-
Adjustments in respect of prior years	192	(9,356)
Fixed asset differences	(1,516)	9,567
Amortisation on assets not qualifying for tax allowances	18,495	-
Share based payment charge	33,689	-
Effect of overseas tax rates	51,628	-
Deferred tax adjustments in respect of prior years	-	(7,463)
Remeasurement of deferred tax for changes in tax rates	12,238	-
Taxation charge	276,242	196,508

Factors that may affect future tax charges

The main rate of corporation tax in the UK will rise from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021.

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

13 Dividends

	2022 £	2021 £
Recognised as distributions to equity holders:		
Paid in the year	183,500	700,000

Dividends paid comprise a final dividend for the year ended 31 March 2021 of £63,500 and interim dividends for the year ended 31 March 2022 of £120,000. In the comparative period, dividends paid comprised interim dividends for the year ended 31 March 2021.

A final dividend for the year ended 31 March 2022 of £508,946 was declared on 12 August 2022.

14 Intangible fixed assets

Group	Goodwill £	Negative goodwill £	Website & software development £	Patents £	Intangible assets under construction £	Total £
Cost						
At 1 April 2021	1,755,162	(39,279)	329,594	1	-	2,045,478
Additions	973,405	-	7,615	-	27,000	1,008,020
Disposals	(1,755,162)	39,279	-	(1)	-	(1,715,884)
At 31 March 2022	973,405	-	337,209	-	27,000	1,337,614
Amortisation and impairment						
At 1 April 2021	1,702,103	(13,093)	221,431	-	-	1,910,441
Amortisation charged for the year	150,400	(13,093)	49,568	-	-	186,875
Disposals	(1,755,162)	26,186	-	-	-	(1,728,976)
Exchange adjustments	-	-	43	-	-	43
At 31 March 2022	97,341	-	271,042	-	-	368,383
Carrying amount						
At 31 March 2022	876,064	-	66,167	-	27,000	969,231
At 31 March 2021	53,059	(26,186)	108,163	1	-	135,037
Company					Intangible assets under construction £	
Cost						
Additions						27,000
At 31 March 2022						27,000
Carrying amount						
At 31 March 2022						27,000
At 31 March 2021						-

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

15 Tangible fixed assets

Group	Computer equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 April 2021	397,926	254,072	4,755	656,753
Additions	124,594	6,879	-	131,473
Acquired with subsidiaries	52,190	-	-	52,190
Exchange adjustments	2,651	-	-	2,651
At 31 March 2022	577,361	260,951	4,755	843,067
Depreciation and impairment				
At 1 April 2021	305,529	180,474	3,865	489,868
Depreciation charged in the year	87,242	33,578	223	121,043
Acquired with subsidiaries	18,297	-	-	18,297
Exchange adjustments	1,365	-	-	1,365
At 31 March 2022	412,433	214,052	4,088	630,573
Carrying amount				
At 31 March 2022	164,928	46,899	667	212,494
At 31 March 2021	92,397	73,598	890	166,885
Company	Computer equipment £	Fixtures and fittings £	Total £	
Cost				
Additions	13,362	4,375	17,737	
At 31 March 2022	13,362	4,375	17,737	
Depreciation and impairment				
Depreciation charged in the year	2,281	486	2,767	
At 31 March 2022	2,281	486	2,767	
Carrying amount				
At 31 March 2022	11,081	3,889	14,970	

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

16 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	17	-	-	3,258,785	2,256,355

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 April 2021	2,256,355
Additions	1,002,430
At 31 March 2022	3,258,785
Carrying amount	
At 31 March 2022	3,258,785
At 31 March 2021	2,256,355

In the company, additions reflect the following acquisitions during the year:

- 51% of the issued common stock of 72 Point Inc. on 1 April 2021 for total consideration of £909,552 comprising shares issued under a share for share exchange;
- 6.25% of the issued ordinary share capital 72 Point Limited (increasing the group's holding to 100%) on 31 July 2021 for total consideration of £92,000 comprising £26,000 shares issued under a share for share exchange and £66,000 cash;
- Entire issued ordinary share capital of Play PR Limited on 3 November 2021 for total cash consideration of £40;
- Entire issued ordinary share capital of OnePoll Limited on 3 November 2021 for total cash consideration of £2;
- Entire issued ordinary share capital of SWNS USA Inc on 31 March 2022 for total cash consideration of US \$1,000.

17 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 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 -
72 Point Limited	Public relations and market research	Ordinary	100.00 -
72 Point Inc	Public relations and market research	Ordinary	51.00 -
Play PR Limited	Dormant	Ordinary	100.00 -
Onepoll Limited	Dormant	Ordinary	100.00 -
SWNS USA Inc	Dormant	Ordinary	100.00 -

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

17 Subsidiaries (Continued)

The registered office of all these companies is Media Centre, Emma Chris Way, Bristol, BS34 7JU except 72 Point Inc and SWNS USA Inc which are registered at 231 Front Street, 125 Brooklyn, NY 11201, USA.

South West News Service Limited and 72 Point 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 30. All other subsidiaries are dormant and audit exempt by virtue of S480 of the Companies Act 2006.

Former subsidiaries N.N. (Holdings) Limited, NTI Media Limited, Hard Edge Media Limited, Masons News Limited, Onepoll Research Limited and Inside Media Limited, all of which were dormant throughout the year, were struck off on 29 March 2022 and dissolved on 5 April 2022.

18 Acquisition

On 1 April 2021 the group acquired 51% percent of the issued common stock of 72 Point Inc for consideration of £909,552, satisfied by the issue of ordinary shares under a share for share exchange.

	Book Value	Adjustments	Fair Value
	£	£	£
Net assets acquired			
Tangible fixed assets	33,893	-	33,893
Trade and other debtors	1,185,721	-	1,185,721
Cash and cash equivalents	1,320,615	-	1,320,615
Trade and other creditors	(2,665,431)	-	(2,665,431)
Total identifiable net assets	(125,202)	-	(125,202)
Non-controlling interests			61,349
Goodwill			973,405
Total consideration			909,552
The consideration was satisfied by:			£
Issue of shares			909,552
Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:			£
Turnover			5,407,678
Profit after tax			44,138

The goodwill arising on the acquisition of the company is attributable to the anticipated profitability of continued growth in the company's markets and future operating synergies arising from the combination.

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

18 Acquisition (Continued)

In addition to the above, on 31 July 2021 the group acquired the remaining 6.25% of the issued ordinary share capital of 72 Point Limited, taking its holding to 100%. Consideration was £92,000 which was satisfied by the issue of ordinary shares to the value of £26,000 and cash of £66,000. This transaction increased the controlling interest in an undertaking that was already a subsidiary. In accordance with FRS102 paragraphs 9.19C and 9.19D, the acquired assets and liabilities were not restated to fair value, no additional goodwill was recognised on acquisition, and the transaction was accounted for as a transaction between equity holders as detailed in the consolidated statement of changes in equity on page 12.

19 Debtors

	Group 2022	2021	Company 2022	2021
Amounts falling due within one year:	£	£	£	£
Trade debtors	3,309,828	2,094,517	7,401	7,200
Other debtors	360,871	166,086	304,000	45,296
Prepayments and accrued income	712,726	928,647	204,358	67,009
	<u>4,383,425</u>	<u>3,189,250</u>	<u>515,759</u>	<u>119,505</u>
Deferred tax asset (note 23)	230,000	-	-	103
	<u>4,613,425</u>	<u>3,189,250</u>	<u>515,759</u>	<u>119,608</u>

20 Creditors: amounts falling due within one year

	Notes	Group 2022	2021	Company 2022	2021
		£	£	£	£
Bank loans	22	100,000	122,019	100,000	66,667
Trade creditors		772,837	729,387	131,756	83,550
Amounts owed to group undertakings		-	-	2,977,392	2,988,942
Corporation tax payable		314,321	220,397	-	-
Other taxation and social security		857,122	1,203,252	118,045	71,964
Other creditors		73,640	101,825	3,967	65,272
Accruals and deferred income		4,704,613	2,658,877	181,967	97,737
		<u>6,822,533</u>	<u>5,035,757</u>	<u>3,513,127</u>	<u>3,374,132</u>

21 Creditors: amounts falling due after more than one year

	Notes	Group 2022	2021	Company 2022	2021
		£	£	£	£
Bank loans	22	<u>273,386</u>	<u>474,650</u>	<u>273,386</u>	<u>433,333</u>

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

22 Borrowings

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	373,386	596,669	373,386	500,000
Payable within one year	100,000	122,019	100,000	66,667
Payable after one year	273,386	474,650	273,386	433,333

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 group has been making accelerated repayments since February 2022 of an additional £30,000 per month and intends to continue these accelerated repayments for the next 12 months.

During the year, the group obtained a new overdraft facility in SWNS Media Group Limited, replacing the previous overdraft facility in South West News Service Limited. It is secured against the group's assets. This facility was not drawn down at any time during the year.

In the comparative period, the group balance of £596,669 included £96,669 relating to a term loan which bore interest at base rate +5% and was being repaid in equal monthly instalments over five years. It was 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 loan was paid off early, in full, on 24 June 2021.

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

23 Deferred taxation

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

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Group				
Fixed asset timing differences	(54,373)	(48,047)	-	-
Losses and other deductions	-	103	-	-
Losses relating to foreign subsidiary	-	-	230,000	-
Short term timing differences	3,384	2,250	-	-
	<u>(50,989)</u>	<u>(45,694)</u>	<u>230,000</u>	<u>-</u>
	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Company				
Fixed asset timing differences	(3,743)	-	-	-
Losses and other deductions	-	-	-	103
Short term timing differences	136	-	-	-
	<u>(3,607)</u>	<u>-</u>	<u>-</u>	<u>103</u>
			Group 2022 £	Company 2022 £
Movements in the year:				
(Liability)/Asset at 1 April 2021			(45,694)	103
Credit/(charge) to profit or loss			224,705	(3,710)
			<u>179,011</u>	<u>(3,607)</u>
Asset/(Liability) at 31 March 2022				

It is not possible to provide a meaningful estimate of 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 2022

24 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	274,773	222,157

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.

25 Share capital

	Group and Company			
	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of 1p each	14,890	12,977	149	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.

1,764 Ordinary shares of 1p each were issued on 1 April 2021 for total consideration of £909,552 giving rise to share premium of £909,534. The shares were issued to acquire 51% of the issued common stock of 72 Point Inc under a share for share exchange.

149 Ordinary shares of 1p each were issued on 31 July 2021 for total consideration of £26,000 giving rise to share premium of £25,999. The shares were issued under a share for share exchange as part consideration for the acquisition of the remaining shares not previously held in 72 Point Limited.

26 Reserves

Share premium

The share premium account reflects consideration received for shares issued above their nominal value net of transaction costs.

Share-based payment reserve

The share-based payment reserve reflects the cumulative share-based payment expense.

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 2022

27 Cash generated from group operations

	2022 £	2021 £
Profit for the year after tax	1,726,838	858,979
Adjustments for:		
Taxation charged	276,242	196,508
Finance costs	27,931	22,976
Investment income	(459)	(639)
Loss on disposal of tangible fixed assets	-	60
Loss on disposal of intangible assets	-	27,983
Amortisation and impairment of intangible assets	186,875	61,684
Depreciation and impairment of tangible fixed assets	121,043	107,053
Equity settled share based payment expense	177,313	-
Movements in working capital:		
(Increase)/decrease in debtors	(8,454)	151,459
(Decrease)/increase in creditors	(979,430)	527,139
Cash generated from operations	1,527,899	1,953,202

28 Analysis of changes in net funds - group

	1 April 2021 £	Cash flows £	Acquisitions and disposals £	31 March 2022 £
Cash at bank and in hand	2,562,725	520,533	1,254,615	4,337,873
Borrowings excluding overdrafts	(596,669)	223,283	-	(373,386)
	<u>1,966,056</u>	<u>743,816</u>	<u>1,254,615</u>	<u>3,964,487</u>

29 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 2022 £	2021 £	Company 2022 £	2021 £
Within one year	333,316	327,279	-	-
Between one and five years	786,667	841,188	-	-
In over five years	46,500	303,417	-	-
	<u>1,166,483</u>	<u>1,471,884</u>	<u>-</u>	<u>-</u>

SWNS MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

30 Related party transactions

The group has taken advantage of the exemption under Section 33 of FRS102 and has not disclosed details of transactions or balances between wholly-owned group companies.

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.

Transactions with directors

The directors A W Young, M A Winter and P M Walters received dividends of £75,145 (2021 - £279,471), £32,410 (2021 - £141,058) and £75,145 (2021 - £279,471) 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 group. At the year end, the group owed these directors in aggregate £nil (2021 - £64,459) which is included in other creditors, and these directors in aggregate owed the group £278,900 (2021 - £26,787) 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

During the year, the group paid certain directors and shareholders of a subsidiary company £367,924 (2021 - £nil) for services rendered to the group. No amounts were outstanding at the beginning or end of the year.

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 and 72 Point Limited at the reporting date.