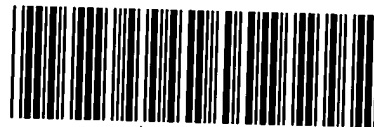


Company Registration No. 11272169 (England and Wales)

**SWNS MEDIA GROUP LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2023**

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# SWNS MEDIA GROUP LIMITED

## COMPANY INFORMATION

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|                          |  |
|--------------------------|--|
| <b>Directors</b>         | P M Walters<br>M A Winter<br>A W Young<br>A K Jonesco<br>C D White<br>C L Pharo<br>P J Potts<br>C H M White-Smith    |
| <b>Secretary</b>         | A W Young  |
| <b>Company number</b>    | 11272169   |
| <b>Registered office</b> | Media Centre Unit A<br>Abbey Wood Business Park<br>Emma Chris Way<br>Filton<br>Bristol<br>United Kingdom<br>BS34 7JU |
| <b>Auditor</b>           | RSM UK Audit LLP<br>Chartered Accountants<br>2nd Floor<br>1 The Square<br>Temple Quay<br>Bristol<br>BS1 6DG          |

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# SWNS MEDIA GROUP LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MARCH 2023

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The directors present the strategic report for the year ended 31 March 2023.

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 SEO services, video and other visual assets and our creative product offering and consultancy team. 2022/23 was a year that was significantly dominated by yet more worldwide events, and this coupled with the high levels of inflation seen in the UK and globally has made growing EBITDA more of a challenge. The group saw continued revenue growth in the UK 72 Point business and this more than offset small declines in SWNS and 72 Point in the US.

*In the lifestyle and news content sector we have launched a successful campaign to accelerate digitisation of our content and continue to develop our digital and video content offerings. We have also seen significant growth in our audience on our social media channels. SWNS continues to have strong media relations both in the UK and overseas. The Talker brand continued to be built on as a distribution platform and was launched in the UK market in early 2023.*

The Board continues to monitor the cost of living crisis here in the UK and the impact this is having on the business, team members and our 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, reviewing our cost base and both short and long term stress-tested forecasts covering anticipated volumes and liquidity.

The executive team continue to keep staff informed through twice yearly townhall meetings and CEO update emails. The hybrid working model embraced during the COVID-19 pandemic continues to be adopted with most staff now working 2-3 days per week in the office, and this continues to be monitored alongside the introduction of other staff benefits to ensure employee wellbeing is always being enhanced.

The group has no external debt following the early repayment of its Coronavirus Business Interruption Loan Scheme (CBILS) loan in November 2022. The group also has an unused overdraft facility of £300,000. This has resulted in available cash of £5,691,302 and an undrawn facility of £300,000 as at July 2023. The group's revenues grew significantly year on year whilst EBITDA remained stable as detailed below in the key performance indicators section.

#### **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 £1,876k (2022 - £2,003k). The shareholders' funds of the group total £3,905k (2022 - £2,986k). The performance of the group during 2022-23 continues to produce encouraging results in a difficult economic and global political climate.

72 Point Limited, our UK PR business, had a further strong year growing revenue and EBITDA. 72 Point Inc is in a development phase and significant steps are planned to replicate the model in the United Kingdom. SWNS continues with stable revenue, however the impact of rising wage costs has resulted in reduced EBITDA.

The directors continually review the group's investments to look for any potential indicators of impairment. Since 72 Point Inc joined the group it has failed to meet the performance targets set and, despite several proactive steps being taken to reduce the cost base, continues to post monthly losses. As such the directors have undertaken an impairment review, using stress-tested discounted cash flow modelling, and concluded that the value of the investment should be written down by approximately 50% to a carrying value of £450k. An ongoing strategy to improve the performance of 72 Point Inc is now in place. This valuation will continue to be kept under review and assessed annually along with the other investments in the group.

# SWNS MEDIA GROUP LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### Results and performance (continued)

The results for the core subsidiaries are shown below.

| Subsidiary                      | Brands                        | Area of business  | 2022/23<br>Turnover<br>£'000 | 2021/22<br>Turnover<br>£'000 | 2022/23<br>EBITDA<br>£'000 | 2021/22<br>EBITDA<br>£'000 |
|---------------------------------|-------------------------------|---|------------------------------|------------------------------|----------------------------|----------------------------|
| South West News Service Limited | SWNS                          | Lifestyle content, news and services for publishers     | 5,296                        | 5,323                        | 22                         | 389                        |
| 72 Point Limited                | 72 Point, OnePoll and Play PR | PR and research services for businesses and PR agencies | 13,823                       | 11,646                       | 2,669                      | 2,398                      |
| 72 Point Inc                    | 72 Point, OnePoll and SWNS    | PR and research services for businesses and PR agencies | 5,809                        | 5,408                        | 9                          | (256)                      |

#### 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<br>March<br>2023<br>£'000  | Year to<br>March<br>2022<br>£'000  | Year to<br>March<br>2021<br>£'000  |
|--|------------------------------------|------------------------------------|------------------------------------|
| Turnover   | 23,669                             | 21,673                             | 12,853                             |
| - Turnover growth  | 9%                                 | 69%                                | -                                  |
| - Organic turnover growth  | 1,996                              | 3,412                              | 20                                 |
| - Turnover from acquisition of 72 Point Inc  | -                                  | 5,408                              | -                                  |
| Earnings Before Interest, Tax, Depreciation, Amortisation and related Impairments (EBITDA) | 2,482                              | 2,338                              | 1,247                              |
| Adjusted EBITDA (as defined above) excluding share-based payments                          | 2,673                              | 2,515                              | 1,247                              |
| Gross Margin percentage  | 39.7%                              | 38.4%                              | 39.5%                              |
|  | As at 31<br>March<br>2023<br>£'000 | As at 31<br>March<br>2022<br>£'000 | As at 31<br>March<br>2021<br>£'000 |
| Net Current Assets   | 3,024                              | 2,129                              | 716                                |
| Change in Net Current Assets   | 895                                | 1,413                              | 629                                |
| Net Assets   | 3,905                              | 2,986                              | 498                                |
| Change in Net Assets   | 919                                | 2,488                              | 159                                |
| Cash at Bank and in Hand   | 5,691                              | 4,338                              | 2,563                              |
| Change in Cash at Bank and in Hand   | 1,353                              | 1,775                              | 1,462                              |

# SWNS MEDIA GROUP LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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### Business environment

The news generation PR and Market Research sectors have been resilient to the significant economic and political challenges in the global environment and the group has continued to grow revenues 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 group is well positioned with its digital offering. 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 assessment 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 and Mr Andrew Jonesco our non-executive directors as well as 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 having zero 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.

### Directors' remuneration

The process of setting executive pay and bonuses for the directors is undertaken by the Governance Committee with changes to remuneration packages going through a formal review process and sign off.

### Future developments

On 5 April 2023 the group completed the acquisition of PinPep Media Limited to further enhance the 72 Point product offering.

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 growth 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.

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: 04/09/23

# SWNS MEDIA GROUP LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2023

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The directors present their annual report and financial statements for the year ended 31 March 2023.

#### 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. Dividends paid in the current year (see note 12) comprise a final dividend for the year ended 31 March 2022 of £508,946 and interim dividends for the year ended 31 March 2023 of £120,000. The directors do not recommend the payment of a final dividend for the year ended 31 March 2023.

#### 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.

#### Post reporting date events

On 5 April 2023, through its subsidiary 72 Point Limited, the group acquired 100% of the share capital of Pinpep Media Limited. The business operates in the UK in the video production industry. The trade and assets will be hived up into 72 Point Limited with immediate effect. The purchase consideration was £460,000.

#### 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 risk management disclosures and 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: 04/09/23  
.....

# **SWNS MEDIA GROUP LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2023**

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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 group and company 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**

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## **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 2023 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 2023 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)**

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### **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)

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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.

*T R Morgan*

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

05/09/23

# SWNS MEDIA GROUP LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

|   | Notes     | 2023<br>£    | 2022<br>£    |
|---|-----------|--------------|--------------|
| <b>Turnover</b>   | <b>3</b>  | 23,668,760   | 21,672,975   |
| Cost of sales   |           | (14,282,740) | (13,345,027) |
| <b>Gross profit</b>   |           | 9,386,020    | 8,327,948    |
| Administrative expenses                                     |           | (7,569,467)  | (6,698,709)  |
| Other operating income                                      | <b>4</b>  | 55,944       | 401,313      |
| <b>Operating profit</b>                                     | <b>7</b>  | 1,872,497    | 2,030,552    |
| Interest receivable and similar income                      | <b>10</b> | 7,074        | 459          |
| Interest payable and similar expenses                       | <b>11</b> | (3,819)      | (27,931)     |
| <b>Profit before taxation</b>                               |           | 1,875,752    | 2,003,080    |
| Tax on profit   | <b>13</b> | (496,662)    | (276,242)    |
| <b>Profit for the financial year</b>                        |           | 1,379,090    | 1,726,838    |
| <b>Other comprehensive income net of taxation</b>           |           |              |              |
| Currency translation differences                            |           | (21,406)     | (14,535)     |
| <b>Total comprehensive income for the year</b>              |           | 1,357,684    | 1,712,303    |
| Profit for the financial year is attributable to:           |           |              |              |
| - Owners of the parent company                              |           | 1,387,452    | 1,708,880    |
| - Non-controlling interests                                 |           | (8,362)      | 17,958       |
|   |           | 1,379,090    | 1,726,838    |
| Total comprehensive income for the year is attributable to: |           |              |              |
| - Owners of the parent company                              |           | 1,376,575    | 1,701,427    |
| - Non-controlling interests                                 |           | (18,891)     | 10,876       |
|   |           | 1,357,684    | 1,712,303    |

**SWNS MEDIA GROUP LIMITED****STATEMENTS OF FINANCIAL POSITION****AS AT 31 MARCH 2023**

|  | Notes | Group<br>2023<br>£ | 2022<br>£   | Company<br>2023<br>£ | 2022<br>£   |
|--|-------|--------------------|-------------|----------------------|-------------|
| <b>Fixed assets</b>  |       |                    |             |                      |             |
| Goodwill   | 14    | 450,000            | 876,064     | -                    | -           |
| Other intangible assets  | 14    | 231,534            | 93,167      | 195,429              | 27,000      |
|  |       |                    |             |                      |             |
| Total intangible assets  |       | 681,534            | 969,231     | 195,429              | 27,000      |
| Tangible assets  | 15    | 239,948            | 212,494     | 25,554               | 14,970      |
| Investments  | 16    | -                  | -           | 2,798,597            | 3,258,785   |
|  |       |                    |             |                      |             |
|  |       | 921,482            | 1,181,725   | 3,019,580            | 3,300,755   |
| <b>Current assets</b>  |       |                    |             |                      |             |
| Debtors  | 18    | 4,747,451          | 4,613,425   | 237,405              | 515,759     |
| Cash at bank and in hand                                       |       | 5,691,302          | 4,337,873   | 1,907,676            | 2,260,048   |
|  |       |                    |             |                      |             |
|  |       | 10,438,753         | 8,951,298   | 2,145,081            | 2,775,807   |
| <b>Creditors: amounts falling due within one year</b>          | 19    | (7,415,163)        | (6,822,533) | (2,006,074)          | (3,513,127) |
|  |       |                    |             |                      |             |
| <b>Net current assets</b>                                      |       | 3,023,590          | 2,128,765   | 139,007              | (737,320)   |
|  |       |                    |             |                      |             |
| <b>Total assets less current liabilities</b>                   |       | 3,945,072          | 3,310,490   | 3,158,587            | 2,563,435   |
|  |       |                    |             |                      |             |
| <b>Creditors: amounts falling due after more than one year</b> | 20    | -                  | (273,386)   | -                    | (273,386)   |
|  |       |                    |             |                      |             |
| <b>Provisions for liabilities</b>                              | 22    | (39,578)           | (50,989)    | (5,136)              | (3,607)     |
|  |       |                    |             |                      |             |
| <b>Net assets</b>  |       | 3,905,494          | 2,986,115   | 3,153,451            | 2,286,442   |
|  |       |                    |             |                      |             |
| <b>Capital and reserves</b>                                    |       |                    |             |                      |             |
| Called up share capital  | 24    | 149                | 149         | 149                  | 149         |
| Share premium account  | 25    | 935,533            | 935,533     | 935,533              | 935,533     |
| Share-based payment reserve                                    | 25    | 677,744            | 402,622     | 677,744              | 402,622     |
| Merger reserve   | 25    | (593,625)          | (593,625)   | -                    | -           |
| Profit and loss reserves                                       | 25    | 2,994,643          | 2,331,495   | 1,540,025            | 948,138     |
|  |       |                    |             |                      |             |
| <b>Equity attributable to owners of the parent company</b>     |       | 4,014,444          | 3,076,174   | 3,153,451            | 2,286,442   |
| <b>Non-controlling interests</b>                               |       | (108,950)          | (90,059)    | -                    | -           |
|  |       |                    |             |                      |             |
|  |       | 3,905,494          | 2,986,115   | 3,153,451            | 2,286,442   |

# SWNS MEDIA GROUP LIMITED

## STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2023

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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 and total comprehensive income for the year was £1,305,314 (2022 - £1,227,777).

The financial statements were approved by the board of directors and authorised for issue on 04/09/23 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 2023

|  | Notes | Share capital<br>£ | Share premium account<br>£ | Share-based payment reserve<br>£ | Merger reserve<br>£ | Profit and loss reserves<br>£ | Total controlling interest<br>£ | Non-controlling interest<br>£ | Total<br>£ |
|--|-------|--------------------|----------------------------|----------------------------------|---------------------|-------------------------------|---------------------------------|-------------------------------|------------|
| <b>Balance at 1 April 2021</b>                                 |       | 130                | -                          | -                                | (593,625)           | 958,850                       | 365,355                         | 132,441                       | 497,796    |
| <b>Year ended 31 March 2022:</b>                               |       |                    |                            |                                  |                     |                               |                                 |                               |            |
| 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   |       | 19                 | 935,533                    | -                                | -                   | -                             | 935,552                         | -                             | 935,552    |
| Dividends  | 12    | -                  | -                          | -                                | -                   | (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             |       | -                  | -                          | -                                | -                   | -                             | -                               | (61,349)                      | (61,349)   |
| Purchase of shares in subsidiary from non-controlling interest |       | -                  | -                          | -                                | -                   | (92,000)                      | (92,000)                        | -                             | (92,000)   |
| Transfer on purchase of shares in subsidiary                   |       | -                  | -                          | -                                | -                   | 172,027                       | 172,027                         | (172,027)                     | -          |
| <b>Balance at 31 March 2022</b>                                |       | 149                | 935,533                    | 402,622                          | (593,625)           | 2,331,495                     | 3,076,174                       | (90,059)                      | 2,986,115  |

# **SWNS MEDIA GROUP LIMITED**

## **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)** **FOR THE YEAR ENDED 31 MARCH 2023**

|   | Notes | Share capital<br>£ | Share premium account<br>£ | Share-based payment reserve<br>£ | Merger reserve<br>£ | Profit and loss reserves<br>£ | Total controlling interest<br>£ | Non-controlling interest<br>£ | Total<br>£       |
|---|-------|--------------------|----------------------------|----------------------------------|---------------------|-------------------------------|---------------------------------|-------------------------------|------------------|
| <b>Year ended 31 March 2023:</b>                  |       |                    |                            |                                  |                     |                               |                                 |                               |                  |
| Profit for the year                               |       | -                  | -                          | -                                | -                   | 1,387,452                     | 1,387,452                       | (8,362)                       | 1,379,090        |
| Other comprehensive income net of taxation:       |       |                    |                            |                                  |                     |                               |                                 |                               |                  |
| Currency translation differences                  |       | -                  | -                          | -                                | -                   | (21,406)                      | (21,406)                        | -                             | (21,406)         |
| Amounts attributable to non-controlling interests |       | -                  | -                          | -                                | -                   | 10,529                        | 10,529                          | (10,529)                      | -                |
| Total comprehensive income for the year           |       | -                  | -                          | -                                | -                   | 1,376,575                     | 1,376,575                       | (18,891)                      | 1,357,684        |
| Dividends   | 12    | -                  | -                          | -                                | -                   | (628,946)                     | (628,946)                       | -                             | (628,946)        |
| Share-based payments                              | 9     | -                  | -                          | 190,641                          | -                   | -                             | 190,641                         | -                             | 190,641          |
| Share-based payment reserve transfers             | 9     | -                  | -                          | 84,481                           | -                   | (84,481)                      | -                               | -                             | -                |
| <b>Balance at 31 March 2023</b>                   |       | <b>149</b>         | <b>935,533</b>             | <b>677,744</b>                   | <b>(593,625)</b>    | <b>2,994,643</b>              | <b>4,014,444</b>                | <b>(108,950)</b>              | <b>3,905,494</b> |

# SWNS MEDIA GROUP LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

|  | Notes | Share capital<br>£ | Share premium account<br>£ | Share-based payment reserve<br>£ | Profit and loss reserves<br>£ | Total<br>£ |
|--|-------|--------------------|----------------------------|----------------------------------|-------------------------------|------------|
| <b>Balance at 1 April 2021</b>                     |       | 130                | -                          | -                                | 129,170                       | 129,300    |
| <b>Year ended 31 March 2022:</b>                   |       |                    |                            |                                  |                               |            |
| Profit and total comprehensive income for the year |       | -                  | -                          | -                                | 1,227,777                     | 1,227,777  |
| Issue of share capital                             |       | 19                 | 935,533                    | -                                | -                             | 935,552    |
| Dividends  | 12    | -                  | -                          | -                                | (183,500)                     | (183,500)  |
| Share-based payments                               | 9     | -                  | -                          | 177,313                          | -                             | 177,313    |
| Share-based payment reserve transfers              | 9     | -                  | -                          | 225,309                          | (225,309)                     | -          |
| <b>Balance at 31 March 2022</b>                    |       | 149                | 935,533                    | 402,622                          | 948,138                       | 2,286,442  |
| <b>Year ended 31 March 2023:</b>                   |       |                    |                            |                                  |                               |            |
| Profit and total comprehensive income for the year |       | -                  | -                          | -                                | 1,305,314                     | 1,305,314  |
| Dividends  | 12    | -                  | -                          | -                                | (628,946)                     | (628,946)  |
| Share-based payments                               | 9     | -                  | -                          | 190,641                          | -                             | 190,641    |
| Share-based payment reserve transfers              | 9     | -                  | -                          | 84,481                           | (84,481)                      | -          |
| <b>Balance at 31 March 2023</b>                    |       | 149                | 935,533                    | 677,744                          | 1,540,025                     | 3,153,451  |



# SWNS MEDIA GROUP LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

|   | Notes | 2023<br>£          | £         | 2022<br>£        | £ |
|---|-------|--------------------|-----------|------------------|---|
| <b>Cash flows from operating activities</b>                   |       |                    |           |                  |   |
| Cash generated from operations                                | 26    | 3,287,151          |           | 1,527,899        |   |
| Interest paid   |       | (3,819)            |           | (27,931)         |   |
| Corporate taxes paid  |       | (588,169)          |           | (407,023)        |   |
| <b>Net cash inflow from operating activities</b>              |       | <b>2,695,163</b>   |           | <b>1,092,945</b> |   |
| <b>Investing activities</b>                                   |       |                    |           |                  |   |
| Cash acquired with subsidiary                                 |       | -                  | 1,320,615 |                  |   |
| Purchase of non-controlling interest                          |       | -                  | (66,000)  |                  |   |
| Purchase of intangible assets                                 |       | (174,119)          | (34,615)  |                  |   |
| Purchase of tangible fixed assets                             |       | (172,649)          | (131,473) |                  |   |
| Proceeds on disposal of tangible fixed assets                 |       | 292                | -         |                  |   |
| Interest received   |       | 7,074              | 459       |                  |   |
| <b>Net cash (used in)/generated from investing activities</b> |       | <b>(339,402)</b>   |           | <b>1,088,986</b> |   |
| <b>Financing activities</b>                                   |       |                    |           |                  |   |
| Repayment of bank loans                                       |       | (373,386)          | (223,283) |                  |   |
| Dividends paid to equity shareholders                         |       | (628,946)          | (183,500) |                  |   |
| <b>Net cash used in financing activities</b>                  |       | <b>(1,002,332)</b> |           | <b>(406,783)</b> |   |
| <b>Net increase in cash and cash equivalents</b>              |       | <b>1,353,429</b>   |           | <b>1,775,148</b> |   |
| Cash and cash equivalents at beginning of year                |       | 4,337,873          |           | 2,562,725        |   |
| <b>Cash and cash equivalents at end of year</b>               |       | <b>5,691,302</b>   |           | <b>4,337,873</b> |   |

# SWNS MEDIA GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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### 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 Unit A, Abbey Wood Business Park, Emma Chris Way, Filton, Bristol, United Kingdom, 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 including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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 2023. 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. Any non-controlling interest in the acquiree is recognised at the non-controlling interest's share of the acquiree's net identifiable assets, liabilities and provisions for contingent liabilities recognised at the acquisition date.

# SWNS MEDIA GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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### 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, followed by the war in Ukraine and cost-of-living crisis in the UK, have been at the forefront 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 Board has specifically prepared forecasts to October 2024 in its formal assessment of going concern.

The group continues to have healthy cash reserves, which have increased by £1.35m 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 completed the accelerated repayments on its Coronavirus Business Interruption Loan Scheme (CBILS) loan and repaid this in November 2022, leaving the group debt free.

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.

There are several different revenue streams within the group and these have different revenue recognition policies depending on the nature of goods or services being provided.

#### News business

The News business operates under four types of revenue stream:

- Subscription revenue – fixed price subscriptions are recognised in accordance with the underlying contract on a monthly basis.
- Self-billing revenue – where self-billing arrangements exist, the directors identify usage in the period by customer and make an accrual for all income earned from used content but not invoiced at the reporting date.
- Ad-hoc revenue – revenue is recognised on sale of the news content or service.
- Revenue Share – where the company has revenue share agreements in place with third party content publishers, revenue is recognised when sales reports are provided by the third party company.

#### PR business

The PR businesses operate under four types of revenue stream:

- Standard PR packages – revenue on standard packages is recognised in three equal instalments based on the output method as each of the three phases of work on a project are completed.
- Research Only – revenue from standalone research projects is recognised in full on completion of the research work.
- Retainers – revenue from retainers is recognised monthly in line with the underlying contract.
- Bespoke projects – revenue and profit margin on bespoke projects is recognised only to the extent of the expenses recognised that it is probable will be recovered.

# SWNS MEDIA GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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### 1 Accounting policies (Continued)

#### **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.

#### **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                              |
| Intangible assets under construction | Not amortised (until completed and brought into use) |

#### **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 2023

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### 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 (being the transaction price less any amounts settled and any impairment losses) 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.

A provision for impairment of basic financial instruments is established when there is objective evidence that the amounts due will not be recoverable according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the instrument over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised are recognised immediately in profit or loss.

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 2023

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### 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.

#### **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 Black-Scholes model is considered to apply the most appropriate valuation method due to the relatively short contractual lives of the options and the requirement to exercise within a short period after the employee becomes entitled to the shares. 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.

# SWNS MEDIA GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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### 1 Accounting policies (Continued)

#### **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.

#### **Government grants**

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 2023

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### 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. Prepayments and accrued income (see note 18) includes accrued income of £61,204 (2022 - £nil). Accruals and deferred income (see note 19) includes deferred income of £3,921,839 (2022 - £3,197,592).

#### **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. An impairment charge has been recognised in the year ended 31 March 2023 as disclosed in note 14.

#### **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. An impairment charge has been recognised in the year ended 31 March 2023 as disclosed in note 16.



# SWNS MEDIA GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 3 Turnover and other revenue

|   | 2023<br>£  | 2022<br>£  |
|---|------------|------------|
| <b>Turnover analysed by class of business</b> |            |            |
| Provision of media services                   | 23,668,760 | 21,672,975 |

|   | 2023<br>£  | 2022<br>£  |
|---|------------|------------|
| <b>Turnover analysed by geographical market</b> |            |            |
| United Kingdom                                  | 16,249,590 | 14,260,818 |
| Rest of Europe                                  | 1,139,029  | 1,278,706  |
| Rest of World                                   | 6,280,141  | 6,133,451  |
|   | 23,668,760 | 21,672,975 |

### 4 Other operating income

|                                       | 2023<br>£ | 2022<br>£ |
|---------------------------------------|-----------|-----------|
| Rent receivable                       | 33,000    | 24,921    |
| Government grants                     | -         | 11,346    |
| Other coronavirus support (see below) | -         | 276,183   |
| Other income                          | 22,944    | 88,863    |
|                                       | 55,944    | 401,313   |

In the comparative period, government grants comprised a Business Interruption Payment relating to the CBILS loan (see note 21), and other coronavirus support reflected 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.

# SWNS MEDIA GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 5 Employees

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

|                | <b>Group<br/>2023<br/>Number</b> | <b>2022<br/>Number</b> | <b>Company<br/>2023<br/>Number</b> | <b>2022<br/>Number</b> |
|----------------|----------------------------------|------------------------|------------------------------------|------------------------|
| Operations     | 189                              | 182                    | 1                                  | 1                      |
| Administrative | 45                               | 40                     | 26                                 | 23                     |
| <b>Total</b>   | <b>234</b>                       | <b>222</b>             | <b>27</b>                          | <b>24</b>              |

Their aggregate remuneration comprised:

|                       | <b>Group<br/>2023<br/>£</b> | <b>2022<br/>£</b> | <b>Company<br/>2023<br/>£</b> | <b>2022<br/>£</b> |
|-----------------------|-----------------------------|-------------------|-------------------------------|-------------------|
| Wages and salaries    | 13,246,198                  | 11,229,056        | 1,640,423                     | 1,453,214         |
| Social security costs | 1,567,301                   | 1,316,626         | 167,298                       | 136,140           |
| Pension costs         | 301,501                     | 274,773           | 58,668                        | 22,941            |
|                       | <b>15,115,000</b>           | <b>12,820,455</b> | <b>1,866,389</b>              | <b>1,612,295</b>  |

### 6 Directors' remuneration

|   | <b>2023<br/>£</b> | <b>2022<br/>£</b> |
|---|-------------------|-------------------|
| Remuneration for qualifying services                          | 1,400,894         | 1,148,341         |
| Company pension contributions to defined contribution schemes | 63,170            | 43,466            |
|   | <b>1,464,064</b>  | <b>1,191,807</b>  |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2022 - 5).

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

|   | <b>2023<br/>£</b> | <b>2022<br/>£</b> |
|---|-------------------|-------------------|
| Remuneration for qualifying services                          | 323,980           | 330,441           |
| Company pension contributions to defined contribution schemes | 7,500             | 7,500             |

# SWNS MEDIA GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 7 Operating profit

|   | 2023<br>£ | 2022<br>£ |
|---|-----------|-----------|
| Operating profit for the year is stated after charging/(crediting): |           |           |
| Exchange differences  | (35,927)  | (15,878)  |
| Depreciation of owned tangible fixed assets                         | 147,593   | 121,043   |
| Profit on disposal of tangible fixed assets                         | (292)     | -         |
| Amortisation of intangible assets                                   | 133,527   | 186,875   |
| Impairment of goodwill  | 328,723   | -         |
| Share-based payments  | 190,641   | 177,313   |
| Operating lease charges   | 478,883   | 600,254   |

In the statement of comprehensive income, the amortisation of intangible assets and charges relating to the impairment of goodwill are included within administrative expenses.

### 8 Auditor's remuneration

|  | 2023<br>£ | 2022<br>£ |
|--|-----------|-----------|
| Fees payable to the company's auditor and associates:      |           |           |
| <b>For audit services</b>                                  |           |           |
| Audit of the financial statements of the group and company | 55,500    | 51,500    |

# SWNS MEDIA GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 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.

|                                      | 2023<br>Number of<br>options | 2023<br>Market value<br>exercise price<br>£ | 2022<br>Number of<br>options | 2022<br>Market value<br>exercise price<br>£ |
|--------------------------------------|------------------------------|---|------------------------------|---|
| Outstanding options at start of year | 2,761                        | 97.05                                       | 1,610                        | 86.64                                       |
| Granted during the year              | 572                          | 168.63                                      | 1,151                        | 111.61                                      |
| Forfeited during the year            | -                            |   | -                            |   |
| Exercised during the year            | -                            |   | -                            |   |
| Expired during the year              | -                            |   | -                            |   |
| Outstanding options at end of year   | <u>3,333</u>                 | 109.33                                      | <u>2,761</u>                 | 97.05                                       |

All outstanding options are exercisable.

In the comparative figures disclosed above, 287 options have been added to the number of outstanding options brought forward at the start of the year to account for options not disclosed here in previous years.

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. An actual market value of £168.63 was agreed with HMRC on 31 August 2022 for the purpose of granting further options on 13 December 2022. The terms and conditions attaching to these options are the same as those granted previously. The weighted average fair value of options granted is determined using the Black-Scholes option pricing model.

In the comparative year, in addition to the share-based payment charge of £177,313 recognised that year, £225,309 was transferred from the profit and loss reserve to the share-based payment reserve to account for charges not recognised in previous years. The equivalent transfer in the current year is £84,481.

# SWNS MEDIA GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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### 10 Interest receivable and similar income

|                           | 2023  | 2022 |
|---------------------------|-------|------|
|                           | £     | £    |
| <b>Interest income</b>    |       |      |
| Interest on bank deposits | 7,074 | 459  |

### 11 Interest payable and similar expenses

|                                       | 2023         | 2022          |
|---------------------------------------|--------------|---------------|
|                                       | £            | £             |
| Interest on bank overdrafts and loans | 3,819        | 24,834        |
| Interest on other loans               | -            | 2,481         |
| Other interest                        | -            | 616           |
| <b>Total finance costs</b>            | <b>3,819</b> | <b>27,931</b> |

### 12 Dividends

|  | 2023    | 2022    |
|--|---------|---------|
|  | £       | £       |
| Recognised as distributions to equity holders: |         |         |
| Paid in the year                               | 628,946 | 183,500 |

Dividends paid in the current year comprise a final dividend for the year ended 31 March 2022 of £508,946 and interim dividends for the year ended 31 March 2023 of £120,000.

In the comparative period, dividends paid comprised 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.

# SWNS MEDIA GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 13 Taxation

|  | 2023<br>£ | 2022<br>£ |
|--|-----------|-----------|
| <b>Current tax</b>   |           |           |
| UK corporation tax on profits for the current period                 | 504,640   | 501,321   |
| Adjustments in respect of prior periods                              | -         | 192       |
| Total UK current tax   | 504,640   | 501,513   |
| Foreign current tax on profits for the current period                | 3,433     | (566)     |
| Total current tax  | 508,073   | 500,947   |
| <b>Deferred tax</b>  |           |           |
| Origination and reversal of timing differences                       | (11,411)  | 5,295     |
| Deferred tax credit relating to losses arising in foreign subsidiary | -         | (230,000) |
| Total deferred tax   | (11,411)  | (224,705) |
| Total tax charge   | 496,662   | 276,242   |

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:

|  | 2023<br>£ | 2022<br>£ |
|--|-----------|-----------|
| Profit before taxation   | 1,875,752 | 2,003,080 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%) | 356,393   | 380,585   |
| Tax effect of expenses that are not deductible in determining taxable profit                         | 89,830    | 14,042    |
| 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       |
| Fixed asset differences  | (7,562)   | (1,516)   |
| Amortisation on assets not qualifying for tax allowances   | 18,495    | 18,495    |
| Share based payment charge   | 36,222    | 33,689    |
| Effect of overseas tax rates   | 6,023     | 51,628    |
| Remeasurement of deferred tax for changes in tax rates   | (2,739)   | 12,238    |
| Taxation charge  | 496,662   | 276,242   |

#### 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 2023

### 14 Intangible fixed assets

| Group                              | Goodwill | Website & software development | Intangible assets under construction | Total     |
|------------------------------------|----------|--------------------------------|--------------------------------------|-----------|
|                                    | £        | £                              | £                                    | £         |
| <b>Cost</b>                        |          |                                |                                      |           |
| At 1 April 2022                    | 973,405  | 337,209                        | 27,000                               | 1,337,614 |
| Additions                          | -        | 15,901                         | 158,218                              | 174,119   |
| Transfers                          | -        | 65,100                         | (65,100)                             | -         |
| Exchange adjustments               | -        | 471                            | -                                    | 471       |
| At 31 March 2023                   | 973,405  | 418,681                        | 120,118                              | 1,512,204 |
| <b>Amortisation and impairment</b> |          |                                |                                      |           |
| At 1 April 2022                    | 97,341   | 271,042                        | -                                    | 368,383   |
| Amortisation charged for the year  | 97,341   | 36,186                         | -                                    | 133,527   |
| Impairment losses                  | 328,723  | -                              | -                                    | 328,723   |
| Exchange adjustments               | -        | 37                             | -                                    | 37        |
| At 31 March 2023                   | 523,405  | 307,265                        | -                                    | 830,670   |
| <b>Carrying amount</b>             |          |                                |                                      |           |
| At 31 March 2023                   | 450,000  | 111,416                        | 120,118                              | 681,534   |
| At 31 March 2022                   | 876,064  | 66,167                         | 27,000                               | 969,231   |

Impairment losses relate to the group's interest in 72 Point Inc.

| Company                            | Website & software development | Intangible assets under construction | Total   |
|------------------------------------|--------------------------------|--------------------------------------|---------|
|                                    | £                              | £                                    | £       |
| <b>Cost</b>                        |                                |                                      |         |
| At 1 April 2022                    | -                              | 27,000                               | 27,000  |
| Additions                          | 15,901                         | 158,218                              | 174,119 |
| Transfers                          | 65,100                         | (65,100)                             | -       |
| At 31 March 2023                   | 81,001                         | 120,118                              | 201,119 |
| <b>Amortisation and impairment</b> |                                |                                      |         |
| At 1 April 2022                    | -                              | -                                    | -       |
| Amortisation charged for the year  | 5,690                          | -                                    | 5,690   |
| At 31 March 2023                   | 5,690                          | -                                    | 5,690   |
| <b>Carrying amount</b>             |                                |                                      |         |
| At 31 March 2023                   | 75,311                         | 120,118                              | 195,429 |
| At 31 March 2022                   | -                              | 27,000                               | 27,000  |

# SWNS MEDIA GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 15 Tangible fixed assets

| Group                              | Computer<br>equipment<br>£          | Fixtures and<br>fittings<br>£          | Motor<br>vehicles<br>£ | Total<br>£ |
|------------------------------------|-------------------------------------|--|------------------------|------------|
| <b>Cost</b>                        |                                     |  |                        |            |
| At 1 April 2022                    | 577,361                             | 260,951                                | 4,755                  | 843,067    |
| Additions                          | 106,837                             | 65,812                                 | -                      | 172,649    |
| Disposals                          | (247,142)                           | -                                      | -                      | (247,142)  |
| Exchange adjustments               | 4,128                               | -                                      | -                      | 4,128      |
| At 31 March 2023                   | 441,184                             | 326,763                                | 4,755                  | 772,702    |
| <b>Depreciation and impairment</b> |                                     |  |                        |            |
| At 1 April 2022                    | 412,433                             | 214,052                                | 4,088                  | 630,573    |
| Depreciation charged in the year   | 114,293                             | 32,633                                 | 667                    | 147,593    |
| Eliminated in respect of disposals | (247,142)                           | -                                      | -                      | (247,142)  |
| Exchange adjustments               | 1,730                               | -                                      | -                      | 1,730      |
| At 31 March 2023                   | 281,314                             | 246,685                                | 4,755                  | 532,754    |
| <b>Carrying amount</b>             |                                     |  |                        |            |
| At 31 March 2023                   | 159,870                             | 80,078                                 | -                      | 239,948    |
| At 31 March 2022                   | 164,928                             | 46,899                                 | 667                    | 212,494    |
| <b>Company</b>                     | <b>Computer<br/>equipment<br/>£</b> | <b>Fixtures and<br/>fittings<br/>£</b> | <b>Total<br/>£</b>     |            |
| <b>Cost</b>                        |                                     |  |                        |            |
| At 1 April 2022                    | 13,362                              | 4,375                                  | 17,737                 |            |
| Additions                          | 22,324                              | 1,023                                  | 23,347                 |            |
| Disposals                          | (1,148)                             | -                                      | (1,148)                |            |
| At 31 March 2023                   | 34,538                              | 5,398                                  | 39,936                 |            |
| <b>Depreciation and impairment</b> |                                     |  |                        |            |
| At 1 April 2022                    | 2,281                               | 486                                    | 2,767                  |            |
| Depreciation charged in the year   | 10,963                              | 1,800                                  | 12,763                 |            |
| Eliminated in respect of disposals | (1,148)                             | -                                      | (1,148)                |            |
| At 31 March 2023                   | 12,096                              | 2,286                                  | 14,382                 |            |
| <b>Carrying amount</b>             |                                     |  |                        |            |
| At 31 March 2023                   | 22,442                              | 3,112                                  | 25,554                 |            |
| 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 2023

### 16 Fixed asset investments

|   | Notes | Group<br>2023<br>£ | 2022<br>£ | Company<br>2023<br>£ | 2022<br>£   |
|---|-------|--------------------|-----------|----------------------|---|
| Investments in subsidiaries                 | 17    | -                  | -         | 2,798,597            | 3,258,785   |
| <b>Movements in fixed asset investments</b> |       |                    |           |                      |   |
| <b>Company</b>                              |       |                    |           |                      | <b>Shares in<br/>group<br/>undertakings<br/>£</b> |
| <b>Cost or valuation</b>                    |       |                    |           |                      |   |
| At 1 April 2022                             |       |                    |           |                      | 3,258,785   |
| Additions                                   |       |                    |           |                      | 200   |
| Disposals                                   |       |                    |           |                      | (836)   |
| At 31 March 2023                            |       |                    |           |                      | 3,258,149   |
| <b>Impairment</b>                           |       |                    |           |                      |   |
| At 1 April 2022                             |       |                    |           |                      | -   |
| Impairment losses                           |       |                    |           |                      | 459,552   |
| At 31 March 2023                            |       |                    |           |                      | 459,552   |
| <b>Carrying amount</b>                      |       |                    |           |                      |   |
| At 31 March 2023                            |       |                    |           |                      | 2,798,597   |
| At 31 March 2022                            |       |                    |           |                      | 3,258,785   |

Additions reflect the incorporation of Every Media Group Limited on 11 October 2022 and Talker Media Limited on 3 March 2023. Disposals reflect interests in a former dormant subsidiary SWNS USA Inc which was dissolved on 31 January 2023. Impairment losses relate to the company's investment in 72 Point Inc.

# SWNS MEDIA GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 17 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are set out below. After the year end, the group acquired a further subsidiary (see note 31).

| 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 | -        |
| Every Media Group Limited       | Dormant                              | Ordinary             | 100.00 | -        |
| Talker Media Limited            | Dormant                              | Ordinary             | 100.00 | -        |

The registered office of all these companies is Media Centre Unit A, Abbey Wood Business Park, Emma Chris Way, Filton, Bristol, United Kingdom, BS34 7JU except 72 Point Inc which is 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. The dormant subsidiaries are audit exempt by virtue of S480 of the Companies Act 2006.

A former subsidiary SWNS USA Inc, which was dormant throughout the year and previous year, was dissolved on 31 January 2023.

### 18 Debtors

|   | Group<br>2023    | 2022             | Company<br>2023 | 2022           |
|---|------------------|------------------|-----------------|----------------|
|   | £                | £                | £               | £              |
| <b>Amounts falling due within one year:</b> |                  |                  |                 |                |
| Trade debtors                               | 3,706,611        | 3,309,828        | -               | 7,401          |
| Amounts owed by group undertakings          | -                | -                | 19,252          | -              |
| Other debtors                               | 58,609           | 360,871          | 23,561          | 304,000        |
| Prepayments and accrued income              | 752,231          | 712,726          | 194,592         | 204,358        |
|   | <u>4,517,451</u> | <u>4,383,425</u> | <u>237,405</u>  | <u>515,759</u> |
| Deferred tax asset (note 22)                | 230,000          | 230,000          | -               | -              |
|   | <u>4,747,451</u> | <u>4,613,425</u> | <u>237,405</u>  | <u>515,759</u> |

# SWNS MEDIA GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 19 Creditors: amounts falling due within one year

|                                    | Notes | Group<br>2023<br>£ | 2022<br>£        | Company<br>2023<br>£ | 2022<br>£        |
|------------------------------------|-------|--------------------|------------------|----------------------|------------------|
| Bank loans                         | 21    | -                  | 100,000          | -                    | 100,000          |
| Trade creditors                    |       | 695,299            | 772,837          | 135,079              | 131,756          |
| Amounts owed to group undertakings |       | -                  | -                | 1,492,379            | 2,977,392        |
| Corporation tax payable            |       | 234,225            | 314,321          | -                    | -                |
| Other taxation and social security |       | 927,421            | 857,122          | 128,657              | 118,045          |
| Other creditors                    |       | 136,448            | 73,640           | 66,758               | 3,967            |
| Accruals and deferred income       |       | 5,421,770          | 4,704,613        | 183,201              | 181,967          |
|                                    |       | <u>7,415,163</u>   | <u>6,822,533</u> | <u>2,006,074</u>     | <u>3,513,127</u> |

### 20 Creditors: amounts falling due after more than one year

|            | Notes | Group<br>2023<br>£ | 2022<br>£ | Company<br>2023<br>£ | 2022<br>£ |
|------------|-------|--------------------|-----------|----------------------|-----------|
| Bank loans | 21    | -                  | 273,386   | -                    | 273,386   |

### 21 Borrowings

|                         | Group<br>2023<br>£ | 2022<br>£ | Company<br>2023<br>£ | 2022<br>£ |
|-------------------------|--------------------|-----------|----------------------|-----------|
| Bank loans              | -                  | 373,386   | -                    | 373,386   |
| Payable within one year | -                  | 100,000   | -                    | 100,000   |
| Payable after one year  | -                  | 273,386   | -                    | 273,386   |

The group has an overdraft facility within SWNS Media Group Limited which is secured against the group's assets. The facility was not drawn down at any time during the year or previous year.

In the comparative period, bank loans included £500,000 drawn down in July 2020 under the Coronavirus Business Interruption Loan Scheme ('CBILS'). The loan bore floating rate interest at a margin of 3.790% and was repayable in 60 monthly instalments of £8,333 after an initial repayment holiday of twelve months. The arrangement included a Business Interruption Payment ('BIP') under which the UK Government bore the interest for the first twelve months after draw down. The loan was guaranteed by the UK Government. The group had been making accelerated repayments since February 2022 of an additional £30,000 per month and continued those accelerated repayments during the year, thereby fully repaying the loan during the year.

# SWNS MEDIA GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 22 Deferred taxation

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

|  | Liabilities<br>2023<br>£ | Liabilities<br>2022<br>£ | Assets<br>2023<br>£         | Assets<br>2022<br>£           |
|--|--------------------------|--------------------------|-----------------------------|-------------------------------|
| <b>Group</b>                           |                          |                          |                             |                               |
| Fixed asset timing differences         | (50,704)                 | (54,373)                 | -                           | -                             |
| Losses and other deductions            | 39                       | -                        | -                           | -                             |
| Losses relating to foreign subsidiary  | -                        | -                        | 230,000                     | 230,000                       |
| Short term timing differences          | 11,087                   | 3,384                    | -                           | -                             |
|  | <u>(39,578)</u>          | <u>(50,989)</u>          | <u>230,000</u>              | <u>230,000</u>                |
|  |                          |                          |                             |                               |
|  | Liabilities<br>2023<br>£ | Liabilities<br>2022<br>£ | Assets<br>2023<br>£         | Assets<br>2022<br>£           |
| <b>Company</b>                         |                          |                          |                             |                               |
| Fixed asset timing differences         | (6,389)                  | (3,743)                  | -                           | -                             |
| Short term timing differences          | 1,253                    | 136                      | -                           | -                             |
|  | <u>(5,136)</u>           | <u>(3,607)</u>           | <u>-</u>                    | <u>-</u>                      |
|  |                          |                          |                             |                               |
|  |                          |                          | <b>Group<br/>2023<br/>£</b> | <b>Company<br/>2023<br/>£</b> |
| <b>Movements in the year:</b>          |                          |                          |                             |                               |
| Net asset/(liability) at 1 April 2022  |                          |                          | 179,011                     | (3,607)                       |
| Credit/(charge) to profit or loss      |                          |                          | 11,411                      | (1,529)                       |
| Net asset/(liability) at 31 March 2023 |                          |                          | <u>190,422</u>              | <u>(5,136)</u>                |

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.

### 23 Retirement benefit schemes

|   | 2023<br>£      | 2022<br>£      |
|---|----------------|----------------|
| <b>Defined contribution schemes</b>                                 |                |                |
| Charge to profit or loss in respect of defined contribution schemes | <u>301,501</u> | <u>274,773</u> |

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. At the year end, pension contributions of £44,096 (2022 - £34,117) were included in other creditors (note 19).

# SWNS MEDIA GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 24 Share capital

|                               | Group and Company |        |      |      |
|-------------------------------|-------------------|--------|------|------|
|                               | 2023              | 2022   | 2023 | 2022 |
|                               | Number            | Number | £    | £    |
| <b>Ordinary share capital</b> |                   |        |      |      |
| <b>Issued and fully paid</b>  |                   |        |      |      |
| Ordinary shares of 1p each    | 14,890            | 14,890 | 149  | 149  |

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.

### 25 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.

### 26 Cash generated from group operations

|  | 2023             | 2022             |
|--|------------------|------------------|
|  | £                | £                |
| Profit for the year after tax                        | 1,379,090        | 1,726,838        |
| <b>Adjustments for:</b>                              |                  |                  |
| Taxation charged                                     | 496,662          | 276,242          |
| Finance costs  | 3,819            | 27,931           |
| Investment income                                    | (7,074)          | (459)            |
| Gain on disposal of tangible fixed assets            | (292)            | -                |
| Amortisation and impairment of intangible assets     | 462,250          | 186,875          |
| Depreciation and impairment of tangible fixed assets | 147,593          | 121,043          |
| Equity settled share based payment expense           | 190,641          | 177,313          |
| <b>Movements in working capital:</b>                 |                  |                  |
| Increase in debtors                                  | (134,026)        | (8,454)          |
| Increase/(decrease) in creditors                     | 748,488          | (979,430)        |
| <b>Cash generated from operations</b>                | <b>3,287,151</b> | <b>1,527,899</b> |

# SWNS MEDIA GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 27 Analysis of changes in net funds - group

|                                 | 1 April 2022<br>£ | Cash flows<br>£  | 31 March 2023<br>£ |
|---------------------------------|-------------------|------------------|--------------------|
| Cash at bank and in hand        | 4,337,873         | 1,353,429        | 5,691,302          |
| Borrowings excluding overdrafts | (373,386)         | 373,386          | -                  |
|                                 | <u>3,964,487</u>  | <u>1,726,815</u> | <u>5,691,302</u>   |

### 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<br>2023<br>£ | 2022<br>£        | Company<br>2023<br>£ | 2022<br>£ |
|----------------------------|--------------------|------------------|----------------------|-----------|
| Within one year            | 280,183            | 333,316          | -                    | -         |
| Between one and five years | 508,026            | 786,667          | -                    | -         |
| In over five years         | 27,000             | 46,500           | -                    | -         |
|                            | <u>815,209</u>     | <u>1,166,483</u> | <u>-</u>             | <u>-</u>  |

### 29 Capital commitments

Amounts contracted for but not provided in the financial statements:

|                                  | Group<br>2023<br>£ | 2022<br>£ | Company<br>2023<br>£ | 2022<br>£ |
|----------------------------------|--------------------|-----------|----------------------|-----------|
| Acquisition of intangible assets | <u>155,818</u>     | <u>-</u>  | <u>155,818</u>       | <u>-</u>  |

# SWNS MEDIA GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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### 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 £256,098 (2022 - £75,145), £110,456 (2022 - £32,410) and £256,098 (2022 - £75,145) 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 £61,750 (2022 - these directors in aggregate owed the group £278,900 which was 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 £256,656 (2022 - £367,924) for services rendered to the group. No amounts were outstanding at the beginning or end of the year.

During the year, a group company wrote off the remaining loan balance to Oblong Films Limited, a company that was previously partly owned by some of the shareholders of SWNS Media Group Limited. The amount was written off on 20 July 2022 and totalled £5,451.

During the year, a group company had transactions totalling £2,170 with Council of Photographic News Agencies Limited, a company of which one of the group's directors is a director.

#### **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.

### 31 Events after the reporting date

On 5 April 2023, through its subsidiary 72 Point Limited, the group acquired 100% of the share capital of Pinpep Media Limited. The business operates in the UK in the video production industry. The trade and assets will be hived up into 72 Point Limited with immediate effect. The purchase consideration was £460,000.