
PINKNEWS MEDIA LTD

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

PINKNEWS MEDIA LTD

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | R C Cohen B M Cohen A Millet Dr Anthony James |
| Company secretary | R C Cohen and Mrs R L Cohen |
| Registered number | 05653301 |
| Registered office | Wisteria Grange Barn Pikes End Pinner London HA5 2EX |
| Accountants | Nyman Libson Paul LLP Chartered Accountants 124 Finchley Road London NW3 5JS |

PINKNEWS MEDIA LTD

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Principal activity

The principal activity of the company is a digital media and events business. The company operates a number of global brands for the LGBTQ+ community and the next generation. The company's mission is to inform, inspire change and empower people to be themselves.

Company name

During the year, the company changed its name from PinkNews Media Group Ltd to PinkNews Media Ltd.

Company structure

During the year, the company's shareholders entered into a share for share transaction with PinkNews Group Ltd. The shareholders in PinkNews Media Ltd before the transaction are now shareholders in PinkNews Group Ltd. PinkNews Group Ltd wholly owns PinkNews Media Ltd.

Business review

In 2021, the company's output of editorial and video content across all platforms grew in both quality and quantity with its audience numbers reaching record levels. Every month, across all platforms operated by the company, more than 100 million people consume PinkNews produced content.

The phenomenal growth achieved in 2021, was made possible by building upon the talented and creative team and by strengthening the company's operations. As such, advertising capacity and income continued to grow to their highest levels. The directors also continue to be committed to focusing on enhancing the culture of the company and making the company an exciting place for its team to develop their careers.

The growth achieved during 2021 is also thanks to the company's strong strategic relationships, particularly with Snap, Google, Meta, Twitter and TikTok.

Results and Dividends

The profit for the year, after taxation, amounted to £ 1,619,200 (2020: £295,284).

Dividend of £500,000 (2020:£Nil) was paid in the year to PinkNews Group Ltd.

Directors

The directors who served during the year were:

R C Cohen
B M Cohen
A Millet
Dr Anthony James

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the 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 Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Small companies note

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

This report was approved by the board on 20 May 2022 and signed on its behalf.

A Millet

Director

**CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF THE UNAUDITED
STATUTORY FINANCIAL STATEMENTS OF PINKNEWS MEDIA LTD
FOR THE YEAR ENDED 31 DECEMBER 2021**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of PinkNews Media Ltd for the year ended 31 December 2021 which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes from the Company's accounting records and from information and explanations you have given us.

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

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

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

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

Nyman Libson Paul LLP

Chartered Accountants

124 Finchley Road
London
NW3 5JS
20 May 2022

PINKNEWS MEDIA LTD

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021 £ | 2020 £ |
|---|------|------------------|------------------|
| Turnover | | 7,165,992 | 2,866,781 |
| Cost of sales | | (3,282,595) | (1,202,134) |
| Gross profit | | 3,883,397 | 1,664,647 |
| Administrative expenses | | (2,187,339) | (1,452,528) |
| Other operating income | 3 | 320,965 | 158,511 |
| Operating profit | | 2,017,023 | 370,630 |
| Interest receivable and similar income | | 86 | 419 |
| Interest payable and similar expenses | | (13,863) | (3,228) |
| Profit before tax | | 2,003,246 | 367,821 |
| Tax on profit | 5 | (384,046) | (72,537) |
| Profit after tax | | 1,619,200 | 295,284 |
| Retained earnings at the beginning of the year | | 618,892 | 323,608 |
| | | 618,892 | 323,608 |
| Profit for the year | | 1,619,200 | 295,284 |
| Dividends declared and paid | | (500,000) | - |
| Retained earnings at the end of the year | | 1,738,092 | 618,892 |

The notes on pages 7 to 16 form part of these financial statements.

PINKNEWS MEDIA LTD
REGISTERED NUMBER: 05653301

BALANCE SHEET
AS AT 31 DECEMBER 2021

| | Note | 2021 £ | 2021 £ | 2020 £ | 2020 £ |
|---|------|------------------|-------------------------|------------------|-----------------------|
| Fixed assets | | | | | |
| Intangible assets | 6 | | 651 | | 4,559 |
| Tangible assets | 7 | | 21,167 | | 19,436 |
| | | | <u>21,818</u> | | <u>23,995</u> |
| Current assets | | | | | |
| Debtors: amounts falling due within one year | 8 | 720,590 | | 494,529 | |
| Cash at bank and in hand | 9 | 2,012,436 | | 799,917 | |
| | | <u>2,733,026</u> | | <u>1,294,446</u> | |
| Creditors: amounts falling due within one year | 10 | (691,518) | | (298,653) | |
| Net current assets | | | <u>2,041,508</u> | | <u>995,793</u> |
| Total assets less current liabilities | | | <u>2,063,326</u> | | <u>1,019,788</u> |
| Creditors: amounts falling due after more than one year | 11 | | (284,146) | | (361,329) |
| Provisions for liabilities | | | | | |
| Deferred tax | 13 | (4,888) | | (3,367) | |
| | | | <u>(4,888)</u> | | <u>(3,367)</u> |
| Net assets | | | <u><u>1,774,292</u></u> | | <u><u>655,092</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 14 | | 1,526 | | 1,526 |
| Share premium account | | | 34,674 | | 34,674 |
| Profit and loss account | | | 1,738,092 | | 618,892 |
| | | | <u><u>1,774,292</u></u> | | <u><u>655,092</u></u> |

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

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

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

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 May 2022.

A Millet
Director

The notes on pages 7 to 16 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. General information

PinkNews Media Group Limited is a private company limited by shares and registered in England & Wales. The address of its registered office is Wisteria Grange Barn, Pikes End, Pinner, London, HA5 2EX.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Going concern

The company meets its day to day working capital requirements through the utilisation of its own funds, banking and loan facilities.

Existing funding facilities, forecasts and projections indicate that the company has adequate resources to continue with some level of activity from a minimal to full levels.

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Digital advertising revenue is recognised over the period of the online campaign in accordance with the provision of services.

For revenue share arrangements with platform providers, as is industry standard, revenue is shown gross and the platform providers revenue share is shown as cost of sales.

Other revenue is recognised at the time of sale or over the duration of the provision of services as appropriate

2.4 Operating leases: the Company as lessee

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.5 Grant income

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

2.6 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | | | |
|------------------|---|-----|---------------|
| Office equipment | - | 33% | Straight line |
|------------------|---|-----|---------------|

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

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

2.7 Interest income

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

2.8 Finance costs

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

2.9 Borrowing costs

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

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.11 Share based payments

Share options granted in the holding company for the benefit of employees that are employed in this companies are accounted for in this company. Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

2.12 Current and deferred taxation

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

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

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

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

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

2.13 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Income and Retained Earnings over its useful economic life.

The estimated useful lives range as follows:

| | | |
|----------|---|----------------------------|
| Goodwill | - | 4 years over straight line |
|----------|---|----------------------------|

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

2. Accounting policies (continued)

2.14 Debtors

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

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.16 Creditors

Short term creditors are measured at the transaction price.

2.17 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

2.18 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors are measured, initially and subsequently at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not at market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. Other operating income

| | 2021 £ | 2020 £ |
|---------------|----------------|----------------|
| Grant income | 68,436 | 158,511 |
| Sundry income | 252,529 | - |
| | <u>320,965</u> | <u>158,511</u> |

4. Employees

The average monthly number of employees, including directors, during the year was 41 (2020 - 28).

5. Taxation

| | 2021 £ | 2020 £ |
|--|----------------|---------------|
| Corporation tax | | |
| Current tax on profits for the year | 382,525 | 71,401 |
| | <u>382,525</u> | <u>71,401</u> |
| Total current tax | <u>382,525</u> | <u>71,401</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 1,521 | 1,136 |
| Total deferred tax | <u>1,521</u> | <u>1,136</u> |
| Taxation on profit on ordinary activities | <u>384,046</u> | <u>72,537</u> |

Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 19% (2020 - 19%).

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

6. Intangible assets

| | Goodwill |
|-------------------------------------|----------|
| | £ |
| Cost | |
| At 1 January 2021 | 16,500 |
| At 31 December 2021 | 16,500 |
| Amortisation | |
| At 1 January 2021 | 11,941 |
| Charge for the year on owned assets | 3,908 |
| At 31 December 2021 | 15,849 |
| Net book value | |
| At 31 December 2021 | 651 |
| At 31 December 2020 | 4,559 |

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

7. Tangible fixed assets

| | Office equipment £ |
|-------------------------------------|--------------------------|
| Cost or valuation | |
| At 1 January 2021 | 49,852 |
| Additions | 15,454 |
| At 31 December 2021 | 65,306 |
| Depreciation | |
| At 1 January 2021 | 30,416 |
| Charge for the year on owned assets | 13,723 |
| At 31 December 2021 | 44,139 |
| Net book value | |
| At 31 December 2021 | 21,167 |
| At 31 December 2020 | 19,436 |

8. Debtors

| | 2021 £ | 2020 £ |
|------------------------------------|-----------|-----------|
| Trade debtors | 596,918 | 422,011 |
| Amounts owed by group undertakings | 100,000 | - |
| Other debtors | 151 | 4,270 |
| Prepayments and accrued income | 23,521 | 68,248 |
| | 720,590 | 494,529 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. Cash and cash equivalents

| | 2021 £ | 2020 £ |
|--------------------------|------------------|----------------|
| Cash at bank and in hand | 2,012,436 | 799,917 |
| Less: bank overdrafts | (554) | (11,077) |
| | <u>2,011,882</u> | <u>788,840</u> |

10. Creditors: Amounts falling due within one year

| | 2021 £ | 2020 £ |
|------------------------------------|----------------|----------------|
| Bank overdrafts | 554 | 11,077 |
| Bank loans | 83,949 | 41,899 |
| Trade creditors | 25,110 | 31,199 |
| Corporation tax | 382,525 | 71,401 |
| Other taxation and social security | 65,873 | 31,668 |
| Other creditors | 108,957 | 3,514 |
| Accruals and deferred income | 24,550 | 107,895 |
| | <u>691,518</u> | <u>298,653</u> |

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

| | 2021 £ | 2020 £ |
|------------|----------------|----------------|
| Bank loans | 284,146 | 361,329 |
| | <u>284,146</u> | <u>361,329</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Loans

Analysis of the maturity of loans is given below:

| | 2021 £ | 2020 £ |
|--|-----------------------|-----------------------|
| Amounts falling due within one year | | |
| Bank loans | 83,949 | 41,899 |
| | <u>83,949</u> | <u>41,899</u> |
| Amounts falling due 2-5 years | | |
| Bank loans | 284,146 | 361,329 |
| | <u>284,146</u> | <u>361,329</u> |
| | <u><u>368,095</u></u> | <u><u>403,228</u></u> |

Barclays Bank Plc has a fixed and floating charge over the company and its assets.

13. Deferred taxation

| | 2021 £ |
|---------------------------|-----------------------|
| At beginning of year | (3,367) |
| Charged to profit or loss | (1,521) |
| At end of year | <u><u>(4,888)</u></u> |

The provision for deferred taxation is made up as follows:

| | 2021 £ | 2020 £ |
|--------------------------------|-----------------------|-----------------------|
| Accelerated capital allowances | (4,888) | (3,367) |
| | <u><u>(4,888)</u></u> | <u><u>(3,367)</u></u> |

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

14. Share capital

| | 2021 | 2020 |
|--|--------------|--------------|
| | £ | £ |
| Allotted, called up and fully paid | | |
| 1,526 (2020 - 1,526) Ordinary shares of £1.00 each | <u>1,526</u> | <u>1,526</u> |

15. Share based payments

During the year the PinkNews Group Limited granted 208,750 shares options at an exercise price of £0.50 each. The options were granted to employees of PinkNews Media Limited and granted in accordance with the company accounting policy that share based payments are accounted for in PinkNews Media Limited.

16. Pension commitments

The Company operates a defined contributions pension scheme whereby the company makes pension payments into the staff's own personal pension plan. The pension charge represents contributions payable by the Company and amounted to £23,893 (2020 - £15,640). Contributions totalling £5,508 (2020 - £3,514) were payable at the balance sheet date and are included in creditors.

17. Controlling party

PinkNews Group Limited owns all the share capital of PinkNews Media Ltd. Benjamin Cohen is the majority shareholder owning 68.81% of PinkNews Group Limited.

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