Media Powerhouse Group Limited

Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number 06579645

Media Powerhouse Group Limited

Company Information

Directors	M J Breen FFA FIPA R P Chinchanwala ACA A H Howard
Company secretary	R P Chinchanwala ACA
Registered number	06579645
Registered office	Parkbury Estate, Handley Page Way, Colney Street, St. Albans, AL2 2DQ
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU

Media Powerhouse Group Limited

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Media Powerhouse Group Limited

Chairman's Statement
For the Year Ended 31 December 2019

The chairman presents his statement for the year.

Chairman's Statement

The Group, as in previous years, continued with its investment in people and equipment throughout the year. I would like to thank all of our team for their hard work and dedication which has enabled the Group to continue to improve its reputation in its areas of business.

The Company prides itself on its Technical creativity and delivery and in order to do this places importance on design technology to deliver, to our clients, truly innovative solutions. This is assisted by Research and Development support from the UK Government in the form of a Research and Development Tax Credit which is reflected in the accounts.

The Group continues to grow its client base and offering both organically and acquisitively.

During the year, the Group acquired an 80% controlling interest in The Creative Place Ltd. Further to this, the Group acquired a 75% controlling interest of Powerhouse Systems Ltd which was formed in order to purchase certain assets and goodwill of Feltech Electronics Ltd, a respected system integration business that had traded for three decades that was the subject of an administration order.

Results

Group Revenues grew by 28.1% on the previous year to £14,629,253 (2018: £11,420,624). This was by organic growth and turnover in our acquisitions. This produced an EBITDA of £292,902 (2018: £854,308) so that the Group remained cash generative while it was integrating the two acquisitions.

Gross profit was achieved at £5,900,272 compared to £4,363,846 achieved in 2018.

Overall the Group delivered a Loss of £267,183 (2018: Profit £317,872).

The underlying results for the year to 31st December 2019 compared to the previous are summarised as:

	2019	2018
Turover	£14,629,253	£11,420,624
Gross Profit	£5,900,272	£4,363,846
Gross Profit %	40.3%	38.2%
EBITDA	£292,902	£854,308
(Loss)/Profit for the year	(£267,183)	£317,872

Current Trading and Future Prospects

The first two months of trading in 2020 were ahead of budget. However, in March due to the COVID-19 Global Pandemic there was a reshaping of our live events business which saw an overnight change from live to virtual. Our industry has been faced with event cancellations, national lockdowns and global travel bans. Media Powerhouse has adapted speedily to the changes to live events and is now capitalising on the increasing requirement for virtual events. We have created a Virtual Gallery with a number of Master Control Rooms and have also created a Black Box Studio at Unit 9, Parkbury Estate. Our Permanent Systems Integration business was significantly less affected and remains strong with an increased client base achieved through the investment in Powerhouse Systems Ltd.

Name Mr M Breen FFA FIPA
Chairman

Date: 31 March 2021

Media Powerhouse Group Limited

Directors' Report
For the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the consolidated 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 the Group 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 for the Group's financial statements 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 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the Group continued to be that of providing specialist audio visual equipment and services to the live events industry and for permanent systems integration.

The directors who served during the year were:

M J Breen FFA FIPA
R P Chinchanwala ACA
A H Howard

Going concern

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements, in accordance with Note 2.3 in the Accounting Policies.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Auditors

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

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

M J Breen FFA FIPA
Director

Date: 31. March 2021

Independent Auditors' Report to the Members of Media Powerhouse Group Limited

Opinion

We have audited the financial statements of Media Powerhouse Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and parent Statement of Changes in Equity 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the 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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Chairman's Statement and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Chairman's Statement and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's Report.

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

- adequate accounting records have not been kept 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, 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 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.

A further description of our responsibilities for the audit of the financial statements is located at 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 Group and the Parent Company's members, each 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.

BDO LLP

Gareth M Jones FCA (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date: 31/03/2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Media Powerhouse Group Limited

Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	4	**14,629,253**	11,420,624
Cost of sales		**(8,728,981)**	(7,056,778)
Gross profit		**5,900,272**	4,363,846
Administrative expenses		**(6,330,175)**	(4,014,932)
Other Operating Income	5	**66,836**	-
Operating (loss)/profit	6	**(363,067)**	348,914
Interest receivable and similar income	9	**472**	481
Interest payable and expenses	10	**(88,376)**	(55,256)
(Loss)/profit before taxation		**(450,971)**	294,139
Tax on (loss)/profit	11	**183,788**	23,733
(Loss)/profit for the financial year		**(267,183)**	317,872
Total comprehensive income for the year		**(267,183)**	317,872
(Loss)/profit for the year attributable to:			
Non controlling interest		**(124,974)**	-
Owners of the parent Company		**(142,209)**	317,872
		(267,183)	317,872

The notes on pages 15 to 35 form part of these financial statements.

Media Powerhouse Group Limited
Registered number: 06579645

Consolidated Statement of Financial Position
As at 31 December 2019

	Note		2019 £		2018 £
Fixed assets					
Intangible fixed assets	12		220,691		-
Tangible fixed assets	13		1,693,025		1,358,977
			1,913,716		1,358,977
Current assets					
Stocks	15	387,976		295,721	
Debtors: amounts falling due within one year	16	3,881,086		2,054,962	
Cash at bank and in hand	17	79,939		272,563	
		4,349,001		2,623,246	
Creditors: amounts falling due within one year	18	(4,728,927)		(2,363,086)	
Net current (liabilities)/assets			(379,926)		260,160
Total assets less current liabilities			1,533,790		1,619,137
Creditors: amounts falling due after more than one year	19		(580,912)		(380,319)
Provisions for liabilities					
Deferred taxation	22	(70,467)		(46,885)	
			(70,467)		(46,885)
Net assets			882,411		1,191,933
Capital and reserves					
Called up share capital	23		1,000		1,000
Profit and loss account	24		1,048,724		1,190,933
Non-controlling interests			(167,313)		-
			882,411		1,191,933

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

M J Breen FFA FIPA
Director

Date: 31 March 2021

The notes on pages 15 to 35 form part of these financial statements.

Media Powerhouse Group Limited
Registered number: 06579645

Company Statement of Financial Position
As at 31 December 2019

	Note		2019 £		2018 £
Fixed assets					
Investments	14		**126,040**		103,250
			126,040		103,250
Creditors: amounts falling due within one year	18	**(66,518)**		(53,728)	
Net current liabilities			**(66,518)**		(53,728)
Total assets less current liabilities			**59,522**		49,522
Net assets			**59,522**		49,522
Capital and reserves					
Called up share capital	23		**1,000**		1,000
Profit and loss account			**58,522**		48,522
			59,522		49,522

The financial statements were approved and authorised for issue by the board and were signed on its behalf by by:

M J Breen FFA FIPA
Director

Date: 31 March 2021

The notes on pages 15 to 35 form part of these financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2019

	Called up share capital	Profit and loss account	Non-controlling interests	Total equity
	£	£	£	£
At 1 January 2018	500,000	374,061	-	874,061
Comprehensive income for the year				
Profit for the year	-	317,872	-	317,872
Share Capital Reduction	(499,000)	499,000	-	-
At 1 January 2019	1,000	1,190,933	-	1,191,933
Comprehensive income for the year				
Loss for the year	-	(267,183)	-	(267,183)
Recognition of Non controlling interest	-	124,974	(124,974)	-
Non controlling interest on acquisition	-	-	(42,339)	(42,339)
At 31 December 2019	1,000	1,048,724	(167,313)	882,411

The notes on pages 15 to 35 form part of these financial statements.

Company Statement of Changes in Equity
For the Year Ended 31 December 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	500,000	(455,315)	44,685
Comprehensive income for the year			
Profit for the year	-	4,837	4,837
Share Capital Reduction	(499,000)	499,000	-
At 1 January 2019	1,000	48,522	49,522
Comprehensive income for the year			
Profit for the year	-	10,000	10,000
At 31 December 2019	1,000	58,522	59,522

The notes on pages 15 to 35 form part of these financial statements.

Media Powerhouse Group Limited

Consolidated Statement of Cash Flows
For the Year Ended 31 December 2019

	2019 £	2018 £
Cash flows from operating activities		
(Loss)/profit for the financial year	**(267,183)**	317,872
Adjustments for:		
Amortisation of intangible assets	**13,343**	6,074
Depreciation of tangible assets	**655,969**	505,394
Interest paid	**37,055**	20,030
Interest received	**(472)**	(481)
Taxation charge	**(183,788)**	(23,733)
(Increase)/decrease in stocks	**(92,255)**	81,501
(Increase) in debtors	**(1,580,551)**	(641,727)
Increase in creditors	**1,589,822**	542,554
Corporation tax received	**10,367**	21,414
HP interest	**51,321**	35,226
Net cash generated from operating activities	**233,628**	864,124
Cash flows from investing activities		
Purchase of tangible fixed assets	**(812,662)**	(704,904)
Purchase of fixed asset investments	**(22,790)**	-
Interest received	**472**	481
Fixed assets acquired on acquisition of subsidiaries	**(534,016)**	-
Net cash from investing activities	**(1,368,996)**	(704,423)

Consolidated Statement of Cash Flows (continued)
For the Year Ended 31 December 2019

	2019 £	2018 £
Cash flows from financing activities		
Advances on invoice discounting	**934,482**	-
Repayment of loans	**-**	(112,592)
New finance leases	**94,451**	110,368
Interest paid	**(37,055)**	(20,030)
Accrued HP interest	**(51,321)**	(35,226)
Net cash used in financing activities	**940,557**	(57,480)
Net (decrease)/increase in cash and cash equivalents	**(194,811)**	102,221
Cash and cash equivalents at beginning of year	**272,563**	170,342
Cash and cash equivalents at the end of year	**77,752**	272,563
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**79,939**	272,563
Bank overdrafts	**(2,187)**	-
	77,752	272,563

The notes on pages 15 to 35 form part of these financial statements.

Consolidated Analysis of Net Debt
For the Year Ended 31 December 2019

	At 1 January 2019 £	Cash flows £	At 31 December 2019 £
Cash at bank and in hand	272,563	(192,624)	79,939
Bank overdrafts	-	(2,187)	(2,187)
Debt due within 1 year	(84,917)	(934,482)	(1,019,399)
Finance leases	(540,381)	(94,451)	(634,832)
	(352,735)	(1,223,744)	(1,576,479)

The notes on pages 15 to 35 form part of these financial statements.

1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the Company's transactions are denominated. They comprise the financial statements of the Company for the year ended 31 December 2019 and are presented to the nearest pound.

The principal activity of the Group continued to be that of providing specialist audio visual equipment and services to the live events industry and for permanent systems integration.

The Company has determined that GBP is its functional currency, as this is the currency of the economic environment in which the Group predominantly operates.

The Company is a United Kingdom private company limited by shares. It is both incorporated and domiciled in England and Wales. The registered office address is Parkbury Estate Handley Page Way, Colney Street, St. Albans AL2 2DQ.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

Parent Company disclosure exemptions

In preparing the separate financial statements of the parent *Company*, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No Statement of Cash Flows has been presented for the parent *Company*;
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent *Company* as their remuneration is included in the totals for the Company as a whole.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2. Accounting policies (continued)

2.3 Going concern

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements as detailed in Note 29 to these Accounts.

2.4 Foreign currency translation

Transactions in foreign currency are recorded at the rates of exchange prevailing on the dates of the ransactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Exchange gains and losses on short term foreign currency borrowings and deposits are included within net interest payable. Exchange differences on all other transactions are taken to operating profit. The functional currency is GBP.

2.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Revenue arising from the provision of services is recognised by reference to the stage of completion.

Rental income is recognised net of VAT on an accruals basis in accordance with the relative rental agreements.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

2.7 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2. Accounting policies (continued)

2.8 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income 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 the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

2.10 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.11 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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 reporting date.

2. Accounting policies (continued)

2.12 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 the Group's share 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 Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.13 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:

Long-term leasehold property	- over length of lease
Plant and machinery	- 1 - 10 years
Motor vehicles	- 3 - 4 years
Computer Equipment	- 3 - 5 years
Office equipment	- 2 - 5 years

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

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

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2. Accounting policies (continued)

2.15 Stocks

Stock comprise cables, set stock and installation stock which are recorded initially at cost. Stock is valued at the lower of cost and net realisable value. Net realisable value is determined by assessing the estimated useful life, obsolescence and the age of the stock items. Stock is counted annually and appropriate adjustments made to reflect the actual quantity of stock counted.

2.16 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.17 Cash and cash equivalents

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the group's cash management.

2.18 Creditors

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

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.20 Financial instruments

The Group 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.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Judgements

Financial instruments classification
The classification of financial instruments as "basic" or "other" requires judgement as to whether all the applicable conditions for classification as basic are met. This includes consideration of the form of the instrument and its return.

Key sources of estimation uncertainty

Bad debt provisions
A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

Stock provisions
Stock is valued at the lower of cost and net realisable value. Net realisable value is determined by assessing the estimated useful life, obsolescence and the age of the stock items. Stock is counted annually and appropriate adjustments made to reflect the actual quantity of stock counted. Impairment of goodwill.

Goodwill Impairment
Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units (CGU) to which goodwill has been allocated. The value in use calculation requires the group to estimate the future cash flows expected to arise from the CGU and apply a suitable discount rate in order to calculate the present value.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Systems integration	**7,446,544**	5,919,605
Rental	**7,182,709**	5,501,019
	14,629,253	11,420,624

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	**14,074,752**	10,211,560
Europe	**78,704**	1,209,064
Rest of world	**475,797**	-
	14,629,253	11,420,624

5. Other operating income

	2019 £	2018 £
Other operating income	**66,836**	-
	66,836	-

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of tangible fixed assets	**655,969**	505,394
Amortisation of intangible fixed assets	**13,343**	6,075
Defined contribution pension costs	**81,369**	27,676
Exchange differences	**(1,227)**	-
Operating lease rentals	**373,185**	206,773

7. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**42,000**	23,732

Fees payable to the Group's auditor and its associates in respect of:

	2019 £	2018 £
All other services	**15,000**	-

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	**3,457,311**	2,011,059	**-**	-
Social security costs	**381,537**	191,737	**-**	-
Cost of defined contribution scheme	**81,369**	29,484	**-**	-
	3,920,217	2,232,280	**-**	-

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Directors	**3**	3
Support staff	**77**	44
Administration	**10**	3
	90	50

The Company has no employees other than the directors, who did not receive any remuneration *(2018 - £NIL)*

9. Interest receivable

	2019 £	2018 £
Other interest receivable	**472**	481

10. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	**2,021**	4,742
Other loan interest payable	**35,034**	15,288
Finance leases and hire purchase contracts	**51,321**	35,226
	88,376	55,256

11. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	**(148,319)**	80,117
Adjustments in respect of previous periods	**-**	(93,149)
	(148,319)	(13,032)
Total current tax	**(148,319)**	(13,032)
Deferred tax		
Origination and reversal of timing differences (Note 22)	**(35,469)**	(10,701)
Total deferred tax	**(35,469)**	(10,701)
Taxation on loss on ordinary activities	**(183,788)**	(23,733)

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
(Loss)/profit on ordinary activities before tax	**(450,971)**	294,139
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	**(85,684)**	55,886
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**9,319**	7,106
Capital allowances for year in excess of depreciation	**6,536**	16,954
Loss surrendered for R&D tax credit	**23,816**	-
R&D claims	**(20,115)**	-
Adjustments to tax charge in respect of prior periods	**(148,319)**	-
Deferred tax movement - change in tax rates	**1,872**	-
Deferred tax not recognised	**28,787**	-
To be confirmed on receipt of tax comps	**-**	(103,679)
Total tax charge for the year	**(183,788)**	(23,733)

12. Intangible assets

Group and Company

	Goodwill £
Cost	
Additions	234,034
At 31 December 2019	234,034
Amortisation	
Charge for the year	13,343
At 31 December 2019	13,343
Net book value	
At 31 December 2019	220,691
At 31 December 2018	-

All of the Group's intangible fixed assets are held in the Parent Company

13. Tangible fixed assets

Group

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Computer Equipment £	Office equipment £	Total £
Cost or valuation						
At 1 January 2019	**244,826**	**3,255,047**	**24,233**	**168,849**	**44,449**	**3,737,404**
Additions	**128,195**	**598,011**	**14,380**	**65,672**	**6,404**	**812,662**
Acquired with subsidiary	**-**	**491,211**	**-**	**42,805**	**-**	**534,016**
Disposals	**-**	**(5,900)**	**-**	**-**	**-**	**(5,900)**
At 31 December 2019	**373,021**	**4,338,369**	**38,613**	**277,326**	**50,853**	**5,078,182**
Depreciation						
At 1 January 2019	**70,094**	**2,134,651**	**23,758**	**122,722**	**27,202**	**2,378,427**
Charge for the year on owned assets	**37,370**	**569,932**	**1,211**	**41,137**	**6,319**	**655,969**
Acquired with subsidiary	**-**	**324,457**	**-**	**32,204**	**-**	**356,661**
Disposals	**-**	**(5,900)**	**-**	**-**	**-**	**(5,900)**
At 31 December 2019	**107,464**	**3,023,140**	**24,969**	**196,063**	**33,521**	**3,385,157**
Net book value						
At 31 December 2019	**265,557**	**1,315,229**	**13,644**	**81,263**	**17,332**	**1,693,025**
At 31 December 2018	174,732	1,120,396	475	46,127	17,247	1,358,977

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	**103,250**
Additions	**22,790**
At 31 December 2019	**126,040**
Net book value	
At 31 December 2019	**126,040**
At 31 December 2018	103,250

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Media Powerhouse Limited	Parkbury Estate Handley Page Way, Colney Street, St. Albans, England, AL2 2DQ	Ordinary	100%
Powerhouse Systems Limited	Parkbury Estate Handley Page Way, Colney Street, St. Albans, England, AL2 2DQ	Ordinary	75%
The Creative Place Limited	Parkbury Estate Handley Page Way, Colney Street, St. Albans, England, AL2 2DQ	Ordinary	80%

15. Stocks

	Group 2019 £	Group 2018 £
Work in progress (goods to be sold)	**147,444**	-
Finished goods and goods for resale	**240,532**	295,721
	387,976	295,721

The difference between purchase price or production cost of stocks and their replacement cost is not material.

16. Debtors

	Group 2019 £	Group 2018 £
Trade debtors	**2,981,490**	1,548,960
Corporation tax	**245,573**	-
Other debtors	**283,055**	171,818
Prepayments and accrued income	**370,968**	334,184
	3,881,086	2,054,962

17. Cash and cash equivalents

	Group 2019 £	Group 2018 £
Cash at bank and in hand	**79,939**	272,563

18. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank overdrafts	**2,187**	-	**-**	-
Invoice discounting	**1,019,399**	84,917	**-**	-
Trade creditors	**1,530,588**	1,015,307	**-**	-
Amounts owed to group undertakings	**-**	-	**53,025**	39,918
Corporation tax	**-**	80,117	**-**	1,135
Other taxation and social security	**827,133**	440,983	**9,093**	8,275
Obligations under finance lease and hire purchase contracts (Note 20)	**329,529**	240,062	**-**	-
Other creditors	**139,045**	-	**-**	-
Accruals and deferred income	**881,046**	501,700	**4,400**	4,400
	4,728,927	2,363,086	**66,518**	53,728

Invoice discounting of £1,019,399 (2018 - £84,917) included in creditors due within one year has been ecured by a fixed charge on the trade debtors of the company and by an aggregate personal guarantee rom Mr R Chinchanwala and Mr M Breen of £50,000.

Amounts owed to group undertakings are unsecured, Interest free and repayable on demand.

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

	Group 2019 £	Group 2018 £
Net obligations under finance leases and hire purchase contracts (Note 20)	**305,303**	300,319
Other creditors	**145,609**	-
Accruals and deferred income	**130,000**	80,000
	580,912	380,319

Please provide details of the terms of payment or repayment and the rates of any interest payable on the amounts repayable more than five years after the balance sheet date.

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2019 £	Group 2018 £
Within one year (Note 18)	**329,529**	240,062
Between 1-5 years (Note 19)	**305,303**	300,319
	634,832	540,381

21. Financial instruments

	Group 2019 £	Group 2018 £
Financial assets		
Financial assets measured at fair value through profit or loss	**79,939**	272,563
Financial assets measured at amortised cost	**3,635,513**	2,054,962
	3,715,452	2,327,525
Financial liabilities		
Financial liabilities measured at amortised cost	**(3,531,660)**	(1,641,105)

The company's financial instruments comprise trade debtors and creditors as well as cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The company's financial liabilities comprise trade creditors, accruals, other creditors and intercompany balances, which are recorded at amortised cost.

The group's operations expose it to a variety of financial risks including credit risk, liquidity risk, interest rate risk, equity price risk and foreign currency exchange rate risk. Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Price risk
We manage our exposure to price risk by agreeing clear prices for our services and obtaining variation orders from clients if the scope of the works change. For many clients we have agreed pricing frameworks which are updated regularly and help us to price new works effectively.

Credit risk
We manage credit risk by obtaining external credit checks on all potential new clients, setting and working within defined credit limits and monitoring and reporting on credit risk on an ongoing basis.

Liquidity risk
The group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure it has sufficient available funds for operations and planned expansions. The group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

22. Deferred taxation

Group

	2019 £
At beginning of year	(46,885)
Charged to profit or loss (Note 11)	35,469
Acquired with subsidiary	(59,051)
At end of year	**(70,467)**

	Group 2019 £	Group 2018 £
Accelerated capital allowances	(70,467)	(46,885)

23. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1,000 (2018 - 1,000) Ordinary shares of £1.00 each	1,000	1,000

24. Reserves

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

Non-controlling interests reserve

This reserve relates to the interest that any non-controlling interests have in the activities and cash flows of the group.

25. Business combinations

On 31 March 2019 Media Powerhouse Group Limited acquired the business and assets of The Creative Place Limited.

The follwing table sets out the assets acquired and their book values to the compnay.

	Book value £	Fair value £
Tangible	177,355	177,355
	177,355	177,355
Stocks	29,278	29,278
Debtors	388,421	388,421
Cash at bank and in hand	27,575	27,575
Total assets	622,629	622,629
Due within one year	(659,273)	(659,273)
Due after one year	(74,093)	(74,093)
Called up share capital	(160)	(160)
Capital redemption reserve	(76)	(76)
Deferred tax	(59,051)	(59,051)
Total identifiable net liabilities	(170,024)	(170,024)
Goodwill		220,024
Total purchase consideration		50,000

Consideration

	£
Cash	50,000
Total purchase consideration	50,000

25. Business combinations (continued)

Cash outflow on acquisition

	£
Purchase consideration settled in cash, as above	**50,000**
	50,000
Net cash outflow on acquisition	**50,000**

The results of The Creative Place Limited since its acquisition are as follows:

	Current period since acquisition £
Turnover	**1,676,952**
Loss for the period	**(256,054)**

26. Pension commitments

The Group pension cost charge at the end of the year amount to £81,369 (2018: £29,484).

27. Commitments under operating leases

At 31 December 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £
Not later than 1 year	**310,777**	172,364
Later than 1 year and not later than 5 years	**775,629**	326,483
	1,086,406	498,847

28. Related party transactions

From time to time the Company enters into transactions with members of the family of the directors. These transactions were made on normal commercial terms and were not material for the either party involved.

The Group has taken exemption from disclosing transactions with entities within the same 100% owned group.

During the year the group made sales of £36,616 to Powerhouse Systems Limited a company under common control. At the year end a balance of £349,180 was owed to the group by Powerhouse Systems Limited.

During the year the group sold £110,484 of goods to The Creative Place Limited a company under common control. At the reporting date an amount of £236,778 was owed to the group by The Creative Place Limited.

29. Post balance sheet events

Since 31 December 2019, the outbreak of the pandemic COVID-19 has had an economic effect across all sectors. The Directors have prepared, monitored, and constantly reviewed financial plans and forecasts, which have been amended to include the impact of known changes in activities, and will continue to review these budgets and forecasts as the situation progresses.

Due to the uncertainty involved and the unprecedented nature of the challenges posed by the coronavirus situation, the Directors are of the opinion that continual monitoring of the financial impact of the COVID-19 pandemic is crucial to the future of the Group. Senior management have been quick to take action to mitigate detrimental effects on the Group and its shareholders, ensuring staff have been able to work remotely when appropriate in a safe environment.

In preparing amended budgets and forecasts for the financial years ending December 2020 and 2021 after considering all potential impacts of the pandemic ("stress testing existing budgets"), including taking advantage of government initiatives including furlough, CBILS as well as improved financial arrangements with credit providers, the Directors believe that the group has sufficient working capital to enable it to continue to operate and ensure the future viability of the group, in accordance with the Going Concern policy in Note 2.3 to these Accounts.