

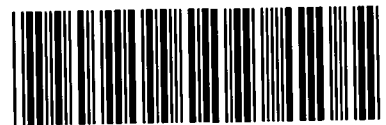
Registered number: 06579645

MEDIA POWERHOUSE GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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MEDIA POWERHOUSE GROUP LIMITED

COMPANY INFORMATION

Directors	Mr M Breen FFA FIPA Mr R Chinchawala ACA Mr A Howard
Company secretary	Mr R Chinchawala ACA
Registered number	06579645
Registered office	Parkbury Estate Unit 13 Handley Page Way St. Albans AL2 2DQ
Trading Address	Parkbury Estate Unit 13 Handley Page Way St. Albans AL2 2DQ
Independent auditors	Nexia Smith & Williamson Statutory Auditor & Chartered Accountants 25 Moorgate London EC2R 6AY
Bankers	HSBC UK Watford High St. branch 73 High St. Watford Herts WD17 2DS
Solicitors	Sherrards 45 Grosvenor Road St Albans Hertfordshire AL1 3AW

MEDIA POWERHOUSE GROUP LIMITED

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MEDIA POWERHOUSE GROUP LIMITED

CHAIRMAN'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Chairman's Statement

2017 was a year of reset for the Group that has enabled us to move forward with confidence into 2018 and beyond.

We completed our head office move into our premises at Parkbury after a tailored fit out of the offices and warehouse and have been fully operational from there since June 2017. We continue to operate from our Woolwich and Northampton locations.

The Company also commenced on an organisational improvement programme and have continued to invest in the best people for our business.

These important steps in the Company's development have already seen demonstrable improvements in our operational efficiency.

Results

Whilst revenue grew 26% on the previous year to £10,025,720 (2016: £7,945,386) the Group reported an increase in EBITDA of 47% at £743,925 (2016: £506,106).

We have achieved profit before tax of £307,393. Although gross profit % reduced to 37.4% (2016: 39.2%) on increased revenues of £2.08m in monetary terms the Gross Profit improved by £633,546 over 2016.

We continue to strengthen our Balance Sheet with a profit after tax in the year of £241,179 (2016: £160,564).

The business continued to be strongly cash generative with net cash generated from operating activities of £885,767 (2016: £185,750).

The results for the year to 31 December 2017 compared to the previous year are summarised as:

	2017 £	2016 £
Turnover	10,025,720	7,945,386
Gross Profit	3,750,416	3,116,870
Gross Profit %	37.4%	39.2%
EBITDA	743,925	506,106
EBITA	351,530	247,662
Profit before taxation	307,393	200,354

Current Trading and Future Prospects

2018 has started positively for the Group and the confidence referred to at the start of this statement is palpable within the business and is reflected in the quality of work accomplished by the team. I would like to thank each and every one of them.



Mr M Breen FFA FIPA
Chairman

29th June 2018

MEDIA POWERHOUSE GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

The directors present their report and the financial statements for the year ended 31 December 2017.

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.

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 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 and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- 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 the Group 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 Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who served during the year were:

Mr M Breen FFA FIPA
Mr R Chinchawala ACA
Mr A Howard

Small companies provision statement

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

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.

MEDIA POWERHOUSE GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

Future developments

The Group's aim is to continue strengthening its client base and to continue to deliver the excellent standards which are testament to the hard work and efforts of its workforce. In doing so it expects to continue to build reserves and further strengthen its Balance Sheet.

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 that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that 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's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditors

A resolution to reappoint the auditors Nexia Smith & Williamson will be proposed at the next annual board meeting.

This report was approved by the board on 29 June 2018 and signed on its behalf.



Mr M Breen FFA FIPA
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MEDIA POWERHOUSE GROUP LIMITED**Opinion**

We have audited the financial statements of Media Powerhouse Group Limited (the 'parent company') and its subsidiary (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows, and the 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 December 2017 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 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's 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 other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Opinion 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 Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MEDIA POWERHOUSE GROUP LIMITED (CONTINUED)

- the Chairman's Report and the 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 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 where 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 2, 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.

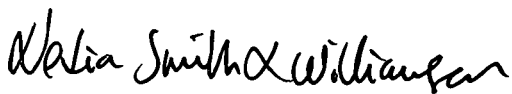
In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend 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. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 parent company's shareholders, 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 parent company's shareholders 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 parent company and the parent company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.



Nick Jacques
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

3 July 2018

MEDIA POWERHOUSE GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	3	10,025,720	7,945,386
Cost of sales		(6,275,304)	(4,828,516)
Gross profit		3,750,416	3,116,870
Distribution costs		(331,686)	(249,220)
Administrative expenses		(3,075,300)	(2,628,088)
Operating profit	4	343,430	239,562
Interest payable and similar charges	6	(36,037)	(39,208)
Profit before taxation		307,393	200,354
Tax on profit	7	(66,214)	(39,790)
Profit for the year		241,179	160,564
Total comprehensive income for the year		241,179	160,564

Profit and total comprehensive income for the financial year is attributable to the owners of the parent.

The notes on pages 12 to 24 form part of these financial statements.

MEDIA POWERHOUSE GROUP LIMITED

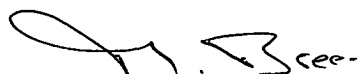
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**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2017**

	Note	2017 £	£	2016 £	£
Fixed assets					
Intangible assets	8		6,074		14,174
Tangible assets	9		1,159,468		672,952
			<hr/>		<hr/>
			1,165,542		687,126
Current assets					
Stocks & Work in Progress	11	377,222		226,935	
Debtors: amounts falling due within one year	12	1,413,234		2,039,689	
Cash at bank and in hand		170,342		81,136	
		<hr/>		<hr/>	
		1,960,798		2,347,760	
Creditors: amounts falling due within one year	13	(1,985,660)		(2,172,069)	
		<hr/>		<hr/>	
Net current (liabilities) / assets			(24,862)		175,691
			<hr/>		<hr/>
Total assets less current liabilities			1,140,680		862,817
Creditors: amounts falling due after more than one year	14		(209,530)		(165,336)
Deferred tax liability	16		(57,586)		(63,107)
			<hr/>		<hr/>
			873,564		634,374
Accruals and deferred income	17		(403)		(2,392)
			<hr/>		<hr/>
Net assets			873,161		631,982
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	18	500,000		500,000	
Profit and loss account	19	373,161		131,982	
		<hr/>		<hr/>	
		873,161		631,982	
		<hr/>		<hr/>	

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

Mr M Breen FFA FIPA
Director



29th June 2018

The notes on pages 12 to 24 form part of these financial statements.

MEDIA POWERHOUSE GROUP LIMITED

**COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2017**

	Note	2017 £	£	2016 £	£
Fixed assets					
Investments	10		103,250		103,250
			<u>103,250</u>		<u>103,250</u>
Current assets					
Debtors: amounts falling due within one year	12	-	-	-	-
			<u>-</u>		<u>-</u>
Creditors: amounts falling due within one year	13	(64,640)	(74,703)		
			<u>(64,640)</u>		<u>(74,703)</u>
Net current (liabilities)			<u>(64,640)</u>		<u>(74,703)</u>
Total assets less current liabilities			<u>38,610</u>		<u>28,547</u>
Net assets			<u>38,610</u>		<u>28,547</u>
Capital and reserves					
Called up share capital	18	500,000		500,000	
Profit and loss account	19	(461,390)		(471,453)	
			<u>38,610</u>		<u>28,547</u>

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

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Mr M Breen
Director

29th June 2018

The notes on pages 12 to 24 form part of these financial statements.

MEDIA POWERHOUSE GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital £	Retained earnings £	Total equity £
At 1 January 2016	500,000	(28,582)	471,418
Comprehensive income for the period			
Profit for the period	-	160,564	160,564
At 31 December 2016	500,000	131,982	631,982
At 1 January 2017	500,000	131,982	631,982
Comprehensive income for the year			
Profit for the year	-	241,179	241,179
At 31 December 2017	500,000	373,161	873,161

The notes on pages 12 to 24 form part of these financial statements.

MEDIA POWERHOUSE GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital £	Retained earnings £	Total equity £
At 1 January 2016	500,000	(479,825)	20,175
Comprehensive income for the period			
Profit for the period	-	8,372	8,372
At 31 December 2016	500,000	(471,453)	28,547
At 1 January 2017	500,000	(471,453)	28,547
Comprehensive income for the year			
Profit for the year	-	10,063	10,063
At 31 December 2017	500,000	(461,390)	38,610

The notes on pages 12 to 24 form part of these financial statements.

MEDIA POWERHOUSE GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	£	£
Cash flows from operating activities		
Profit before tax	307,393	200,354
Adjustments for:		
Amortisation of intangible assets	8,100	8,100
Depreciation of tangible assets	392,395	258,444
(Increase) in stocks	(150,287)	(98,788)
Interest paid	36,037	39,208
(Increase)/ Decrease in debtors	576,639	(760,511)
Increase/ (Decrease) in creditors	(238,488)	578,733
Corporation tax paid	(46,022)	(39,790)
Net cash generated from operating activities	885,767	185,750
Cash flows from investing activities		
Purchase of tangible fixed assets	(878,911)	(295,711)
Net cash from investing activities	(878,911)	(295,711)
(Repayment of) / New loans	50,000	-
(Repayment of) / New finance leases	70,376	(17,490)
Interest (paid)	(36,037)	(39,208)
Government grant (paid)/ received	(1,989)	(2,389)
Net cash used in financing activities	82,350	(59,087)
Net increase / (decrease) in cash and cash equivalents	89,206	(169,048)
Cash and cash equivalents at beginning of year	81,136	250,184
Cash and cash equivalents at the end of year	170,342	81,136
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	170,342	81,136

The notes on pages 12 to 24 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies

1.1 Basis of preparation of financial statements

Media Powerhouse Limited is a private limited company (limited by shares) incorporated in England and Wales. The address of the registered office is Parkbury, Unit 13 Handley Page Way, St. Albans AL2 2DQ.

These financial statements are prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets in accordance with the company's accounting policies.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Group operates. The financial statements are also presented in pounds sterling.

Exemptions

The Group has taken advantage of the following exemptions available under FRS 102:

- the exemption from applying Section 19 Business Combinations and Goodwill to business combinations that were effected before the date of transition to FRS 102;
- the exemption from preparing a statement of cash flows for the parent company accounts; and
- the exemption from disclosing key management personnel compensation.

1.2 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.

1.3 Basis of consolidation and goodwill

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed 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 Balance sheet, 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.

The group measures goodwill at the acquisition date as the excess of the cost of the business combination over the acquirer's interest in the net amount of the identifiable assets, liabilities and contingent liabilities recognised. Subsequently goodwill is amortised on a straight line basis over its useful life for a period of 10 years.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2014.

The company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual statement of comprehensive income and related notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

1. Accounting policies (continued)

1.4 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.

1.5 Foreign currency

Transactions in foreign currency are recorded at the rates of exchange prevailing on the dates of the transactions. 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.

1.6 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.

The Company used to record a specific class of assets at revalued amounts less depreciation in previous years. In the comparative year the related revaluation reserve was fully written off to retained earnings as the assets were fully depreciated.

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.

The estimated useful lives range as follows:

Plant and machinery	- 1 - 5 years
Motor vehicles	- 3 - 4 years
Fixtures and fittings	- 3 - 5 years
Computer equipment	- 2 - 5 years
Leasehold improvements	- over length of lease

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 within 'other operating income' in the Consolidated statement of comprehensive income.

1.7 Leases

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

1. Accounting policies (continued)

1.7 Leases (continued)

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.

1.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Group shares, whose market value can be reliably determined, are re-measured to market value at each balance sheet date. Gains and losses on re-measurement are recognised in the Consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

1.9 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.

1.10 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.

1.11 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable 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 Statement of Comprehensive Income.

1.12 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

1. Accounting policies (continued)

1.13 Creditors

Short term creditors are initially 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.

1.14 Employee benefits

Short term employee benefits including holiday pay are accrued as services are rendered. Contributions to defined contribution pension schemes are charged to profit or loss as they become payable in accordance with the rules of the scheme.

1.15 Impairment of assets

Assets other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

1.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change 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 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 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.

1.17 Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

2. Key sources of estimation uncertainty and judgements

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

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.

3. Turnover

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

	2017 £	2016 £
Systems integration	5,425,136	4,477,627
Rental	4,600,584	3,467,759
	10,025,720	7,945,386

An analysis of turnover by geographical region is as follows:

	2017 £	2016 £
United Kingdom	9,398,870	7,529,161
Rest of Europe	626,850	416,225
	10,025,720	7,945,386

MEDIA POWERHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

4. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	392,395	258,444
Amortisation and impairment of intangible assets	8,100	8,100
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts and related services	22,000	23,700
Defined contribution pension costs	18,374	24,749
Operating lease rentals	53,551	
- Plant and machinery		45,277
- Other assets	193,436	175,889

5. Auditors' remuneration

	2017 £	2016 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts and related services	22,000	23,700

6. Interest payable and similar charges

	2017 £	2016 £
On bank loans and overdrafts	251	2,777
Hire purchase interest	27,342	28,835
Other interest payable	8,444	7,596
	36,037	39,208

7. Taxation

	2017 £	2016 £
Corporation Tax		
Current tax on profits for the year	71,735	46,022
Adjustment to tax charge in respect of prior periods	-	(3,800)
Deferred tax	(5,521)	(2,432)
Total tax charge/ (credit) for the period	66,214	39,790

MEDIA POWERHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower) the standard rate of corporation tax in the UK of 19.25% (2016 – 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	315,493	208,454
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	60,732	41,691
Effects of:		
- Expenses not deductible for tax purposes	3,368	5,754
- Depreciation in excess of capital allowances	7,635	(1,423)
Tax on profits for the year	71,735	46,022

8. Intangible fixed assets

Group

Cost or valuation

At 1 January 2017

Written off in the year

At 31 December 2017

Amortisation

At 1 January 2017

Amortisation charge for the year

Written off in the year

At 31 December 2017

Net book value

At 31 December 2017

At 31 December 2016

Goodwill
£

83,000

-

83,000

68,826

8,100

-

76,926

6,074

14,174

MEDIA POWERHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

9. Tangible fixed assets	Plant and machinery £	Leasehold improvements £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
Cost or valuation						
At 1 January 2017	2,165,086	-	24,233	19,516	111,370	2,320,205
Additions	583,130	233,148	-	23,986	38,697	878,911
Disposals	(27,272)	-	-	-	(4,007)	(31,279)
At 31 December 2017	2,720,943	233,148	24,233	43,452	146,060	3,167,837
Depreciation						
At 1 January 2017	1,531,742	-	22,188	19,516	73,807	1,647,253
Charge owned for the period	348,380	16,570	960	2,489	23,996	392,395
Disposals	(27,272)	-	-	-	(4,007)	(31,279)
At 31 December 2017	1,852,850	16,570	23,148	22,005	93,796	2,008,370
Net book value						
At 31 December 2017	868,093	216,578	1,085	21,447	52,264	1,159,467
<i>At 31 December 2016</i>	<i>633,343</i>	<i>-</i>	<i>2,045</i>	<i>-</i>	<i>37,563</i>	<i>672,952</i>

Included in the total net book value of £1,159,467 (2016: £672,952) are assets held under finance lease with net book value of £508,710 (2016: £372,433).

10. Fixed asset investments	Investments in subsidiary companies £
Company	
Cost or valuation	
At 1 January 2017	103,250
Written off in the year	-
At 31 December 2017	103,250
Impairment	
At 1 January 2017	-
Written off in the year	-
At 31 December 2017	-
Net book value	
At 31 December 2017	103,250
<i>At 31 December 2016</i>	<i>103,250</i>

MEDIA POWERHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

10. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Media Powerhouse Limited	England and Wales	Ordinary	100%	Providing audio visual presentation and broadcast services

11. Stocks & work in progress

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Finished goods and goods for resale	377,222	226,935	-	-
	377,222	226,935	-	-

12. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	1,181,372	1,533,668	-	-
Other debtors	8,372	16,684	-	-
Prepayments and accrued income	223,490	489,337	-	-
	1,413,234	2,039,689	-	-

MEDIA POWERHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

13. Creditors: amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	185,009	337,733	-	-
Trade creditors	753,809	836,306	-	-
Amounts owed to associated undertakings	-	2,604	35,617	53,759
Corporation tax	71,735	46,026	2,398	2,093
Taxation and social security	287,383	246,728	9,225	7,897
Obligations under finance lease and hire purchase contracts	312,983	194,301	-	-
Accruals and deferred income	374,741	508,371	17,400	10,954
	<u>1,985,660</u>	<u>2,172,069</u>	<u>64,640</u>	<u>74,703</u>

14. Creditors: amounts falling due after more one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Net obligations under finance leases and hire purchase agreements	117,030	165,336	-	-
Bank loans	12,500	-	-	-
Long term Accruals	80,000	-	-	-
	<u>209,530</u>	<u>165,336</u>	<u>-</u>	<u>-</u>

Invoice discounting of £147,509 (2016: £337,733) included in bank loans due within one year has been secured by a fixed charge on the trade debtors of the company and by an aggregate personal guarantee from Mr R Chinchawala and Mr M Breen of £50,000.

15. Financial instruments

	Group 2017 £	Group 2016 £
Financial assets measured at amortised cost	1,583,576	2,120,825
	<u>1,583,576</u>	<u>2,120,825</u>
Financial liabilities measured at amortised cost	1,985,660	(2,172,069)
	<u>1,985,660</u>	<u>(2,172,069)</u>

MEDIA POWERHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

15. Financial instruments (continued)

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.

16. Deferred taxation

Group	2017 £	2016 £
At 1 January 2017	(63,107)	(65,539)
Credited / (charged) to profit or loss	5,521	2,432
	<hr/>	<hr/>
At 31 December 2017	(57,586)	(63,107)
	<hr/>	<hr/>
Accelerated capital allowances	5,521	2,432
Tax losses available	-	-
	<hr/>	<hr/>
	5,521	2,432
	<hr/>	<hr/>

MEDIA POWERHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

17. Accruals and deferred income

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Grants received	403	2,392	-	-
Balance at 31 December 2017	403	2,392	-	-

18. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
500,000- Allotted, called up and fully paid shares of £1 each	500,000	500,000

19 Reserves

Profit and loss account

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

20 Pension commitments

The Group pension cost charge at the end of the year amount to £18,374 (2016: £17,729).

21. Commitments under operating leases

At 31 December 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £
Operating leases which expire:		
Within one year	93,482	105,737
Between two and five years	21,220	14,029
Over five years	-	-
Total	114,702	119,766

MEDIA POWERHOUSE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

22. 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 year presented.

23. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	253,798	213,196
	<u>253,798</u>	<u>213,196</u>

The highest paid director received remuneration of £135,436 (2016 - £114,578).

24. Employees

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	1,601,712	1,460,222
Social security costs	181,641	155,764
Cost of defined contribution scheme	18,374	24,749
	<u>1,801,727</u>	<u>1,640,735</u>

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

	Group 2017 No	Group 2016 No	Parent 2017 No	Parent 2016 No
Directors	2	5	2	2
Support Staff	37	37	-	-
Administration	4	3	-	-
	<u>44</u>	<u>45</u>	<u>2</u>	<u>2</u>