

REGISTERED NUMBER: 11790377 (England and Wales)

**Group Strategic Report,
Report of the Directors and
Audited
Consolidated Financial Statements
for the Period
28th January 2019 to 30th June 2019
for
Echo House Limited**

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Echo House Limited
Company Information
for the Period 28th January 2019 to 30th June 2019

DIRECTORS:

M D Cardwell
D Johnson
D J Wetheridge
F H Cardwell
Mrs P C Cardwell
R Cawker
C Samways

REGISTERED OFFICE:

Griffin House
135 High Street
Crawley
West Sussex
RH10 1DQ

REGISTERED NUMBER:

11790377 (England and Wales)

AUDITORS:

Whiteleys
Chartered Certified Accountants
& Statutory Auditor
Sovereign House
155 High Street
Aldershot
Hampshire
GU11 1TT

**Group Strategic Report
for the Period 28th January 2019 to 30th June 2019**

The directors present their strategic report of the company and the group for the period 28th January 2019 to 30th June 2019.

REVIEW OF BUSINESS

The Group's principal activity continues to be that of a graphic design and retail production house.

RESULTS AND PERFORMANCE

The results of the Group for the period, set out on pages 7 to 26 show a profit on ordinary activities before taxation of £95,726. The shareholders' funds of the Group total £10,253,349.

The directors consider the results for the period ended 30 June 2019 to be satisfactory. The revenue is represented by studio art-working, design, fabrication and printing.

BUSINESS ENVIRONMENT

The design and print industry remains highly competitive, however the group has continued to consolidate in its target markets by expanding its range of solutions offered to blue chip clients particularly by offering a greater range of fabrication and highest quality print solutions. The group has continued to keep pace with new developments and changing demands and continues to invest in new technology, machinery and industry talent.

STRATEGY

The Group's success has been and will continue to depend on being able to provide the best quality product by taking advantage of the most up to date equipment and technologies as well through innovation and creativity. The Group will continue to consolidate its position and concentrate its efforts on achieving maximum growth in its existing market segments and in offering a wider spectrum of design and fabrication solutions to its clients.

KEY PERFORMANCE INDICATORS (KPI'S)

We have made significant progress throughout the period in relation to key elements of our strategy. The Board monitors the progress of the Group by reference to the following KPIs:

2019

Net Revenue £3,047,656

Gross margin 71.41%

FINANCIAL INSTRUMENTS

The Group has a normal level of exposure to price, credit, liquidity and cash flow risks arising from trading activities which are conducted largely in sterling. The Group does not enter into formally designated hedging arrangements.

**Group Strategic Report
for the Period 28th January 2019 to 30th June 2019**

PRINCIPAL RISKS AND UNCERTAINTIES

The process of risk acceptance and risk management is addressed through robust internal policies, procedures and controls.

The board manages cash and working capital to ensure the Group has the financial strength to meet its requirements and support the growth of the business.

ON BEHALF OF THE BOARD:

R Cawker - Director

6th March 2020

**Report of the Directors
for the Period 28th January 2019 to 30th June 2019**

The directors present their report with the financial statements of the company and the group for the period 28th January 2019 to 30th June 2019.

COMMENCEMENT OF TRADING

The company commenced trading on 2nd April 2019 following its acquisition of the Echo Studios Holdings Limited and its subsidiary Echo Studios Limited.

PRINCIPAL ACTIVITY

The principal activity of the group in the period under review was that of computerised photographic design and printing.

DIVIDENDS

No dividends will be distributed for the period ended 30th June 2019.

RESEARCH AND DEVELOPMENT

This is set out in the strategic report under business environment.

FUTURE DEVELOPMENTS

These are set out in the strategic report under strategy.

DIRECTORS

The directors who have held office during the period from 28th January 2019 to the date of this report are as follows:

M D Cardwell - appointed 28th January 2019
D Johnson - appointed 28th January 2019
D J Wetheridge - appointed 28th January 2019
F H Cardwell - appointed 28th January 2019
Mrs P C Cardwell - appointed 28th January 2019
R Cawker - appointed 28th January 2019
C Samways - appointed 28th January 2019

GOING CONCERN

No material uncertainties that may cast significant doubt about the ability of the Group to continue as a going concern have been identified by the directors.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group'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.

**Report of the Directors
for the Period 28th January 2019 to 30th June 2019**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Whiteleys, are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:

R Cawker - Director

6th March 2020

Report of the Independent Auditors to the Members of Echo House Limited

Opinion

We have audited the financial statements of Echo House Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 30th June 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 affairs as at 30th June 2019 and of the group's loss for the period 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 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 in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Echo House Limited

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 its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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 Statement of Directors' Responsibilities set out on page four, 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 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.

Auditors' 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 a Report of the Auditors 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 Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

Paul Timothy Whiteley (Senior Statutory Auditor)
for and on behalf of Whiteleys
Chartered Certified Accountants
& Statutory Auditor
Sovereign House
155 High Street
Aldershot
Hampshire
GU11 1TT

6th March 2020

**Consolidated Statement of Comprehensive Income
for the Period 28th January 2019 to 30th June 2019**

	Notes	£
TURNOVER	4	3,047,656
Cost of sales		<u>871,076</u>
GROSS PROFIT		2,176,580
Administrative expenses		<u>2,040,258</u>
		136,322
Other operating income		<u>2,770</u>
OPERATING PROFIT	6	139,092
Interest receivable and similar income		<u>2,470</u>
		141,562
Interest payable and similar expenses	7	<u>45,836</u>
PROFIT BEFORE TAXATION		95,726
Tax on profit	8	<u>117,929</u>
LOSS FOR THE FINANCIAL PERIOD		(22,203)
OTHER COMPREHENSIVE INCOME		
Restatement of loan to present value		74,848
Income tax relating to other comprehensive income		<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		74,848
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>52,645</u>
Profit attributable to:		
Owners of the parent		<u>(22,203)</u>
Total comprehensive income attributable to:		
Owners of the parent		<u>52,645</u>

The notes on pages 15 to 27 form part of these financial statements

Consolidated Balance Sheet
30th June 2019

	Notes	£	£
FIXED ASSETS			
Intangible assets	10		10,605,975
Tangible assets	11		3,464,880
Investments	12		<u>80,000</u>
			14,150,855
CURRENT ASSETS			
Stocks	13	104,532	
Debtors	14	3,249,906	
Cash at bank and in hand		<u>2,955,240</u>	
		6,309,678	
CREDITORS			
Amounts falling due within one year	15	<u>6,129,769</u>	
NET CURRENT ASSETS			<u>179,909</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			14,330,764
CREDITORS			
Amounts falling due after more than one year	16		(3,897,963)
PROVISIONS FOR LIABILITIES	20		<u>(179,452)</u>
NET ASSETS			<u>10,253,349</u>
CAPITAL AND RESERVES			
Called up share capital	21		700,004
Share premium	22		9,500,700
Other reserves	22		74,848
Retained earnings	22		<u>(22,203)</u>
			<u>10,253,349</u>

The financial statements were approved by the Board of Directors on 6th March 2020 and were signed on its behalf by:

R Cawker - Director

Company Balance Sheet
30th June 2019

	Notes	£	£
FIXED ASSETS			
Intangible assets	10		-
Tangible assets	11		-
Investments	12		<u>17,085,000</u>
			17,085,000
CURRENT ASSETS			
Debtors	14	43,975	
Cash at bank and in hand		<u>96,253</u>	
		140,228	
CREDITORS			
Amounts falling due within one year	15	<u>2,527,467</u>	
NET CURRENT LIABILITIES			<u>(2,387,239)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			14,697,761
CREDITORS			
Amounts falling due after more than one year	16		<u>3,198,247</u>
NET ASSETS			<u>11,499,514</u>
CAPITAL AND RESERVES			
Called up share capital	21		700,004
Share premium	22		9,500,700
Retained earnings	22		<u>1,298,810</u>
			<u>11,499,514</u>
Company's profit for the financial year			<u>1,298,810</u>

The financial statements were approved by the Board of Directors on 6th March 2020 and were signed on its behalf by:

R Cawker - Director

**Consolidated Statement of Changes in Equity
for the Period 28th January 2019 to 30th June 2019**

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Changes in equity					
Issue of share capital	700,004	-	9,500,700	-	10,200,704
Total comprehensive income	-	(22,203)	-	74,848	52,645
Balance at 30th June 2019	700,004	(22,203)	9,500,700	74,848	10,253,349

The notes on pages 15 to 27 form part of these financial statements

Echo House Limited (Registered number: 11790377)

**Company Statement of Changes in Equity
for the Period 28th January 2019 to 30th June 2019**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Changes in equity				
Issue of share capital	700,004	-	9,500,700	10,200,704
Total comprehensive income	-	1,298,810	-	1,298,810
Balance at 30th June 2019	700,004	1,298,810	9,500,700	11,499,514

The notes on pages 15 to 27 form part of these financial statements

**Consolidated Cash Flow Statement
for the Period 28th January 2019 to 30th June 2019**

	Notes	£
Cash flows from operating activities		
Cash generated from operations	1	345,303
Interest paid		(42,221)
Interest element of hire purchase payments paid		(3,615)
Tax paid		(43,884)
Net cash from operating activities		<u>255,583</u>
Cash flows from investing activities		
Purchase of intangible fixed assets		(11,055,045)
Purchase of tangible fixed assets		(3,582,911)
Purchase of fixed asset investments		(80,000)
Interest received		2,470
Net cash from investing activities		<u>(14,715,486)</u>
Cash flows from financing activities		
Hire purchase		88,074
Share issue		700,004
Share premium		9,500,700
Debenture loan		1,800,000
Bank loans		3,900,999
Net cash from financing activities		<u>15,989,777</u>
Increase in cash and cash equivalents		<u>1,529,874</u>
Cash and cash equivalents at beginning of period	2	-
Cash and cash equivalents at end of period	2	<u><u>1,529,874</u></u>

The notes on pages 15 to 27 form part of these financial statements

Notes to the Consolidated Cash Flow Statement
for the Period 28th January 2019 to 30th June 2019

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	£
Profit before taxation	95,726
Depreciation charges	567,101
Capital contribution-restatement of DLA	74,848
Finance costs	45,836
Finance income	(2,470)
	<u>781,041</u>
Increase in stocks	(104,532)
Increase in trade and other debtors	(3,249,906)
Increase in trade and other creditors	<u>2,918,700</u>
Cash generated from operations	<u>345,303</u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Period ended 30th June 2019

	30.6.19 £	28.1.19 £
Cash and cash equivalents	2,955,240	-
Bank overdrafts	<u>(1,425,366)</u>	<u>-</u>
	<u>1,529,874</u>	<u>-</u>

3. **ANALYSIS OF CHANGES IN NET DEBT**

	At 28.1.19 £	Cash flow £	At 30.6.19 £
Net cash			
Cash at bank and in hand	-	2,955,240	2,955,240
Bank overdrafts	<u>-</u>	<u>(1,425,366)</u>	<u>(1,425,366)</u>
	<u>-</u>	<u>1,529,874</u>	<u>1,529,874</u>
Debt			
Finance leases	-	(88,074)	(88,074)
Debts falling due within 1 year	-	(2,502,752)	(2,502,752)
Debts falling due after 1 year	<u>-</u>	<u>(3,198,247)</u>	<u>(3,198,247)</u>
	<u>-</u>	<u>(5,789,073)</u>	<u>(5,789,073)</u>
Total	<u>-</u>	<u>(4,259,199)</u>	<u>(4,259,199)</u>

**Notes to the Consolidated Financial Statements
for the Period 28th January 2019 to 30th June 2019**

1. STATUTORY INFORMATION

Echo House Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

The principal place of business of the company is Echo House, Red Lion Business Park, Surbiton, Surrey KT6 7RD.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The company acquired the entire share capital of Echo Studios Holdings Limited and its subsidiaries on 2nd April 2019.

Echo Studios Holdings Limited and its subsidiaries have been consolidated using the purchase method of consolidation. Dormant subsidiaries have not been included.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered, stated net of discounts and of Value Added Tax.

The Group recognises revenue when the amount of revenue can be measured reliably, when it is probable that future economic benefits will flow to the entity and the costs incurred in respect of the transaction can be measured reliably.

A provision is included for any non-completed contracts at the period end. Income is also accrued for any contracts completed at the period end but not invoiced until the new accounting year.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of the entire issued share capital of Echo Studios Holdings Ltd, its subsidiaries Echo Studios Ltd and 25012019 Ltd (Dormant Company), on the 2nd April 2019, is being amortised evenly over its estimated useful life of six years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly over its estimated useful life of five years.

Notes to the Consolidated Financial Statements - continued
for the Period 28th January 2019 to 30th June 2019

3. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 2% on cost
Plant and machinery	- 15% on cost
Fixtures and fittings	- 25% on cost
Motor vehicles	- 25% on cost and 25% on reducing balance
Computer equipment	- 15% on cost

On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognised in profit or loss.

Stocks

Stocks are measured at the lower of cost and selling price less cost to complete and sell.

Cost is calculated on a first in, first out basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

Notes to the Consolidated Financial Statements - continued
for the Period 28th January 2019 to 30th June 2019

3. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments.

Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life.

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Financial instruments

The company 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 profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Notes to the Consolidated Financial Statements - continued
for the Period 28th January 2019 to 30th June 2019**

3. ACCOUNTING POLICIES - continued

Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value, like goodwill and plant, property and equipment, are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less cost to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

Stocks are also assessed for impairment at each reporting date. The carrying amount of each item of stock, or group of similar items, is compared with its selling price less costs to complete and sell. If an item of stock or group of similar items is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset or group of related assets is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset or group of related assets in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

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Related parties

For the purposes of these financial statements, a party is considered to be related to the company if:

(i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the company.

(ii) the company and the party are subject to common control;

(iii) the party is a member of key management personnel of the company, or a close family member of such an individual, or is in an entity under the control, joint control or significant influence of such individuals.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

5. EMPLOYEES AND DIRECTORS

	£
Wages and salaries	983,288
Social security costs	104,474
Other pension costs	20,771
	<u>1,108,533</u>

Notes to the Consolidated Financial Statements - continued
for the Period 28th January 2019 to 30th June 2019

5. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the period was as follows:

Office and administration	8
Production and design	101
	<u>109</u>

The average number of employees by undertakings that were proportionately consolidated during the period was 109 .

	£
Directors' remuneration	199,003
Directors' pension contributions to money purchase schemes	<u>5,966</u>

6. OPERATING PROFIT

The operating profit is stated after charging:

	£
Depreciation - owned assets	114,884
Depreciation - assets on hire purchase contracts	3,147
Goodwill amortisation	448,530
Computer software amortisation	540
Auditors remuneration - audit	6,304
Auditors remuneration - other	<u>3,274</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	£
Bank loan interest	42,221
Hire purchase	<u>3,615</u>
	<u>45,836</u>

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the period was as follows:

	£
Current tax:	
UK corporation tax	114,627
Deferred tax	<u>3,302</u>
Tax on profit	<u>117,929</u>

Notes to the Consolidated Financial Statements - continued
for the Period 28th January 2019 to 30th June 2019

8. **TAXATION - continued**

Tax effects relating to effects of other comprehensive income

	Gross £	Tax £	Net £
Restatement of loan to present value	<u>74,848</u>	<u>-</u>	<u>74,848</u>

9. **INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME**

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

10. **INTANGIBLE FIXED ASSETS**

Group

	Goodwill £	Computer software £	Totals £
COST			
Additions	11,036,865	18,180	11,055,045
At 30th June 2019	<u>11,036,865</u>	<u>18,180</u>	<u>11,055,045</u>
AMORTISATION			
Amortisation for period	448,530	540	449,070
At 30th June 2019	<u>448,530</u>	<u>540</u>	<u>449,070</u>
NET BOOK VALUE			
At 30th June 2019	<u>10,588,335</u>	<u>17,640</u>	<u>10,605,975</u>

Goodwill, being the amount paid in connection with the acquisition of the entire issued share capital of Echo Studios Holdings Ltd, its subsidiaries Echo Studios Ltd and 25012019 Ltd (Dormant Company), on the 2nd April 2019, is being amortised evenly over its estimated useful life of six years.

The goodwill was valued by the directors at the amount paid for the acquisition in excess of the assets acquired and liabilities and provisions for contingent liabilities assumed.

Notes to the Consolidated Financial Statements - continued
for the Period 28th January 2019 to 30th June 2019

11. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Improvements to property £	Plant and machinery £
COST			
Additions	1,904,477	33,205	1,210,381
At 30th June 2019	<u>1,904,477</u>	<u>33,205</u>	<u>1,210,381</u>
DEPRECIATION			
Charge for period	4,737	2,447	79,150
At 30th June 2019	<u>4,737</u>	<u>2,447</u>	<u>79,150</u>
NET BOOK VALUE			
At 30th June 2019	<u>1,899,740</u>	<u>30,758</u>	<u>1,131,231</u>

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
Additions	114,527	121,087	199,234	3,582,911
At 30th June 2019	<u>114,527</u>	<u>121,087</u>	<u>199,234</u>	<u>3,582,911</u>
DEPRECIATION				
Charge for period	11,320	4,127	16,250	118,031
At 30th June 2019	<u>11,320</u>	<u>4,127</u>	<u>16,250</u>	<u>118,031</u>
NET BOOK VALUE				
At 30th June 2019	<u>103,207</u>	<u>116,960</u>	<u>182,984</u>	<u>3,464,880</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
Additions	105,431
At 30th June 2019	<u>105,431</u>
DEPRECIATION	
Charge for period	3,147
At 30th June 2019	<u>3,147</u>
NET BOOK VALUE	
At 30th June 2019	<u>102,284</u>

Notes to the Consolidated Financial Statements - continued
for the Period 28th January 2019 to 30th June 2019

12. **FIXED ASSET INVESTMENTS**

Group

	Unlisted investments £
COST	
Additions	80,000
At 30th June 2019	<u>80,000</u>
NET BOOK VALUE	
At 30th June 2019	<u>80,000</u>
Company	
	Shares in group undertakings £
COST	
Additions	17,085,000
At 30th June 2019	<u>17,085,000</u>
NET BOOK VALUE	
At 30th June 2019	<u>17,085,000</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary

Echo Studios Holdings Limited

Registered office: Sovereign House, 155 High Street, Aldershot, Hampshire GU11 1TT

Nature of business: Holding company

	% holding	2019 £
Class of shares:		
Ordinary-A	100.00	
Aggregate capital and reserves		8,355,622
Profit for the period		<u>1,849,639</u>

13. **STOCKS**

	Group £
Stocks	<u>104,532</u>

The company has allowed a floating charge over the company's assets, including stocks as security for the bank.

Notes to the Consolidated Financial Statements - continued
for the Period 28th January 2019 to 30th June 2019

14. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group £	Company £
Trade debtors	2,657,552	-
Amounts owed by group undertakings	-	43,975
Other debtors	22,418	-
Prepayments and accrued income	569,936	-
	<u>3,249,906</u>	<u>43,975</u>

The company has allowed a floating charge over the company's assets, including stocks as security for the bank.

15. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group £	Company £
Debentures (see note 17)	1,800,000	1,800,000
Bank loans and overdrafts (see note 17)	2,128,118	702,752
Hire purchase contracts (see note 18)	22,718	-
Trade creditors	477,765	-
Other creditors	379,602	-
Tax	70,743	-
Social security and other taxes	587,404	-
Accruals and deferred income	663,419	24,715
	<u>6,129,769</u>	<u>2,527,467</u>

16. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group £	Company £
Bank loans (see note 17)	3,198,247	3,198,247
Hire purchase contracts (see note 18)	65,356	-
Other creditors	634,360	-
	<u>3,897,963</u>	<u>3,198,247</u>

Notes to the Consolidated Financial Statements - continued
for the Period 28th January 2019 to 30th June 2019

17. **LOANS**

An analysis of the maturity of loans is given below:

	Group £	Company £
Amounts falling due within one year or on demand:		
Debentures	1,800,000	1,800,000
Bank overdrafts	1,425,366	-
Bank mortgage loan	108,752	108,752
Bank term loan	594,000	594,000
	<u>3,928,118</u>	<u>2,502,752</u>
Amounts falling due between one and two years:		
Bank mortgage loan 1-2 years	111,601	111,601
Bank term loan 1-2 yrs	594,000	594,000
	<u>705,601</u>	<u>705,601</u>
Amounts falling due between two and five years:		
Bank mortgage loan 2-5 years	1,809,646	1,809,646
Bank term loan 2-5 yrs	683,000	683,000
	<u>2,492,646</u>	<u>2,492,646</u>

18. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

Group	Hire purchase contracts £
Net obligations repayable:	
Within one year	22,718
Between one and five years	<u>65,356</u>
	<u>88,074</u>

Notes to the Consolidated Financial Statements - continued
for the Period 28th January 2019 to 30th June 2019

18. **LEASING AGREEMENTS - continued**

Group

	Non-cancellable operating leases £
Within one year	140,601
Between one and five years	170,089
	<u>310,690</u>

19. **SECURED DEBTS**

The following secured debts are included within creditors:

	Group £	Company £
Debentures	1,800,000	1,800,000
Bank overdraft	1,425,366	-
Bank loans	3,900,999	3,900,999
Hire purchase contracts	88,074	-
	<u>7,214,439</u>	<u>5,700,999</u>

The bank has a fixed and floating charge over the company's assets to secure the invoice discounting loan, overdraft and other loans.

The loans in respect of the hire purchase agreements are secured against the assets to which they relate.

Together with its fellow group companies, the company has provided guarantees and security in support of group borrowings from Barclays Bank plc and P Cardwell.

The security provided comprises fixed and floating charges over all property and undertaking of the business.

20. **PROVISIONS FOR LIABILITIES**

	Group £
Deferred tax	<u>179,452</u>

Notes to the Consolidated Financial Statements - continued
for the Period 28th January 2019 to 30th June 2019

20. PROVISIONS FOR LIABILITIES - continued

Group

	Deferred tax £
Provided during period	179,452
Balance at 30th June 2019	<u>179,452</u>

21. CALLED UP SHARE CAPITAL

Called up share capital

Number	Class	Nominal Value	£
1,000,000	Ordinary-A	£1.00	700,004

On 25 January 2019 6 subscriber shares were issued at par and the subscribers paid £6 in cash. On 8 March 2019 a further 994 shares were issued at par uncalled to the 6 subscribers; 2 subscribers paid £698 in cash for their shares, and at the balance sheet date no payments or calls had been made in respect of the remaining shares

On 3 April 2019 999,000 shares were issued uncalled; 299,700 were issued at a price of £3.062 per share and at the balance sheet date no payments or calls had been made in respect of these shares. The remaining 699,300 shares were issued in exchange for shares in Echo Studios Holdings Limited valued at £10,200,000 and this value has been credited, as fully paid, to share capital and share premium.

22. RESERVES

Group

	Retained earnings £	Share premium £	Other reserves £	Totals £
Deficit for the period	(22,203)			(22,203)
Cash share issue	-	9,500,700	-	9,500,700
Restatement of loan to present value	-	-	74,848	74,848
At 30th June 2019	<u>(22,203)</u>	<u>9,500,700</u>	<u>74,848</u>	<u>9,553,345</u>

Company

	Retained earnings £	Share premium £	Totals £
Profit for the period	1,298,810		1,298,810
Cash share issue	-	9,500,700	9,500,700
At 30th June 2019	<u>1,298,810</u>	<u>9,500,700</u>	<u>10,799,510</u>

**Notes to the Consolidated Financial Statements - continued
for the Period 28th January 2019 to 30th June 2019**

23. CONTINGENT LIABILITIES

Together with its fellow group companies, the company has provided guarantees and security in support of group borrowings from Barclays Bank plc and P Cardwell.

The security provided comprises fixed and floating charges over all property and undertaking of the business.

24. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

The company's key management personnel are considered to be the directors.

The controlling party is M D Cardwell.

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