

**REGISTERED NUMBER: 03298917 (England and Wales)**

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

**FOR**

**TORPEDO FACTORY GROUP LIMITED**

**CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

|  | <b>Page</b> |
|--|-------------|
| <b>Company Information</b>   | 1           |
| <b>Group Strategic Report</b>  | 2           |
| <b>Report of the Directors</b>   | 5           |
| <b>Report of the Independent Auditors</b>                                      | 6           |
| <b>Consolidated Statement of Profit or Loss</b>                                | 8           |
| <b>Consolidated Statement of Profit or Loss and Other Comprehensive Income</b> | 9           |
| <b>Consolidated Statement of Financial Position</b>                            | 10          |
| <b>Company Statement of Financial Position</b>                                 | 12          |
| <b>Consolidated Statement of Changes in Equity</b>                             | 14          |
| <b>Company Statement of Changes in Equity</b>                                  | 15          |
| <b>Consolidated Statement of Cash Flows</b>                                    | 16          |
| <b>Notes to the Consolidated Statement of Cash Flows</b>                       | 17          |
| <b>Notes to the Consolidated Financial Statements</b>                          | 18          |

**TORPEDO FACTORY GROUP LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**DIRECTORS:** N Clark  
J-D Papworth  
K G McCullagh  
F W Jenner FCCA

**SECRETARY:** F W Jenner FCCA

**REGISTERED OFFICE:** The Old Torpedo Factory  
St Leonard's Road  
London  
NW10 6ST

**REGISTERED NUMBER:** 03298917 (England and Wales)

**SENIOR STATUTORY AUDITOR:** Robert Booty ACA FCCA CTA

**AUDITORS:** Wheelers  
Chartered Accountants, Tax Consultants  
& Statutory Auditors  
27-29 Old Market  
Wisbech  
Cambridgeshire  
PE13 1NE

**BANKERS:** Natwest Bank Plc  
166 Camden High Street  
London  
NW1 0NW

**GROUP STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their strategic report of the company and the group for the year ended 31 December 2019.

**Mission**

The Group's mission is to enable its clients to wow their audiences by creating high quality audio visual and staging technology in theatres, events and presentation spaces.

**Principal Activity**

Torpedo Factory Group is a technical services business operating in three sectors:

**Stage Technology:** We create performance spaces with real impact, from the largest theatre projects in the UK and beyond to drama spaces for schools and colleges.

**Meeting Environments:** We design install and maintain high quality systems that are technologically powerful, yet simple and welcoming to the end user.

**Live Events:** We provide the technology to deliver live events, both within the venue and streamed live to the wider world.

We have strong asset backing, owning the freehold of our Head Office in West London.

**Review of 2019**

The directors are pleased to report that the Group's financial performance in 2019 was a dramatic improvement on that of 2018. Turnover in 2019 exceeded £9m, a record level, and profits after tax exceeded £500,000, a seven-fold increase over 2018.

Our headline numbers were as follows:

|                           | <b>2019</b> | <b>2018</b> | <b>Change</b>   |
|---------------------------|-------------|-------------|-----------------|
| Revenue                   | £9,095,270  | £7,021,593  | +29.5%          |
| Gross Profit              | £4,388,172  | £3,772,171  | +16.3%          |
| EBITDA                    | £781,518    | £157,813    | +395.2%         |
| Operating Profit          | £612,184    | £6,856      | +8,829.2%       |
| Pre -Tax Profit           | £548,571    | £(102,261)  | From -ve to +ve |
| Post -Tax Profit          | £567,397    | £65,775     | +762.6%         |
| Cash and equivalent       | £638,694    | £363,219    | +75.8%          |
| Net Assets                | £2,439,211  | £1,882,432  | +29.6%          |
| Current Assets            | £2,873,147  | £2,238,604  | +28.3%          |
| Current Liabilities       | £2,814,518  | £2,256,382  | +24.7%          |
| Current Ratio (Liquidity) | 1.02        | 0.99        | +3.0%           |

Part of this profit was used to discharge debt, repaying a £250,000 loan. Despite the debt repayment, the Group ended the year with a strong cash balance of more than £600,000.

Certain innovative technological aspects of our work benefit from UK Government R&D Tax Credits. Since the Group made a loss in 2018, the tax relief in that year was received as a cash grant; in 2019, due to reporting significant profits the cash grant is smaller but there is a substantial additional benefit in the form of the elimination of Corporation Tax payable on the Group's profits. This has the effect of preserving more of our tax losses for use in future years.

**Divisional Analysis - Stage Technology**

Based in Greater Manchester with a satellite office in Bicester, our Stage Technology business installs and maintains lighting, sound, and control equipment in performance spaces throughout the UK, from major theatres to the halls and drama studios of the country's finest schools and universities. The business performed strongly in 2019, with revenue up 43%, and sizeable projects whose delivery extended into 2020.

**Divisional Analysis - Meeting Environments**

Our Meeting Environments business covers the design, installation and maintenance of audio visual systems to corporate and public sector clients, primarily in London and other major cities throughout the UK and Europe. We had a record year with revenues in this division up 40%. This includes our largest ever contract, for a global IT firm's London site, and multi-site European rollouts for two longstanding clients.

**GROUP STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**Divisional Analysis - Live Events**

Revenue at our Live Events business was broadly unchanged, falling 1.6% from 2018. Encouragingly, we saw increased interest in our streaming platform from both longstanding and new clients, allowing them to engage with remote audiences as well as those who are physically present.

**Coronavirus**

The business made a strong start to the year, performing better in January and February 2020 than in the same months of 2019.

However, like many other companies in the UK, we saw revenues decline significantly in March and April 2020 as a result of the coronavirus epidemic and the necessary response to it. The epidemic has naturally caused disruption to us, our clients and suppliers, particularly in our Live Events business which represented approximately 11% of turnover in 2019. Our first priority has been to keep our staff safe. However, the Government did not shut construction sites, so we had contractual commitments to honour. In our two installation businesses we have therefore continued to work where it has been safe to do so. We are hugely grateful to our engineers who conscientiously continued to work even during the height of the pandemic, and to our clients who proactively engaged with us to make sites as safe as possible.

**Future Outlook**

Through a combination of directors and employees taking pay reductions and the use of Government employment grants, we have so far avoided making redundancies at any of our offices. However, significant uncertainties remain and it is difficult to predict how the second half of 2020 will turn out, particularly in our Live Events business, which is largely dependent on the return of face to face conferences. More encouragingly, we are in advanced discussions around projects in the other segments of our business for 2021 and beyond.

Our Meeting Environments business is set to benefit from expected increase in home working, as our technology links staff in different sites and improves collaboration.

Given the difficulty of estimating the speed of business recovery, we have taken the opportunity to strengthen the Group's cash reserves through access to the UK Government's Coronavirus Business Interruption Loan Scheme (CBILS). We are pleased to report that NatWest, the Group's bank, has approved a CBILS loan of £1.75m, which we expect to draw down in Q3, 2020. Current indications are that the Company and the Group will trade at or near breakeven in 2020 on reduced turnover, with growth in revenue and profitability resuming in 2021.

**Principal Risks and Uncertainties**

The Group's operations expose it to a variety of financial risks that include operating in a competitive market, credit risks, and liquidity risk. The Group has in place policies and procedures that seek to limit the potentially adverse effect of such risks on the financial performance of the Group. We acknowledge that credit risk has become increasingly important. To manage financial risk in this regard the Group has internal controls to ensure it undertakes a review of each customer before trading commences. Liquidity risk is managed by ensuring that, prior to commencement of projects, the Group has sufficient headroom in its credit lines. Whilst competition is inevitable we review open quotations to ensure the margin is satisfactory given the risks and uncertainties in each project.

The economic environment caused by the coronavirus pandemic has reduced business levels, and has reduced margins due to the challenge of operating with social distancing and other safety measures. The Group has mitigated risks wherever possible and has used Government business support schemes where appropriate. Risks also arise in connection with the end of the Brexit transition period, in particular exchange rate risk around the purchase of items originally priced in currencies other than sterling, and risks to our ability to operate in EU territories. Nevertheless, such risks are at present overshadowed by those associated with the coronavirus pandemic. The directors believe the measures they have put in place to improve business resilience will enable the Group to cope with the downturn and take advantage of new opportunities that may arise.

As a supplier of sophisticated technology the Group faces risks if it cannot obtain the latest products in the markets in which it operates. Our Technical Director is heavily involved with industry bodies and ensures we are appraised of technological changes as they affect us. We have direct relationships with all major manufacturers whose policy is to permit direct accounts, and with a variety of distributors to obtain access to all other products we required. In our Live Events business we ensure that the depreciation policy of equipment purchased is short enough that the risk of obsolescence before the relevant items have been fully depreciated is negligible.

**GROUP STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**ON BEHALF OF THE BOARD:**

N Clark - Director

1 July 2020

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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

**DIVIDENDS**

No dividend was paid or proposed for the year ended 31 December 2019.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

N Clark  
J-D Papworth  
K G McCullagh  
F W Jenner FCCA

**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 International Financial Reporting Standards as adopted by the European Union. 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;
- state that the financial statements comply with IFRS;
- 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.

**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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**AUDITORS**

In accordance with Section 487(2) of the Companies Act 2006 the auditors, Wheelers, are deemed to have been re-appointed.

**ON BEHALF OF THE BOARD:**

F W Jenner FCCA - Secretary

1 July 2020

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
TORPEDO FACTORY GROUP LIMITED**

**Opinion**

We have audited the financial statements of Torpedo Factory Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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  
TORPEDO FACTORY GROUP 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 five, 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](http://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.

Robert Booty ACA FCCA CTA (Senior Statutory Auditor)  
for and on behalf of Wheelers  
Chartered Accountants, Tax Consultants  
& Statutory Auditors  
27-29 Old Market  
Wisbech  
Cambridgeshire  
PE13 1NE

1 July 2020

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

|   | Notes | 31.12.19<br>£      | 31.12.18<br>£      |
|---|-------|--------------------|--------------------|
| <b>CONTINUING OPERATIONS</b>                    |       |                    |                    |
| Revenue   | 4     | 9,095,270          | 7,021,593          |
| Cost of sales                                   |       | <u>(4,707,098)</u> | <u>(3,249,422)</u> |
| <b>GROSS PROFIT</b>                             |       | 4,388,172          | 3,772,171          |
| Other operating income                          |       | 60,000             | 60,000             |
| Distribution costs                              |       | (313,696)          | (302,030)          |
| Administrative expenses                         |       | <u>(3,522,292)</u> | <u>(3,523,285)</u> |
| <b>OPERATING PROFIT</b>                         |       | 612,184            | 6,856              |
| Finance costs                                   | 6     | (97,047)           | (109,119)          |
| Finance income                                  | 6     | 35,412             | 2                  |
| Share of loss of associates                     |       | <u>(1,978)</u>     | <u>-</u>           |
| <b>PROFIT/(LOSS) BEFORE INCOME TAX</b>          | 7     | 548,571            | (102,261)          |
| Income tax                                      | 8     | 18,826             | 168,036            |
| <b>PROFIT FOR THE YEAR</b>                      |       | <u>567,397</u>     | <u>65,775</u>      |
| Profit attributable to:<br>Owners of the parent |       | <u>567,397</u>     | <u>65,775</u>      |

The notes form part of these financial statements

**TORPEDO FACTORY GROUP LIMITED (REGISTERED NUMBER: 03298917)**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

|   | 31.12.19<br>£   | 31.12.18<br>£ |
|---|-----------------|---------------|
| <b>PROFIT FOR THE YEAR</b>  | 567,397         | 65,775        |
| <b>OTHER COMPREHENSIVE INCOME</b>   |                 |               |
| <b>Item that will not be reclassified to profit or loss:</b>                |                 |               |
| DT movement on revaluation  | (10,618)        | -             |
| Income tax relating to item that will not be reclassified to profit or loss | -               | -             |
| <b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>           | <u>(10,618)</u> | <u>-</u>      |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>                              | <u>556,779</u>  | <u>65,775</u> |
| Total comprehensive income attributable to:<br>Owners of the parent         | <u>556,779</u>  | <u>65,775</u> |

The notes form part of these financial statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**31 DECEMBER 2019**

|                                       | Notes  | 31.12.19<br>£    | 31.12.18<br>£    |
|---------------------------------------|--------|------------------|------------------|
| <b>ASSETS</b>                         |        |                  |                  |
| <b>NON-CURRENT ASSETS</b>             |        |                  |                  |
| Goodwill                              | 10     | 676,759          | 676,759          |
| Owned                                 |        |                  |                  |
| Intangible assets                     | 11     | 40,418           | 40,418           |
| Property, plant and equipment         | 12     | 3,101,942        | 3,093,400        |
| Investment property                   | 13     | -                | -                |
| Right-of-use                          |        |                  |                  |
| Property, plant and equipment         | 12, 23 | 127,772          | 36,375           |
| Investment in associates              | 14     | 3,819            | -                |
| Investments                           | 14     | -                | -                |
| Loans and other financial assets      | 15     | 124,813          | -                |
| Trade and other receivables           | 17     | 8,633            | 12,777           |
|                                       |        | <u>4,084,156</u> | <u>3,859,729</u> |
| <b>CURRENT ASSETS</b>                 |        |                  |                  |
| Inventories                           | 16     | 288,151          | 195,347          |
| Trade and other receivables           | 17     | 1,917,576        | 1,523,996        |
| Tax receivable                        |        | 28,726           | 156,042          |
| Cash and cash equivalents             | 18     | 638,694          | 363,219          |
|                                       |        | <u>2,873,147</u> | <u>2,238,604</u> |
| <b>TOTAL ASSETS</b>                   |        | <u>6,957,303</u> | <u>6,098,333</u> |
| <b>EQUITY</b>                         |        |                  |                  |
| <b>SHAREHOLDERS' EQUITY</b>           |        |                  |                  |
| Called up share capital               | 19     | 140,289          | 140,289          |
| Share premium                         | 20     | 227,488          | 227,488          |
| Revaluation reserve                   | 20     | 1,310,858        | 1,321,476        |
| Retained earnings                     | 20     | 760,576          | 193,179          |
| <b>TOTAL EQUITY</b>                   |        | <u>2,439,211</u> | <u>1,882,432</u> |
| <b>LIABILITIES</b>                    |        |                  |                  |
| <b>NON-CURRENT LIABILITIES</b>        |        |                  |                  |
| Financial liabilities - borrowings    |        |                  |                  |
| Interest bearing loans and borrowings | 22     | 1,592,804        | 1,869,267        |
| Deferred tax                          | 24     | 110,770          | 90,252           |
|                                       |        | <u>1,703,574</u> | <u>1,959,519</u> |
| <b>CURRENT LIABILITIES</b>            |        |                  |                  |
| Trade and other payables              | 21     | 2,023,056        | 1,612,180        |
| Financial liabilities - borrowings    |        |                  |                  |
| Interest bearing loans and borrowings | 22     | 791,462          | 644,202          |
|                                       |        | <u>2,814,518</u> | <u>2,256,382</u> |
| <b>TOTAL LIABILITIES</b>              |        | <u>4,518,092</u> | <u>4,215,901</u> |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |        | <u>6,957,303</u> | <u>6,098,333</u> |

The notes form part of these financial statements

**TORPEDO FACTORY GROUP LIMITED (REGISTERED NUMBER: 03298917)**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued**  
**31 DECEMBER 2019**

The financial statements were approved by the Board of Directors and authorised for issue on 1 July 2020 and were signed on its behalf by:

F W Jenner FCCA - Director

N Clark - Director

The notes form part of these financial statements

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**31 DECEMBER 2019**

|                                       | Notes | 31.12.19<br>£    | 31.12.18<br>£    |
|---------------------------------------|-------|------------------|------------------|
| <b>ASSETS</b>                         |       |                  |                  |
| <b>NON-CURRENT ASSETS</b>             |       |                  |                  |
| Goodwill                              | 10    | -                | -                |
| Owned                                 |       |                  |                  |
| Intangible assets                     | 11    | 12,923           | 12,923           |
| Property, plant and equipment         | 12    | -                | -                |
| Investment property                   | 13    | 2,950,000        | 2,950,000        |
| Right-of-use                          |       |                  |                  |
| Investment in associates              | 14    | 3,819            | -                |
| Investments                           | 14    | 644,021          | 644,021          |
| Loans and other financial assets      | 15    | 124,813          | -                |
| Trade and other receivables           | 17    | 158,633          | 162,777          |
|                                       |       | <u>3,894,209</u> | <u>3,769,721</u> |
| <b>CURRENT ASSETS</b>                 |       |                  |                  |
| Trade and other receivables           | 17    | 92,219           | 160,130          |
| Cash and cash equivalents             | 18    | 2,469            | 1,040            |
|                                       |       | <u>94,688</u>    | <u>161,170</u>   |
| <b>TOTAL ASSETS</b>                   |       | <u>3,988,897</u> | <u>3,930,891</u> |
| <b>EQUITY</b>                         |       |                  |                  |
| <b>SHAREHOLDERS' EQUITY</b>           |       |                  |                  |
| Called up share capital               | 19    | 140,289          | 140,289          |
| Share premium                         | 20    | 227,488          | 227,488          |
| Revaluation reserve                   | 20    | 1,010,667        | 1,021,285        |
| Retained earnings                     | 20    | (132,334)        | (140,321)        |
| <b>TOTAL EQUITY</b>                   |       | <u>1,246,110</u> | <u>1,248,741</u> |
| <b>LIABILITIES</b>                    |       |                  |                  |
| <b>NON-CURRENT LIABILITIES</b>        |       |                  |                  |
| Financial liabilities - borrowings    |       |                  |                  |
| Interest bearing loans and borrowings | 22    | 1,544,864        | 1,862,190        |
| Deferred tax                          | 24    | 100,870          | 90,252           |
|                                       |       | <u>1,645,734</u> | <u>1,952,442</u> |
| <b>CURRENT LIABILITIES</b>            |       |                  |                  |
| Trade and other payables              | 21    | 1,029,899        | 664,328          |
| Financial liabilities - borrowings    |       |                  |                  |
| Interest bearing loans and borrowings | 22    | 67,154           | 65,380           |
|                                       |       | <u>1,097,053</u> | <u>729,708</u>   |
| <b>TOTAL LIABILITIES</b>              |       | <u>2,742,787</u> | <u>2,682,150</u> |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |       | <u>3,988,897</u> | <u>3,930,891</u> |

The notes form part of these financial statements

**TORPEDO FACTORY GROUP LIMITED (REGISTERED NUMBER: 03298917)**

**COMPANY STATEMENT OF FINANCIAL POSITION - continued**  
**31 DECEMBER 2019**

The financial statements were approved by the Board of Directors and authorised for issue on 1 July 2020 and were signed on its behalf by:

F W Jenner FCCA - Director

N Clark - Director

The notes form part of these financial statements

**TORPEDO FACTORY GROUP LIMITED (REGISTERED NUMBER: 03298917)**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

|                                    | Called up<br>share<br>capital<br>£ | Retained<br>earnings<br>£ | Share<br>premium<br>£ | Revaluation<br>reserve<br>£ | Total<br>equity<br>£ |
|------------------------------------|------------------------------------|---------------------------|-----------------------|-----------------------------|----------------------|
| <b>Balance at 1 January 2018</b>   | 140,289                            | 127,404                   | 227,488               | 1,321,476                   | 1,816,657            |
| <b>Changes in equity</b>           |                                    |                           |                       |                             |                      |
| Total comprehensive income         | -                                  | 65,775                    | -                     | -                           | 65,775               |
| <b>Balance at 31 December 2018</b> | 140,289                            | 193,179                   | 227,488               | 1,321,476                   | 1,882,432            |
| <b>Changes in equity</b>           |                                    |                           |                       |                             |                      |
| Total comprehensive income         | -                                  | 567,397                   | -                     | (10,618)                    | 556,779              |
| <b>Balance at 31 December 2019</b> | 140,289                            | 760,576                   | 227,488               | 1,310,858                   | 2,439,211            |

The notes form part of these financial statements

**TORPEDO FACTORY GROUP LIMITED (REGISTERED NUMBER: 03298917)**

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

|                                    | Called up<br>share<br>capital<br>£ | Retained<br>earnings<br>£ | Share<br>premium<br>£ | Revaluation<br>reserve<br>£ | Total<br>equity<br>£ |
|------------------------------------|------------------------------------|---------------------------|-----------------------|-----------------------------|----------------------|
| <b>Balance at 1 January 2018</b>   | 140,289                            | (137,504)                 | 227,488               | 1,021,285                   | 1,251,558            |
| <b>Changes in equity</b>           |                                    |                           |                       |                             |                      |
| Total comprehensive income         | -                                  | (2,817)                   | -                     | -                           | (2,817)              |
| <b>Balance at 31 December 2018</b> | <u>140,289</u>                     | <u>(140,321)</u>          | <u>227,488</u>        | <u>1,021,285</u>            | <u>1,248,741</u>     |
| <b>Changes in equity</b>           |                                    |                           |                       |                             |                      |
| Total comprehensive income         | -                                  | 7,987                     | -                     | (10,618)                    | (2,631)              |
| <b>Balance at 31 December 2019</b> | <u>140,289</u>                     | <u>(132,334)</u>          | <u>227,488</u>        | <u>1,010,667</u>            | <u>1,246,110</u>     |

The notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

|   |   | 31.12.19         | 31.12.18         |
|---|---|------------------|------------------|
|   |   | £                | £                |
| <b>Cash flows from operating activities</b>           |   |                  |                  |
| Cash generated from operations                        | 1 | 798,306          | 243,009          |
| Interest paid   |   | (81,769)         | (86,857)         |
| Lease interest paid                                   |   | (11,134)         | (3,483)          |
| Finance costs paid                                    |   | (4,144)          | (18,779)         |
| Tax paid  |   | 156,042          | 101,381          |
| Net cash from operating activities                    |   | <u>857,301</u>   | <u>235,271</u>   |
| <b>Cash flows from investing activities</b>           |   |                  |                  |
| Purchase of intangible fixed assets                   |   | -                | (3,750)          |
| Purchase of tangible fixed assets                     |   | (97,877)         | (48,370)         |
| Purchase of fixed asset investments                   |   | (101,570)        | -                |
| Sale of tangible fixed assets                         |   | 4,695            | 12,752           |
| Interest received                                     |   | 6,372            | 2                |
| Net cash from investing activities                    |   | <u>(188,380)</u> | <u>(39,366)</u>  |
| <b>Cash flows from financing activities</b>           |   |                  |                  |
| Capital repaid on loans                               |   | (65,552)         | (1,761,676)      |
| Capital on new loans                                  |   | -                | 1,733,447        |
| Payment of lease liabilities                          |   | (83,587)         | (30,973)         |
| Amount introduced by directors                        |   | 191,943          | 232,760          |
| Repayments on director's loan                         |   | (436,250)        | (338,360)        |
| Net cash from financing activities                    |   | <u>(393,446)</u> | <u>(164,802)</u> |
| <b>Increase in cash and cash equivalents</b>          |   | <u>275,475</u>   | <u>31,103</u>    |
| <b>Cash and cash equivalents at beginning of year</b> | 2 | 363,219          | 332,116          |
| <b>Cash and cash equivalents at end of year</b>       | 2 | <u>638,694</u>   | <u>363,219</u>   |

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

1. **RECONCILIATION OF PROFIT/(LOSS) BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

|  | 31.12.19              | 31.12.18              |
|--|-----------------------|-----------------------|
|  | £                     | £                     |
| Profit/(loss) before income tax                    | 548,571               | (102,261)             |
| Depreciation charges                               | 156,786               | 160,832               |
| Loss/(profit) on disposal of fixed assets          | 12,549                | (9,876)               |
| Finance costs                                      | 97,047                | 109,119               |
| Finance income                                     | <u>(35,412)</u>       | <u>(2)</u>            |
|  | 779,541               | 157,812               |
| Share of loss of associates                        | 1,978                 | -                     |
| Increase in inventories                            | (92,804)              | (25,340)              |
| (Increase)/decrease in trade and other receivables | (389,518)             | 877,074               |
| Increase/(decrease) in trade and other payables    | <u>499,109</u>        | <u>(766,537)</u>      |
| <b>Cash generated from operations</b>              | <b><u>798,306</u></b> | <b><u>243,009</u></b> |

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 31 December 2019**

|                           | 31.12.19       | 1.1.19         |
|---------------------------|----------------|----------------|
|                           | £              | £              |
| Cash and cash equivalents | <u>638,694</u> | <u>363,219</u> |

**Year ended 31 December 2018**

|                           | 31.12.18       | 1.1.18         |
|---------------------------|----------------|----------------|
|                           | £              | £              |
| Cash and cash equivalents | <u>363,219</u> | <u>332,116</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

1. **STATUTORY INFORMATION**

Torpedo Factory Group 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 (£).

2. **ACCOUNTING POLICIES**

**Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The Group's business activities, together with the factors likely to affect its future development and position, are set out in the Group Strategic Report on pages 2 to 4.

The Group has a strong asset base and delivered record levels of profit and operating cash in the year under review. The directors have prepared projections which indicate that the Group will trade at close to breakeven in the year to 31 December 2020 and return to profitability in 2021. The Group's bank has indicated a willingness to provide funding to support the increased working capital potentially required to fund the growth in those projections

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Group to continue as a going concern.

On the basis of their assessment of the company's financial position, the company's directors have a reasonable expectation that the company will be able 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.

**Basis of consolidation**

The consolidated financial statements include the company its subsidiaries and associates. Intra group sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only.

**Associates**

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

2. **ACCOUNTING POLICIES - continued**

**New and revised accounting standards**

The Company has applied IFRS 16 Leases using the cumulative catch-up approach, with the date of initial application of 1 January 2019, restatement of comparative information is not permitted and continues to be presented under IAS 17.

The Company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17:

- Elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Measured right of use assets at the date of initial application being the present value of remaining lease payments discounted at the companies incremental borrowing rate at that date.
- Measured the lease liability at the date of initial application at an amount equal to the right of use asset.

The incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 January 2019 is 6.75%.

The following table shows the operating lease commitments disclosed applying IAS 17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

|  |   |                |
|--|---|----------------|
|  | £ |                |
| Operating lease commitments at 31 December 2018                        |   | 201,554        |
| Short term leases  |   | (7,000)        |
| Effect of discounting  |   | (18,464)       |
| Lease liabilities and right of use assets recognised at 1 January 2019 |   | <u>176,090</u> |

The effect of new and amended Standards and interpretations which are in issue but not yet mandatorily effective is not expected to be material.

**Revenue recognition**

Revenue represents net invoiced sales of goods and services excluding Value Added Tax. Revenue is recognised when the goods or services are provided, subject to the company's specific revenue recognition policy for services rendered detailed below.

Maintenance contracts, consultancy and revenue arising from contracts for the design, supply and installation of audio visual systems to which there is a contractual commitment at the balance sheet date are treated as long term contracts. Profit on these contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Revenue is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

2. **ACCOUNTING POLICIES - continued**

**Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets and liabilities of the acquired subsidiary at the date of acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment charge is recognised in administrative expenses within the statement of comprehensive income in the year in which it occurs. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

**Intangible assets**

In accordance with IAS 38 Intangible Assets, patents, licences, domain names and website development costs are capitalised as intangible assets.

Each acquisition is assessed individually in order to determine the estimated useful life of the patents and licences. Where the patents and licences are regarded as having a limited useful life, they are amortised through the statement of comprehensive income. Where the patents and licences are considered to have an infinite useful life, they are not amortised. In such cases, annual impairment reviews are carried out in accordance with IAS 36 Impairment of assets, by discounting estimated future cash flows from the individual patents and licences concerned, at an appropriate discount rate. The value of patents and licences is then adjusted to its recoverable amount if required.

**Property, plant and equipment**

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

|                     |  |
|---------------------|--|
| Plant and machinery | - 20% on cost, 33% on cost and 50% on cost |
| Motor vehicles      | - 25% on reducing balance                  |
| Computer equipment  | - 20% on cost                              |

The freehold property was revalued on 31 December 2017 in accordance with IAS 16, and the directors review the carrying value annually.

**Invoice discounting**

Amounts due in respect of invoice discounting are separately disclosed as borrowings. The company can use these facilities to draw down a percentage of the value of certain sales invoices. The management and collection of trade receivables remains with the company.

**Financial instruments**

Financial assets and financial liabilities are recognised on the statement of financial position when the company becomes a party to the contractual provisions of the instrument. Financial instruments are accounted for according to the requirements of IFRS 9 Financial Instruments, Recognition and Measurement.

**Inventories**

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Taxation**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

2. **ACCOUNTING POLICIES - continued**

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Leases**

The company applies IFRS 16 Leases. Accordingly leases are all accounted for in the same manner:

- A right of use asset and lease liability is recognised on the statement of financial position, initially measured at the present value of future lease payments;
- Depreciation of right-of-use assets and interest on lease liabilities are recognised in the statement of comprehensive income;
- The total amount of cash paid is recognised in the statement of cash flows, split between payments of principal (within financing activities) and interest (within operating activities).

The initial measurement of the right of use asset and lease liability takes into account the value of lease incentives such as rent free periods.

The costs of leases of low value items and those with a short term at inception are recognised as incurred.

**Employee benefit costs**

The group operates a defined contribution pension scheme. Contributions payable are charged to the profit and loss account as they fall due.

**Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. This definition is also used for the statement of cash flows.

**Investment property**

The directors have considered the fair value of the investment property of The Old Torpedo Factory, taking into account current rental yields and the market value of similar properties in the area they consider that the fair value is materially different to the depreciated historical cost of the property. As a result of this they have adopted the accounting policy to value investment property at fair value.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**3. SIGNIFICANT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

**Impairment of goodwill**

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

The carrying value of goodwill as at 31 December 2019 was £676,759 (2018 - £676,759) - see Note 10.

**Impairment of investments**

Determining whether investments are impaired requires an estimation of the value in use of the cash generating units to which investments have been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value.

Investments in subsidiaries held as fixed assets are stated at cost less provision for any impairment and have a carrying value as at 31 December 2019 of £644,021 (2018 - £644,021) - see Note 14.

**Share based payments**

The Group operates an equity settled share option plan.

In determining the fair value of equity settled share based payments and the related charge to the statement of comprehensive income, the Group makes assumptions about the future events and market conditions. Such assumptions reflect market expectations. Further details can be found in Note 28 (Share Based Transactions).

The fair value of the shares or share options granted is recognised over the vesting period to reflect the value of the option awarded to employees. The directors consider that the quantum of the share based payment calculated in accordance with IFRS2 to be immaterial to the Group and the entities involved.

**Stock**

Stock is stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable direct labour costs. When a stock take is carried out obsolete stock identified is written off to cost of sales. The carrying value of stock at the year end was £288,151 (2018 - £195,347). A provision for stock of £62,646 (2018 - £NIL) has been included in the year end accounts for slow moving and obsolete stock.

**4. REVENUE**

**Disaggregation of revenue**

An analysis of revenue by type is shown below:

|                      |   |   | 2018             | 2018             |
|----------------------|---|---|------------------|------------------|
|                      | £ | £ |                  |                  |
| Meeting Environments |   |   | 3,807,977        | 2,712,255        |
| Stage Technology     |   |   | 3,123,640        | 2,180,571        |
| Live Events          |   |   | 1,315,197        | 1,336,674        |
| Other                |   |   | 848,456          | 792,093          |
|                      |   |   | <u>9,095,270</u> | <u>7,021,593</u> |

Income is recognised when the goods or services are provided subject to the company's specific revenue recognition policy as detailed in the accounting policies. Meeting Environments and Stage Technology income consists of installation, consultancy and maintenance income.

**TORPEDO FACTORY GROUP LIMITED (REGISTERED NUMBER: 03298917)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**5. EMPLOYEES AND DIRECTORS**

|                       | 31.12.19         | 31.12.18         |
|-----------------------|------------------|------------------|
|                       | £                | £                |
| Wages and salaries    | 2,601,348        | 2,501,639        |
| Social security costs | 163,421          | 145,997          |
| Other pension costs   | 31,709           | 21,524           |
|                       | <u>2,796,478</u> | <u>2,669,160</u> |

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

|           | 31.12.19  | 31.12.18  |
|-----------|-----------|-----------|
| Staff     | 62        | 63        |
| Directors | <u>3</u>  | <u>3</u>  |
|           | <u>65</u> | <u>66</u> |

|  | 31.12.19     | 31.12.18     |
|--|--------------|--------------|
|  | £            | £            |
| Directors' remuneration                                    | 265,639      | 172,167      |
| Directors' pension contributions to money purchase schemes | <u>6,632</u> | <u>5,700</u> |

The number of directors to whom retirement benefits were accruing was as follows:

|                        |          |          |
|------------------------|----------|----------|
| Money purchase schemes | <u>2</u> | <u>2</u> |
|------------------------|----------|----------|

Information regarding the highest paid director for the year ended 31 December 2019 is as follows:

|   | 31.12.19     |
|---|--------------|
|   | £            |
| Emoluments etc                                  | 98,129       |
| Pension contributions to money purchase schemes | <u>2,750</u> |

**6. NET FINANCE COSTS**

|                         | 31.12.19      | 31.12.18 |
|-------------------------|---------------|----------|
|                         | £             | £        |
| Finance income:         |               |          |
| Interest received       | 17            | -        |
| Interest on taxation    | 20            | 2        |
| Interest on other loans | <u>35,375</u> | <u>-</u> |
|                         | <u>35,412</u> | <u>2</u> |

**TORPEDO FACTORY GROUP LIMITED (REGISTERED NUMBER: 03298917)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

6. **NET FINANCE COSTS - continued**

|                                    | 31.12.19      | 31.12.18       |
|------------------------------------|---------------|----------------|
|                                    | £             | £              |
| Finance costs:                     |               |                |
| Finance interest charges           | 18,556        | 21,907         |
| Mortgage interest                  | 44,612        | 43,117         |
| Interest on other loans            | 18,601        | 21,833         |
| Hire purchase interest             | 1,165         | 3,483          |
| Leasing                            | 9,969         | -              |
| Mortgage and loan arrangement fees | 4,144         | 18,779         |
|                                    | <u>97,047</u> | <u>109,119</u> |
| Net finance costs                  | <u>61,635</u> | <u>109,117</u> |

7. **PROFIT/(LOSS) BEFORE INCOME TAX**

The profit before income tax (2018 - loss before income tax) is stated after charging/(crediting):

|   | 31.12.19  | 31.12.18  |
|---|-----------|-----------|
|   | £         | £         |
| Cost of inventories recognised as expense                           | 4,707,098 | 3,249,422 |
| Leases  | 18,483    | -         |
| Depreciation - owned assets   | 72,092    | 135,646   |
| Depreciation - assets on hire purchase contracts and finance leases | 84,692    | 25,186    |
| Loss/(profit) on disposal of fixed assets                           | 12,549    | (9,876)   |
| Hire of other assets - operating leases                             | -         | 93,088    |
| Auditors' remuneration - audit fees                                 | 8,250     | 8,250     |
| Auditors' remuneration - audit of subsidiaries                      | 21,050    | 20,300    |
| Auditors' remuneration - taxation and other                         | 8,940     | 5,760     |

8. **INCOME TAX**

**Analysis of tax income**

|  | 31.12.19        | 31.12.18         |
|--|-----------------|------------------|
|  | £               | £                |
| Current tax:   |                 |                  |
| Tax  | (28,726)        | (156,036)        |
| Deferred tax   | 9,900           | (12,000)         |
| Total tax income in consolidated statement of profit or loss | <u>(18,826)</u> | <u>(168,036)</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**8. INCOME TAX - continued**

**Factors affecting the tax expense**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

|  | 31.12.19        | 31.12.18         |
|--|-----------------|------------------|
|  | £               | £                |
| Profit/(loss) before income tax  | <u>548,571</u>  | <u>(102,261)</u> |
| Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%) | 104,228         | (19,430)         |
| Effects of:  |                 |                  |
| Expenditure not deductible for tax purposes  | 2,373           | 1,589            |
| Dividends not taxable  | (2,730)         | -                |
| Depreciation in excess of capital allowances   | 10,620          | 3,263            |
| Tax losses utilised  | (1,893)         | (29,547)         |
| Tax losses carried forward   | -               | 32,125           |
| Research and Development Tax Credit claim  | (140,338)       | (156,036)        |
| Difference in tax rate on surrender of losses for R&D tax credit                               | <u>8,914</u>    | <u>-</u>         |
| Tax income   | <u>(18,826)</u> | <u>(168,036)</u> |

Deferred tax assets totalling £150,715 (2018 - £169,492) have not been recognised in the financial statements as the group is not sufficiently certain that it will be able to recover these assets within a relatively short period of time. Reflected in the total deferred tax asset of £150,715 are tax losses carried forward of £831,629 (2018 - £841,594).

The tax refund of £28,726 for the year represents the Research and Development tax credit claims for the year ended 31 December 2019 (2018 - Tax refund of £156,036 represented Research and Development tax credit claims for the years ended 31 December 2018 £93,749 and 31 December 2017 £62,287). The directors engaged the services of Research and Development experts to deal with the claim on their behalf. The company continues to undertake Research and Development projects.

**9. PROFIT OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the year after tax was £7,987 (2018 loss - £2,817).

**10. GOODWILL**

**Group**

£

**COST**

At 1 January 2019  
and 31 December 2019

1,049,369

**AMORTISATION**

At 1 January 2019  
and 31 December 2019

372,610

**NET BOOK VALUE**

At 31 December 2019  
At 31 December 2018

676,759  
676,759

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

10. **GOODWILL - continued**

**Company**

£

**COST**

At 1 January 2019  
and 31 December 2019

120,000

**AMORTISATION**

At 1 January 2019  
and 31 December 2019

120,000

**NET BOOK VALUE**

At 31 December 2019  
At 31 December 2018

-  
-

11. **INTANGIBLE ASSETS**

**Group**

Domain  
names  
£

Website  
development  
£

Totals  
£

**COST**

At 1 January 2019  
and 31 December 2019

20,009      20,409      40,418

**NET BOOK VALUE**

At 31 December 2019  
At 31 December 2018

20,009      20,409      40,418  
20,009      20,409      40,418

**Company**

Website  
development  
£

**COST**

At 1 January 2019  
and 31 December 2019

12,923

**NET BOOK VALUE**

At 31 December 2019  
At 31 December 2018

12,923  
12,923

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**12. PROPERTY, PLANT AND EQUIPMENT**

**Group**

|                          | Freehold<br>property<br>£ | Short<br>leasehold<br>£ | Plant and<br>machinery<br>£ | Motor<br>vehicles<br>£ | Totals<br>£      |
|--------------------------|---------------------------|-------------------------|-----------------------------|------------------------|------------------|
| <b>COST OR VALUATION</b> |                           |                         |                             |                        |                  |
| At 1 January 2019        | 2,950,000                 | -                       | 1,141,469                   | 189,453                | 4,280,922        |
| Additions                | -                         | 133,245                 | 97,877                      | 42,845                 | 273,967          |
| Disposals                | -                         | -                       | (174,876)                   | (8,250)                | (183,126)        |
| At 31 December 2019      | <u>2,950,000</u>          | <u>133,245</u>          | <u>1,064,470</u>            | <u>224,048</u>         | <u>4,371,763</u> |
| <b>DEPRECIATION</b>      |                           |                         |                             |                        |                  |
| At 1 January 2019        | -                         | -                       | 1,045,011                   | 106,136                | 1,151,147        |
| Charge for year          | -                         | 44,415                  | 73,960                      | 38,409                 | 156,784          |
| Eliminated on disposal   | -                         | -                       | (162,341)                   | (3,541)                | (165,882)        |
| At 31 December 2019      | <u>-</u>                  | <u>44,415</u>           | <u>956,630</u>              | <u>141,004</u>         | <u>1,142,049</u> |
| <b>NET BOOK VALUE</b>    |                           |                         |                             |                        |                  |
| At 31 December 2019      | <u>2,950,000</u>          | <u>88,830</u>           | <u>107,840</u>              | <u>83,044</u>          | <u>3,229,714</u> |
| At 31 December 2018      | <u>2,950,000</u>          | <u>-</u>                | <u>96,458</u>               | <u>83,317</u>          | <u>3,129,775</u> |

Additions include adjustments made during the year due to IFRS 16 see note 23.

Cost or valuation at 31 December 2019 is represented by:

|                   | Freehold<br>property<br>£ | Short<br>leasehold<br>£ | Plant and<br>machinery<br>£ | Motor<br>vehicles<br>£ | Totals<br>£      |
|-------------------|---------------------------|-------------------------|-----------------------------|------------------------|------------------|
| Valuation in 2017 | 2,950,000                 | -                       | -                           | -                      | 2,950,000        |
| Cost              | <u>-</u>                  | <u>133,245</u>          | <u>1,064,470</u>            | <u>224,048</u>         | <u>1,421,763</u> |
|                   | <u>2,950,000</u>          | <u>133,245</u>          | <u>1,064,470</u>            | <u>224,048</u>         | <u>4,371,763</u> |

If the freehold property had not been revalued it would have been included at the following historical cost:

|                        | 31.12.19<br>£    | 31.12.18<br>£ |
|------------------------|------------------|---------------|
| Cost                   | <u>1,838,463</u> | <u>-</u>      |
| Aggregate depreciation | <u>280,041</u>   | <u>-</u>      |

Freehold property was valued on an open market basis as at 31 December 2017 by Robert Sterling Surveyors LLP.

**13. INVESTMENT PROPERTY**

The freehold property is included within property, plant and equipment (see note 12) in the consolidated accounts and within investment property in the entity accounts.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

14. **INVESTMENTS**

**Group**

|                        |                                  |
|------------------------|----------------------------------|
|                        | Interest<br>in<br>associate<br>£ |
| <b>COST</b>            |                                  |
| Additions              | 5,797                            |
| Share of profit/(loss) | <u>(1,978)</u>                   |
| At 31 December 2019    | <u>3,819</u>                     |
| <b>NET BOOK VALUE</b>  |                                  |
| At 31 December 2019    | <u>3,819</u>                     |

**Company**

|   | Shares in<br>group<br>undertakings<br>£ | Interest<br>in<br>associate<br>£ | Totals<br>£    |
|---|---|----------------------------------|----------------|
| <b>COST</b>                               |   |                                  |                |
| At 1 January 2019                         | 844,021                                 | -                                | 844,021        |
| Additions                                 | -                                       | 5,797                            | 5,797          |
| Impairments                               | -                                       | <u>(1,978)</u>                   | <u>(1,978)</u> |
| At 31 December 2019                       | <u>844,021</u>                          | <u>3,819</u>                     | <u>847,840</u> |
| <b>PROVISIONS</b>                         |   |                                  |                |
| At 1 January 2019<br>and 31 December 2019 | <u>200,000</u>                          | -                                | <u>200,000</u> |
| <b>NET BOOK VALUE</b>                     |   |                                  |                |
| At 31 December 2019                       | <u>644,021</u>                          | <u>3,819</u>                     | <u>647,840</u> |
| At 31 December 2018                       | <u>644,021</u>                          | -                                | <u>644,021</u> |

**TORPEDO FACTORY GROUP LIMITED (REGISTERED NUMBER: 03298917)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

14. **INVESTMENTS - continued**

The group owns more than 20% of the issued share capital of the following companies:

| Name   | Period<br>end | Country of<br>incorporation | Description of<br>shares held | Percentage<br>Holding by<br>group |
|--|---------------|-----------------------------|-------------------------------|-----------------------------------|
| <u>Subsidiaries of Torpedo<br/>Factory Group Limited</u> |               |                             |                               |                                   |
| Torpedo Factory Limited                                  | 31 December   | England                     | Ordinary £1 shares            | 100                               |
| TFG Stage Technology Ltd                                 | 31 December   | England                     | Ordinary £1 shares            | 100                               |
| Gordon Audio Visual Limited                              | 31 December   | England                     | Ordinary £1 shares            | 100                               |
| Orion Audio Visual Limited                               | 31 December   | England                     | Ordinary £1 shares            | 100                               |
| Orion AV Services Limited                                | 28 February   | England                     | Ordinary £1 shares            | 100                               |
| <u>Associates of Torpedo Factory<br/>Group Limited</u>   |               |                             |                               |                                   |
| Ortana Media Group Limited                               | 31 August     | England                     | Ordinary 1p shares            | 24                                |
| <u>Subsidiaries of Torpedo<br/>Factory Limited</u>       |               |                             |                               |                                   |
| Foresight Audio Visual<br>Limited                        | 31 December   | England                     | Ordinary £1 shares            | 100                               |
| Pinnerton Video Systems<br>Limited                       | 31 December   | England                     | Ordinary £1 shares            | 100                               |
| <u>Subsidiaries of TFG Stage Technology Limited</u>      |               |                             |                               |                                   |
| Sound Systems UK Limited                                 | 31 December   | England                     | Ordinary £1 shares            | 100                               |

The principal activity of Torpedo Factory Limited is the design, supply and installation of audio visual systems, the support and maintenance of those systems, and the provision of audio visual equipment and related technical services for conferences, meetings and events. Aggregate capital and reserves at 31 December 2019 £1,801,679 (2018 - £1,352,752) and profit for the year £448,927 (2018 - £169,542).

The principal activity of TFG Stage Technology Limited is the design, supply and installation of stage technology, stage engineering and associated audio visual systems. Aggregate capital and reserves at 31 December 2019 £71,365 (2018 - £(49,017)) and profit for the year £120,382 (2018 loss - £100,950).

Foresight Audio Visual Limited was a non-trading company throughout the current and previous period. Aggregate capital and reserves at 31 December 2019 was £15,085 (2018 - £15,085) and profit for the year £Nil (2018 - £Nil).

Gordon Audio Visual Limited was a non-trading company throughout the current and previous period. Aggregate capital and reserves at 31 December 2019 (£6,271) (2018 - (£6,271)) and profit for the year £Nil (2018 - £Nil).

Pinnerton Video Systems Limited was a non-trading company throughout the current and previous period. Aggregate capital and reserves at 31 December 2019 was £104 (2018 - £104) and profit for the year £Nil (2018 - £Nil).

Orion Audio Visual Limited was a non-trading company throughout the current and previous period. Aggregate capital and reserves at 31 December 2019 was £NIL (2018 - £NIL) and profit for the year £Nil (2018 - £Nil).

Orion AV Services Limited was a non-trading company throughout the current and previous period. Aggregate capital and reserves at 31 December 2019 was £10 (2018 - £10) and profit for the year £Nil (2018 - £Nil).

**TORPEDO FACTORY GROUP LIMITED (REGISTERED NUMBER: 03298917)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

14. **INVESTMENTS - continued**

TFG Stage Technology Limited acquired 100% of the share capital of Sound Systems UK Limited and immediately hived up the trade and assets on the 1 November 2019. Sound Systems UK Limited was a non-trading company throughout the period since acquisition. Aggregate capital and reserves at 31 December 2019 was £200 and profit for the period was £Nil.

15. **LOANS AND OTHER FINANCIAL ASSETS**

**Group**

|                     | Loans to<br>associates<br>£ |
|---------------------|-----------------------------|
| New in year         | 95,773                      |
| Other movement      | 29,040                      |
| At 31 December 2019 | <u>124,813</u>              |

16. **INVENTORIES**

|                  | <b>Group</b>   |                |
|------------------|----------------|----------------|
|                  | 31.12.19       | 31.12.18       |
|                  | £              | £              |
| Goods for resale | <u>288,151</u> | <u>195,347</u> |

In 2019 the cost of inventories recognised as an expense within cost of sales amounted to £62,646 (2018 - £NIL) in relation to obsolete stock.

17. **TRADE AND OTHER RECEIVABLES**

|                                    | <b>Group</b>     |                  | <b>Company</b> |                |
|------------------------------------|------------------|------------------|----------------|----------------|
|                                    | 31.12.19         | 31.12.18         | 31.12.19       | 31.12.18       |
|                                    | £                | £                | £              | £              |
| Current:                           |                  |                  |                |                |
| Trade debtors                      | 1,381,518        | 1,094,003        | -              | -              |
| Amounts owed by group undertakings | -                | -                | 81,591         | 155,701        |
| Other debtors                      | 113,484          | 948              | 6,484          | 285            |
| Directors' current accounts        | -                | 82               | -              | -              |
| Prepayments and accrued income     | 422,574          | 428,963          | 4,144          | 4,144          |
|                                    | <u>1,917,576</u> | <u>1,523,996</u> | <u>92,219</u>  | <u>160,130</u> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**17. TRADE AND OTHER RECEIVABLES - continued**

|                                    | <b>Group</b>     |                  | <b>Company</b> |                |
|------------------------------------|------------------|------------------|----------------|----------------|
|                                    | 31.12.19         | 31.12.18         | 31.12.19       | 31.12.18       |
|                                    | £                | £                | £              | £              |
| Non-current:                       |                  |                  |                |                |
| Amounts owed by group undertakings | -                | -                | 150,000        | 150,000        |
| Prepayments and accrued income     | <u>8,633</u>     | <u>12,777</u>    | <u>-</u>       | <u>-</u>       |
|                                    | <u>8,633</u>     | <u>12,777</u>    | <u>150,000</u> | <u>150,000</u> |
| Aggregate amounts                  | <u>1,926,209</u> | <u>1,536,773</u> | <u>242,219</u> | <u>310,130</u> |

Included in trade debtors for the group at 31 December 2019 is £651,977 (2018 - £558,131) being amounts subject to invoice discounting.

Included in prepayments, for both company and group, is £12,777 (2018 - £16,920) in respect of mortgage arrangement fees. These fees have been carried forward in accordance with IAS 39 to be released over the life of the mortgage. £8,633 (2018 - £12,777) is due after more than one year.

Included in prepayments and accrued income is income accrued on installations ongoing at the year end amounting to £51,815 (2018 - £49,440).

**18. CASH AND CASH EQUIVALENTS**

|               | <b>Group</b>   |                | <b>Company</b> |              |
|---------------|----------------|----------------|----------------|--------------|
|               | 31.12.19       | 31.12.18       | 31.12.19       | 31.12.18     |
|               | £              | £              | £              | £            |
| Cash in hand  | 661            | 934            | -              | -            |
| Bank accounts | <u>638,033</u> | <u>362,285</u> | <u>2,469</u>   | <u>1,040</u> |
|               | <u>638,694</u> | <u>363,219</u> | <u>2,469</u>   | <u>1,040</u> |

**19. CALLED UP SHARE CAPITAL**

| Allotted, issued and fully paid: |          | Nominal value: | 31.12.19       | 31.12.18       |
|----------------------------------|----------|----------------|----------------|----------------|
| Number:                          | Class:   |                | £              | £              |
| 2,805,780                        | Ordinary | 5p             | <u>140,289</u> | <u>140,289</u> |

Fully paid shares carry one vote per share and carry rights to dividends.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**20. RESERVES**

**Group**

|                     | Retained<br>earnings<br>£ | Share<br>premium<br>£ | Revaluation<br>reserve<br>£ | Totals<br>£      |
|---------------------|---------------------------|-----------------------|-----------------------------|------------------|
| At 1 January 2019   | 193,179                   | 227,488               | 1,321,476                   | 1,742,143        |
| Profit for the year | 567,397                   |                       |                             | 567,397          |
| Revaluation in year | -                         | -                     | (10,618)                    | (10,618)         |
| At 31 December 2019 | <u>760,576</u>            | <u>227,488</u>        | <u>1,310,858</u>            | <u>2,298,922</u> |

**Company**

|                     | Retained<br>earnings<br>£ | Share<br>premium<br>£ | Revaluation<br>reserve<br>£ | Totals<br>£      |
|---------------------|---------------------------|-----------------------|-----------------------------|------------------|
| At 1 January 2019   | (140,321)                 | 227,488               | 1,021,285                   | 1,108,452        |
| Profit for the year | 7,987                     |                       |                             | 7,987            |
| Revaluation in year | -                         | -                     | (10,618)                    | (10,618)         |
| At 31 December 2019 | <u>(132,334)</u>          | <u>227,488</u>        | <u>1,010,667</u>            | <u>1,105,821</u> |

**21. TRADE AND OTHER PAYABLES**

|                                    | <b>Group</b>     |                  | <b>Company</b>   |                |
|------------------------------------|------------------|------------------|------------------|----------------|
|                                    | 31.12.19         | 31.12.18         | 31.12.19         | 31.12.18       |
|                                    | £                | £                | £                | £              |
| Current:                           |                  |                  |                  |                |
| Trade creditors                    | 804,472          | 539,262          | 5,208            | -              |
| Amounts owed to group undertakings | -                | -                | 601,608          | 242,653        |
| Social security and other taxes    | 89,126           | 59,306           | 8,044            | 4,914          |
| Other creditors                    | 56,795           | 33,233           | -                | 860            |
| Accruals and deferred income       | 673,403          | 731,506          | 361,422          | 360,700        |
| Accrued expenses                   | 32,831           | -                | -                | -              |
| Directors' current accounts        | 5,613            | -                | -                | -              |
| VAT                                | 360,816          | 248,873          | 53,617           | 55,201         |
|                                    | <u>2,023,056</u> | <u>1,612,180</u> | <u>1,029,899</u> | <u>664,328</u> |

Included in accruals and deferred income is income deferred on maintenance contracts of £185,926 (2018 - £214,038) and deferred income on installations ongoing at the year end amounting to £80,704 (2018 - £70,079).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**22. FINANCIAL LIABILITIES - BORROWINGS**

|  | <b>Group</b>     |                  | <b>Company</b>   |                  |
|--|------------------|------------------|------------------|------------------|
|  | 31.12.19         | 31.12.18         | 31.12.19         | 31.12.18         |
|  | £                | £                | £                | £                |
| Current:                                   |                  |                  |                  |                  |
| Advances in respect of invoice discounting | 651,977          | 558,131          | -                | -                |
| Mortgage                                   | 67,154           | 65,380           | 67,154           | 65,380           |
| Leases (see note 23)                       | <u>72,331</u>    | <u>20,691</u>    | <u>-</u>         | <u>-</u>         |
|  | <u>791,462</u>   | <u>644,202</u>   | <u>67,154</u>    | <u>65,380</u>    |
| Non-current:                               |                  |                  |                  |                  |
| Mortgage                                   | 1,544,864        | 1,612,190        | 1,544,864        | 1,612,190        |
| Other loans                                | -                | 250,000          | -                | 250,000          |
| Leases (see note 23)                       | <u>47,940</u>    | <u>7,077</u>     | <u>-</u>         | <u>-</u>         |
|  | <u>1,592,804</u> | <u>1,869,267</u> | <u>1,544,864</u> | <u>1,862,190</u> |

Terms and debt repayment schedule

**Group**

|  | 1 year or less<br>£ | 1-2 years<br>£ | 2-5 years<br>£   | Totals<br>£      |
|--|---------------------|----------------|------------------|------------------|
| Advances in respect of invoice discounting | 651,977             | -              | -                | 651,977          |
| Mortgage                                   | 67,154              | 68,972         | 1,475,892        | 1,612,018        |
| Leases                                     | <u>72,331</u>       | <u>27,729</u>  | <u>20,211</u>    | <u>120,271</u>   |
|  | <u>791,462</u>      | <u>96,701</u>  | <u>1,496,103</u> | <u>2,384,266</u> |

**Company**

|          | 1 year or less<br>£ | 1-2 years<br>£ | 2-5 years<br>£   | Totals<br>£      |
|----------|---------------------|----------------|------------------|------------------|
| Mortgage | <u>67,154</u>       | <u>68,972</u>  | <u>1,475,892</u> | <u>1,612,018</u> |

Finance leases and hire purchase contracts typically have a three year term and bear interest fixed at the time of commitment. The obligations under finance leases are secured by the lessor's title to the leased asset.

The invoice discounting facility amounting to £651,977 (2018: £558,131) was secured by way of a debenture and a personal guarantee from one director limited to £45,000.

The mortgage amounting to £1,612,018 at 31 December 2019 is secured by way of a first legal charge over freehold property, a debenture and cross guarantee from Torpedo Factory Limited and TFG Stage Technology Limited. No personal guarantees have been provided in respect of the mortgage.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

23. **LEASING**

**Group**

**Right-of-use assets**

**Property, plant and equipment**

|                       | 31.12.19        | 31.12.18        |
|-----------------------|-----------------|-----------------|
|                       | £               | £               |
| <b>COST</b>           |                 |                 |
| At 1 January 2019     | 85,010          | 95,989          |
| Additions             | 176,090         | -               |
| Transfer to ownership | <u>(49,163)</u> | <u>(10,979)</u> |
|                       | <u>211,937</u>  | <u>85,010</u>   |
| <b>DEPRECIATION</b>   |                 |                 |
| At 1 January 2019     | 48,635          | 29,298          |
| Charge for year       | 84,692          | 25,186          |
| Transfer to ownership | <u>(49,162)</u> | <u>(5,849)</u>  |
|                       | <u>84,165</u>   | <u>48,635</u>   |
| <b>NET BOOK VALUE</b> | <u>127,772</u>  | <u>36,375</u>   |

**Group**

**Other leases**

|                   | 31.12.19      | 31.12.18 |
|-------------------|---------------|----------|
|                   | £             | £        |
| Short-term leases | <u>18,483</u> | <u>-</u> |

**TORPEDO FACTORY GROUP LIMITED (REGISTERED NUMBER: 03298917)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

23. **LEASING - continued**

**Group**  
**Lease liabilities**

Minimum lease payments fall due as follows:

|                              | 31.12.19       | 31.12.18      |
|------------------------------|----------------|---------------|
|                              | £              | £             |
| Gross obligations repayable: |                |               |
| Within one year              | 77,932         | 20,691        |
| Between one and five years   | 50,835         | 7,077         |
|                              | <u>128,767</u> | <u>27,768</u> |
| Finance charges repayable:   |                |               |
| Within one year              | 5,601          | -             |
| Between one and five years   | 2,895          | -             |
|                              | <u>8,496</u>   | <u>-</u>      |
| Net obligations repayable:   |                |               |
| Within one year              | 72,331         | 20,691        |
| Between one and five years   | 47,940         | 7,077         |
|                              | <u>120,271</u> | <u>27,768</u> |

24. **DEFERRED TAX**

**Group**

|                         | 31.12.19       | 31.12.18      |
|-------------------------|----------------|---------------|
|                         | £              | £             |
| Balance at 1 January    | 90,252         | 102,252       |
| Transfer of trade       |                |               |
| Provided/(utilised)     | 9,900          | (12,000)      |
| Tax on unrealised gains | 10,618         | -             |
| Balance at 31 December  | <u>110,770</u> | <u>90,252</u> |

**Company**

|                          | 31.12.19       | 31.12.18      |
|--------------------------|----------------|---------------|
|                          | £              | £             |
| Balance at 1 January     | 90,252         | 90,252        |
| Movement during the year | 10,618         | -             |
| Balance at 31 December   | <u>100,870</u> | <u>90,252</u> |

25. **CONTINGENT LIABILITIES**

The company has provided an unlimited cross guarantee and debenture to National Westminster Bank plc, for liabilities arising in Torpedo Factory Limited and TFG Stage Technology Limited. The contingent liability at 31 December 2019 was £Nil (2018 - £Nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**26. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

At 31 December 2019 overdrawn directors' loan accounts totalled £Nil (2018 - £82).

**27. RELATED PARTY DISCLOSURES**

During the year, the group charged rent and other services to Ortana Media Group Limited, an associate of the group totalling £62,916. The amount due from Ortana Media Group Limited to the group as at 31 December 2019 was £113,333.

**28. SHARE-BASED PAYMENT TRANSACTIONS**

Under the Company Share Option Plan (CSOP), share options of the parent are offered to all employees of the Group with more than twelve months' service and certain other employees. The exercise price of the share options is equal to the market price of the underlying shares at the date of the grant. The share options vest from the third anniversary of the date of grant and last a maximum of ten years.

No options were granted during the year ended 31 December 2019 (2018 - NIL). The directors consider that the quantum of the share based payment calculated in accordance with IFRS2 to be immaterial to the Group and the entities involved.

The current unvested options in the Group can be summarised as follows:-

|      | <u>Exercise Price</u> | <u>Issued</u> | <u>Lapsed</u> | <u>Outstanding<br/>Options at 31<br/>December 2019</u> |
|------|-----------------------|---------------|---------------|--|
| 2015 | 30p                   | 329,500       | (117,500)     | 212,000  |
| 2016 | 36p                   | 194,500       | (135,000)     | 59,500   |
| 2017 | 45p                   | 128,000       | 33,500        | 94,500   |

**29. POST BALANCE SHEET EVENTS**

Since the year end, the global and national economies have been dramatically affected by the coronavirus pandemic, and the Group has not been immune to its effects. The Directors Report sets out more details about the impact on the Group. We have taken advantage of a number of Government schemes to mitigate the impact on our businesses, including the Coronavirus Job Retention Scheme, coronavirus grant funding, and the changes to HMRC payment dates. We have also been approved for a £1.75m loan from our bank. This loan is backed by the Coronavirus Business Interruption Loan Scheme, so it is on advantageous terms. We anticipate drawing down this loan in Q3 of 2020.

**30. CONTROLLING PARTY**

There is no ultimate controlling party.

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