

MADANO PARTNERSHIP LIMITED
Group Strategic Report,
Directors' Report and
Consolidated Financial Statements
for the Year Ended 31 December 2020

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for the year ended 31 December 2020**

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MADANO PARTNERSHIP LIMITED

**Company Information
for the year ended 31 December 2020**

Directors:

R Sutton
J-P Vasseur

Registered office:

160 Blackfriars Road
7th Floor
London
SE1 8EZ

Registered number:

07858061 (England and Wales)

Auditors:

Haines Watts
Chartered Accountants and Statutory Auditor
New Derwent House
69-73 Theobalds Road
London
WC1X 8TA

**Group Strategic Report
for the year ended 31 December 2020**

The directors present their strategic report of the company and the group for the year ended 31 December 2020.

Principal Activity

From its own office in London, as well as the offices of its subsidiaries in London, Brussels, Dublin, Dubai and Abu Dhabi, the Madano Partnership Limited group of companies provides corporate and financial communications and public affairs advice, as well as creative marketing and communications services to the global healthcare, technology, energy, financial services, telecoms, media and food and beverage sectors. Madano Partnership Limited is a private company registered in England and Wales

Review of business

It is the opinion of the directors that the company had a successful year in 2020. 2020 was the first year that includes a full year of trading results for Hanover Communications International (Holding) Limited following its acquisition on 31 March 2019. There have been no further acquisitions in 2020.

In addition to growth in the company's own sales of 8%, the group saw a 34% increase due to a full year trading results from the acquisition. The directors believe that client satisfaction and building sustainable relationships, based on creativity and indispensable client management services are the keys to the group's growth. To ensure these were maintained, there continued to be investment across the group companies in training and development throughout the year.

The average employed headcount increased by 77 to 294 in 2020 and the overall increase in the cost of staff was directly linked to the growth in sales.

Principal risks and uncertainties

The company and its management are faced with the following principal risks and uncertainties:

The COVID-19 global pandemic. This still provides some uncertainty for the group. Government restrictions, evolving client needs, and managing staff wellbeing are kept under constant review. Although adapting to COVID-19 presented many difficult circumstances, the group has been able to grow commercial performance and, in some areas, benefit from it.

Recruiting and retaining staff of the appropriate experience and calibre. The success of each company in the group depends on the ability to recruit and retain the best talent with the highest level of skills and experience for their particular discipline. It remains challenging to recruit such staff on a permanent basis and to retain them in the medium to long term. Each company in the group therefore invests in training and development as well as constantly reviews staff development opportunities to ensure the group provides the best working environment to help every member of staff develop and grow their careers within the group.

The global market for communications and marketing projects - we constantly evaluate the pipeline for new projects to create a diverse portfolio of clients with wide geographical spread in order to reduce the risk of dependencies on any one geographic market. Support from our global network will help us to manage any potential risks.

Competition within the sector both in the UK and internationally. Competition within our industry, both in the UK and overseas, remains strong. We manage this by developing close working relationships with clients based on developing work that is hugely creative and delivered to the highest possible standards so that they see us as a valued and long-term partner.

Brexit - confirmation of trade agreements in the EU suggests it will have little or no material effect on the business overall. Whilst there are some additional restrictions in terms of the flow of people, this hasn't had any impact on our ability to retain staff who originate from outside the UK. It is yet to be seen if it will have any negative effect on those wishing to come and work in the UK that we would likely employ.

Future developments

Despite the continued uncertain and difficult global economic situation, the directors are pleased with the group's progress on existing projects and its continuing ability to win new contracts. They expect that this success will be maintained and advanced for the foreseeable future, helped by the benefits associated with the wider AVENIR group.

Revenue and staff numbers across the group are forecast to increase in the coming year as the project pipeline increases.

**Group Strategic Report
for the year ended 31 December 2020**

Key performance indicators

Within the UK communications industry it is widely accepted that businesses should aim to achieve a Staff Cost to Gross Profit ratio of 60% and EBITDA to Gross Profit ratio of 20%.

	2020	2019
Staff cost to gross profit	52%	51%
EBITDA to gross profit	25%	24%

Signed for and on behalf of the board:

J-P Vasseur - Director

25 March 2021

**Directors' Report
for the year ended 31 December 2020**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2020.

Dividends

The total distribution of dividends for the year ended 31 December 2020 will be £3,750,000.

Directors

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

R Sutton
J-P Vasseur

Political donations and expenditure

Donations were made in the period of £3,820.

Employee involvement

The group's policy is to consult and discuss with employees matters likely to affect employees' interests using appropriate content and methods of communication.

Disabled persons

The group has an equal opportunities policy to ensure that it recruits and retains the best applicants. Once employed, a career plan is developed so as to ensure suitable opportunities for all employees including those with a disability. Arrangements are made, wherever possible, to make reasonable adjustments as appropriate for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

**Directors' Report
for the year ended 31 December 2020**

Statement as to disclosure of information to auditors

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

Signed for and on behalf of the board:

J-P Vasseur - Director

25 March 2021

Independent Auditors' Report to the Members of Madano Partnership Limited

Opinion

We have audited the financial statements of Madano Partnership Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The Directors' view on the impact of COVID-19 is disclosed within the accounting policies note.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Directors' Report, but does not include the financial statements and our Auditors' Report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Independent Auditors' Report to the Members of Madano Partnership 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 Directors' Report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, 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 an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We discussed with the Directors the policies and procedures in place regarding compliance with laws and regulations. We discussed amongst the audit team the identified laws and regulations, and remained alert to any indications of non-compliance.

During the audit we focussed on laws and regulations which could reasonably be expected to give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management.

Our procedures in relation to fraud included but were not limited to: inquires of management whether they have any knowledge of any actual, suspected or alleged fraud, and discussions amongst the audit team regarding risk of fraud such as opportunities for fraudulent manipulation of financial statements. We determined that the principal risks related to posting manual journal entries to manipulate financial performance and management bias through judgements in accounting estimates. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

**Independent Auditors' Report to the Members of
Madano Partnership Limited**

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 an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Moughton (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants and Statutory Auditor
New Derwent House
69-73 Theobalds Road
London
WC1X 8TA

31 March 2021

Consolidated Income Statement
for the year ended 31 December 2020

	Notes	2020 £	2019 £
Turnover	3	42,131,419	31,328,531
Cost of sales		<u>(3,077,087)</u>	<u>(2,011,058)</u>
Gross profit		39,054,332	29,317,473
Administrative expenses		<u>(38,388,382)</u>	<u>(31,234,440)</u>
		665,950	(1,916,967)
Other operating income		<u>194,949</u>	<u>770,707</u>
Operating profit/(loss)		860,899	(1,146,260)
Interest receivable and similar income		<u>-</u>	<u>2,738</u>
		860,899	(1,143,522)
Interest payable and similar expenses	6	<u>(2,337,972)</u>	<u>(1,757,365)</u>
Loss before taxation	7	(1,477,073)	(2,900,887)
Tax on loss	8	<u>(904,724)</u>	<u>(116,291)</u>
Loss for the financial year		<u>(2,381,797)</u>	<u>(3,017,178)</u>
Loss attributable to:			
Owners of the parent		<u>(2,381,797)</u>	<u>(3,017,178)</u>

MADANO PARTNERSHIP LIMITED (REGISTERED NUMBER: 07858061)

Consolidated Other Comprehensive Income
for the year ended 31 December 2020

	Notes	2020 £	2019 £
Loss for the year		(2,381,797)	(3,017,178)
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(2,381,797)</u>	<u>(3,017,178)</u>
Total comprehensive income attributable to: Owners of the parent		<u>(2,381,797)</u>	<u>(3,017,178)</u>

The notes form part of these financial statements

MADANO PARTNERSHIP LIMITED (REGISTERED NUMBER: 07858061)

Consolidated Balance Sheet
31 December 2020

	Notes	£	2020 £	£	2019 £
Fixed assets					
Intangible assets	11		30,522,476		35,936,073
Tangible assets	12		1,980,910		698,668
Investments	13		-		-
			<u>32,503,386</u>		<u>36,634,741</u>
Current assets					
Debtors	14	14,464,550		16,187,113	
Cash at bank and in hand		<u>12,208,704</u>		<u>6,009,090</u>	
		26,673,254		22,196,203	
Creditors					
Amounts falling due within one year	15	<u>12,221,608</u>		<u>10,625,372</u>	
Net current assets			<u>14,451,646</u>		<u>11,570,831</u>
Total assets less current liabilities			<u>46,955,032</u>		<u>48,205,572</u>
Creditors					
Amounts falling due after more than one year	16		(15,282,053)		(15,282,053)
Provisions for liabilities	20		<u>(16,918,525)</u>		<u>(12,037,268)</u>
Net assets			<u>14,754,454</u>		<u>20,886,251</u>
Capital and reserves					
Called up share capital	21		123		123
Share premium	22		23,421,379		23,421,379
Retained earnings	22		<u>(8,667,048)</u>		<u>(2,535,251)</u>
Shareholders' funds			<u>14,754,454</u>		<u>20,886,251</u>

The financial statements were approved by the Board of Directors and authorised for issue on 25 March 2021 and were signed on its behalf by:

J-P Vasseur - Director

MADANO PARTNERSHIP LIMITED (REGISTERED NUMBER: 07858061)

Company Balance Sheet
31 December 2020

	Notes	£	2020 £	£	2019 £
Fixed assets					
Intangible assets	11		-		-
Tangible assets	12		1,489,423		51,360
Investments	13		59,055,635		56,015,170
			<u>60,545,058</u>		<u>56,066,530</u>
Current assets					
Debtors	14	3,996,791		1,505,554	
Cash at bank		<u>832,736</u>		<u>1,115,478</u>	
		4,829,527		2,621,032	
Creditors					
Amounts falling due within one year	15	<u>2,696,227</u>		<u>8,442,048</u>	
Net current assets/(liabilities)			2,133,300		(5,821,016)
Total assets less current liabilities			62,678,358		50,245,514
Creditors					
Amounts falling due after more than one year	16		(15,282,053)		(15,282,053)
Provisions for liabilities	20		(16,558,789)		(11,677,533)
Net assets			30,837,516		23,285,928
Capital and reserves					
Called up share capital	21		123		123
Share premium	22		23,421,379		23,421,379
Retained earnings	22		7,416,014		(135,574)
Shareholders' funds			30,837,516		23,285,928
Company's profit/(loss) for the financial year			11,301,588		(852,898)

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 25 March 2021 and were signed on its behalf by:

J-P Vasseur - Director

MADANO PARTNERSHIP LIMITED (REGISTERED NUMBER: 07858061)

Consolidated Statement of Changes in Equity
for the year ended 31 December 2020

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2019	119	481,927	-	482,046
Changes in equity				
Issue of share capital	4	-	23,421,379	23,421,383
Total comprehensive income	-	(3,017,178)	-	(3,017,178)
Balance at 31 December 2019	<u>123</u>	<u>(2,535,251)</u>	<u>23,421,379</u>	<u>20,886,251</u>
Changes in equity				
Dividends	-	(3,750,000)	-	(3,750,000)
Total comprehensive income	-	(2,381,797)	-	(2,381,797)
Balance at 31 December 2020	<u>123</u>	<u>(8,667,048)</u>	<u>23,421,379</u>	<u>14,754,454</u>

The notes form part of these financial statements

MADANO PARTNERSHIP LIMITED (REGISTERED NUMBER: 07858061)

Company Statement of Changes in Equity
for the year ended 31 December 2020

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2019	119	717,324	-	717,443
Changes in equity				
Issue of share capital	4	-	23,421,379	23,421,383
Total comprehensive income	-	(852,898)	-	(852,898)
Balance at 31 December 2019	<u>123</u>	<u>(135,574)</u>	<u>23,421,379</u>	<u>23,285,928</u>
Changes in equity				
Dividends	-	(3,750,000)	-	(3,750,000)
Total comprehensive income	-	11,301,588	-	11,301,588
Balance at 31 December 2020	<u>123</u>	<u>7,416,014</u>	<u>23,421,379</u>	<u>30,837,516</u>

The notes form part of these financial statements

**Consolidated Cash Flow Statement
for the year ended 31 December 2020**

		2020	2019
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	25	17,129,437	3,302,261
Interest paid		(497,766)	(536,338)
Finance costs paid		(1,840,206)	(1,221,027)
Tax paid		(191,680)	(305,935)
Net cash from operating activities		<u>14,599,785</u>	<u>1,238,961</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(3,040,465)	(22,454,773)
Purchase of tangible fixed assets		(1,609,706)	(950,855)
Interest received		-	2,738
Net cash from investing activities		<u>(4,650,171)</u>	<u>(23,402,890)</u>
Cash flows from financing activities			
New loans in year		-	29,451
Share issue		-	23,421,387
Equity dividends paid		(3,750,000)	-
Net cash from financing activities		<u>(3,750,000)</u>	<u>23,450,838</u>
Increase in cash and cash equivalents		<u>6,199,614</u>	<u>1,286,909</u>
Cash and cash equivalents at beginning of year	26	6,009,090	4,722,181
Cash and cash equivalents at end of year	26	<u>12,208,704</u>	<u>6,009,090</u>

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements
for the year ended 31 December 2020**

1. **Statutory information**

Madano Partnership 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.

2. **Accounting policies**

Basis of preparing the financial statements

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

Basis of consolidation

The consolidated income statement and balance sheet include the financial statements of the company made up to 31 December 2020 and its subsidiary undertaking.

All intercompany balances and transactions, including recognised gains arising from inter-group transactions, have been eliminated in full.

Going concern

Following the emergence and spread of the coronavirus (COVID-19) and its financial effects on businesses worldwide, the directors have examined the possible effects on their business by undertaken forecasts and scenarios planning.

The group has a mixture of income streams with a combination of contractual and project based agreements, with some clients being impacted negatively by COVID-19 while others that are yet to be affected. During a period of significant turbulence as a result of the pandemic, the group continued to see significant growth and it is anticipated this will continue.

The company and wider group is able to utilise COVID-19 governmental support, can reduce costs in line with sales and has available external credit facilities that are yet to be fully utilised. For these reasons the directors believe there are sufficient funds available within the company and through group support for the business to operate as a going concern.

Related party exemption

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

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2020

2. Accounting policies - continued

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates in determining the carrying amounts of certain assets and liabilities. Management makes assumptions of the effects of uncertain future events on those assets and liabilities at the balance sheet date. The management's estimates and assumptions are based on historical experience and expectation of future events and are reviewed periodically. This disclosure excludes uncertainty over future events and judgement in respect of measuring financial instruments.

Bad debt provision

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

Depreciation

The company's tangible assets are depreciated on a straight line basis over their useful economic lives. Management reviews the appropriateness of assets' useful economic lives at least annually and any changes could affect prospective depreciation rates and asset carrying values.

Amortisation

Intangible assets are at cost less accumulated amortisation. Amortisation is charged on a straight line basis over the estimated economic life of the assets

Revenue recognition

Revenue from services rendered is recognised in proportion to the stage of completion of the service at the balance sheet date. The stage of completion is assessed by reference to the contractual agreement with each separate customer and the costs incurred on the contract to date in comparison to the total forecast costs of the contract. Revenue recognition commences only when the outcome of the contract can be reliably measured.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxed. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Goodwill

Goodwill is amortised evenly over its estimated useful life of between five and ten years.

Intangible assets

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

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer software and equipment	20% - 10% straight line basis
Office furniture	33% - 10% straight line basis
Improvements to property	10% straight line basis; Over the life of the asset

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2020

2. Accounting policies - continued

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and bank overdrafts which are an integral part of the company's cash management.

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable or receivable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The company is a beneficiary of Research & Development (R&D) tax relief from the UK Government in the form of reductions in its annual tax liability, as well as repayable tax credits. Current tax assets or reductions in current tax liabilities for R&D claims are only recognised when the amount can be reliably determined and the probability of HM Revenue & Customs accepting the claim is considered high.

Deferred tax

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

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

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet 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.

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

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

Investments

Investments in subsidiary undertakings are recognised at cost less provision for impairment.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 20203. **Turnover**

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

An analysis of turnover by geographical market is given below:

	2020	2019
	£	£
United Kingdom	22,416,712	26,735,063
Europe	12,703,041	2,778,108
Other	7,011,666	1,815,360
	<u>42,131,419</u>	<u>31,328,531</u>

4. **Employees and directors**

	2020	2019
	£	£
Wages and salaries	17,657,229	13,553,060
Social security costs	2,161,856	1,410,359
Other pension costs	728,049	698,441
	<u>20,547,134</u>	<u>15,661,860</u>

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

	2020	2019
Employees	<u>294</u>	<u>217</u>

5. **Directors' emoluments**

The directors of the company that served in the period do not have an employment contract, thus do not receive a remuneration.

6. **Interest payable and similar expenses**

	2020	2019
	£	£
Bank loan interest	497,766	536,338
Unwinding of provision	1,840,206	1,221,027
	<u>2,337,972</u>	<u>1,757,365</u>

7. **Loss before taxation**

The loss is stated after charging:

	2020	2019
	£	£
Hire of plant and machinery	26,801	25,438
Other operating leases	1,569,029	1,237,141
Depreciation - owned assets	324,597	369,174
Goodwill amortisation	8,454,062	7,911,197
Auditors' remuneration	76,009	90,468
Foreign exchange differences	<u>7,896</u>	<u>86,352</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 20208. **Taxation****Analysis of the tax charge**

The tax charge on the loss for the year was as follows:

	2020 £	2019 £
Current tax:		
UK corporation tax	717,326	(24,354)
Adjustment for prior years	<u>187,398</u>	<u>140,645</u>
Tax on loss	<u>904,724</u>	<u>116,291</u>

Reconciliation of total tax charge included in profit and loss

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

	2020 £	2019 £
Loss before tax	<u>(1,477,073)</u>	<u>(2,900,887)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(280,644)	(551,169)
Effects of:		
Expenses not deductible for tax purposes	553,933	219,354
Other tax adjustments	<u>631,435</u>	<u>448,106</u>
Total tax charge	<u>904,724</u>	<u>116,291</u>

9. **Individual income statement**

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

10. **Dividends**

	2020 £	2019 £
A Ordinary shares of £0.05 each Interim	<u>3,750,000</u>	<u>-</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2020

11. Intangible fixed assets

Group

	Goodwill £
Cost	
At 1 January 2020	44,224,587
Additions	3,040,465
At 31 December 2020	<u>47,265,052</u>
Amortisation	
At 1 January 2020	8,288,514
Amortisation for year	8,454,062
At 31 December 2020	<u>16,742,576</u>
Net book value	
At 31 December 2020	<u>30,522,476</u>
At 31 December 2019	<u>35,936,073</u>

12. Tangible fixed assets

Group

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
Cost					
At 1 January 2020	388,553	351	669,877	39,307	1,098,088
Additions	1,450,792	-	152,526	6,388	1,609,706
Disposals	-	(351)	-	-	(351)
Exchange differences	(6,705)	-	8,186	-	1,481
At 31 December 2020	<u>1,832,640</u>	<u>-</u>	<u>830,589</u>	<u>45,695</u>	<u>2,708,924</u>
Depreciation					
At 1 January 2020	120,025	351	244,513	34,531	399,420
Charge for year	104,671	-	213,978	5,948	324,597
Eliminated on disposal	-	(351)	-	-	(351)
Exchange differences	(3,319)	-	7,667	-	4,348
At 31 December 2020	<u>221,377</u>	<u>-</u>	<u>466,158</u>	<u>40,479</u>	<u>728,014</u>
Net book value					
At 31 December 2020	<u>1,611,263</u>	<u>-</u>	<u>364,431</u>	<u>5,216</u>	<u>1,980,910</u>
At 31 December 2019	<u>268,528</u>	<u>-</u>	<u>425,364</u>	<u>4,776</u>	<u>698,668</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2020

12. Tangible fixed assets - continued

Company

	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
Cost				
At 1 January 2020	-	61,383	38,880	100,263
Additions	1,444,011	-	6,388	1,450,399
At 31 December 2020	1,444,011	61,383	45,268	1,550,662
Depreciation				
At 1 January 2020	-	16,070	32,833	48,903
Charge for year	-	6,388	5,948	12,336
At 31 December 2020	-	22,458	38,781	61,239
Net book value				
At 31 December 2020	1,444,011	38,925	6,487	1,489,423
At 31 December 2019	-	45,313	6,047	51,360

13. Fixed asset investments

Company

	Shares in group undertakings £
Cost	
At 1 January 2020	56,015,170
Additions	3,040,465
At 31 December 2020	59,055,635
Net book value	
At 31 December 2020	59,055,635
At 31 December 2019	56,015,170

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

Subsidiaries**Cherry Advertising Limited**

Registered office: England and Wales

Nature of business: Marketing and communication services

Class of shares:	%
Ordinary	holding 100.00

Hanover Communications International (Holding) Limited

Registered office: 70 Gray's Inn Road, London, WC1X 8BT

Nature of business: Holding Company

Class of shares:	%
Ordinary shares	holding 100.00

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2020

13. Fixed asset investments - continued

Hanover Communications International Limited

Registered office: 70 Gray's In Road, London, WC1X 8BT
Nature of business: Corporate Communications and Public Affairs

Class of shares:	%
Ordinary	holding 100.00

We Are Multiple Limited

Registered office: 70 Gray's In Road, London, WC1X 8BT
Nature of business: Management Consultancy

Class of shares:	%
Ordinary	holding 100.00

The Playbook Consulting Limited

Registered office: 70 Gray's In Road, London, WC1X 8BT
Nature of business: Management Consultancy

Class of shares:	%
Ordinary	holding 100.00

Hanover Media Strategy Limited

Registered office: 53 Merrion Square South, Dublin 2, D02 PR63, Ireland
Nature of business: Corporate Communications and Public Affairs

Class of shares:	%
Ordinary	holding 100.00

Hanover Communications Middle East FZ-LLC

Registered office: Office 401, CNN Building 2, Dubai Media City
Nature of business: Corporate Communications and Public Affairs

Class of shares:	%
Ordinary	holding 100.00

Hanover Communications International SA

Registered office: Square de Meeus 35, 1000 Brussels, Belgium
Nature of business: Corporate Communications and Public Affairs

Class of shares:	%
Ordinary	holding 100.00

14. Debtors

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	9,564,914	11,050,591	875,966	1,270,538
Amounts owed by group undertakings	2,779,408	2,561,953	2,824,450	40,762
Other debtors	309,453	204,118	719	106
Tax	20,226	603,822	20,226	-
Prepayments and accrued income	1,733,616	1,656,079	275,430	194,148
	14,407,617	16,076,563	3,996,791	1,505,554

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2020

14. Debtors - continued

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Amounts falling due after more than one year:				
Other debtors	<u>56,933</u>	<u>110,550</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>14,464,550</u>	<u>16,187,113</u>	<u>3,996,791</u>	<u>1,505,554</u>

15. Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	887,775	852,880	240,898	83,380
Amounts owed to group undertakings	1,301,784	-	272,439	1,211,709
Tax	322,344	192,896	-	1,102
Social security and other taxes	632,937	658,811	109,720	114,582
VAT	987,484	1,094,288	200,984	142,380
Other creditors	1,321,469	3,082,591	1,030,165	6,096,548
Accruals and deferred income	6,767,815	4,743,906	842,021	792,347
	<u>12,221,608</u>	<u>10,625,372</u>	<u>2,696,227</u>	<u>8,442,048</u>

16. Creditors: amounts falling due after more than one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans (see note 17)	<u>15,282,053</u>	<u>15,282,053</u>	<u>15,282,053</u>	<u>15,282,053</u>

17. Loans

An analysis of the maturity of loans is given below:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>15,282,053</u>	<u>15,282,053</u>	<u>15,282,053</u>	<u>15,282,053</u>

18. Leasing agreements

Minimum lease payments fall due as follows:

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2020**Group**

	Non-cancellable operating leases	
	2020	2019
	£	£
Within one year	827,967	-
Between one and five years	7,203,046	-
In more than five years	16,680,388	-
	<u>24,711,401</u>	<u>-</u>

19. **Secured debts**

The following secured debts are included within creditors:

	Company	
	2020	2019
	£	£
Bank loans	<u>15,282,053</u>	<u>15,282,053</u>

20. **Provisions for liabilities**

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Other provisions	<u>16,918,525</u>	12,037,268	<u>16,558,789</u>	11,677,533
Aggregate amounts	<u>16,918,525</u>	12,037,268	<u>16,558,789</u>	11,677,533

Group

	Other provisions £
Balance at 1 January 2020	12,037,268
Provided during year	3,041,051
Unwinding of discounted amount	1,840,206
Balance at 31 December 2020	<u>16,918,525</u>

£16,918,525 of the above provision relates to the net present value of deferred considerations and associated payments, which the company estimate to be a maximum of £18,696,574.

The directors have used judgement on key assumptions to estimate the total value of the deferred consideration. While the value is subject to change, the directors feel this represents a true and fair view, based on the current information available.

Other provisions of £359,735 is in relation to an employee benefit trust that has been incorporated for an employee bonus scheme. This balance represents the total consideration expected to be payable.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2020

21. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
1,012	A Ordinary	£0.05	55	55
1,000	B Ordinary Non-Voting	£0.05	50	50
360	C Ordinary	£0.05	18	18
			<u>123</u>	<u>123</u>

22. Reserves

Group

	Retained earnings £	Share premium £	Totals £
At 1 January 2020	(2,535,251)	23,421,379	20,886,128
Deficit for the year	(2,381,797)	-	(2,381,797)
Dividends	(3,750,000)	-	(3,750,000)
At 31 December 2020	<u>(8,667,048)</u>	<u>23,421,379</u>	<u>14,754,331</u>

Company

	Retained earnings £	Share premium £	Totals £
At 1 January 2020	(135,574)	23,421,379	23,285,805
Profit for the year	11,301,588		11,301,588
Dividends	(3,750,000)		(3,750,000)
At 31 December 2020	<u>7,416,014</u>	<u>23,421,379</u>	<u>30,837,393</u>

23. Ultimate parent company

The immediate parent company is AXON Communications Inc., a company registered in Canada, which is a wholly owned subsidiary of 9353-1390 Quebec Inc., a company registered in Canada. 9353-1390 Quebec Inc. is majority owned and controlled by RES PUBLICA Consulting Group Inc., a company registered in Canada.

The ultimate parent company is RES PUBLICA Consulting Group Inc.. The group of which RES PUBLICA Consulting Group Inc. is the parent organisation forms the largest group preparing consolidated accounts which include Madano Partnership Limited. The group of which AVENIR GLOBAL Inc. is the parent organisation, forms the smallest group preparing consolidated accounts which include Madano Partnership Limited.

24. Related party disclosures

During the year, the ultimate parent company charged £1,559 (2019: £24,656) for the provision of goods and services. There was an amount outstanding to the ultimate parent company of £7,023 (2019 : £15,304) at the year end.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2020

25. Reconciliation of loss before taxation to cash generated from operations

	2020	2019
	£	£
Loss before taxation	(1,477,073)	(2,900,887)
Depreciation charges	326,612	362,925
Provisions	4,881,257	4,228,781
Exchange differences on retranslation	145,437	-
Amortisation charges	8,454,062	8,764,901
Finance costs	2,337,972	1,757,365
Finance income	-	(2,738)
	<u>14,668,267</u>	<u>12,210,347</u>
Decrease/(increase) in trade and other debtors	1,138,447	(11,706,549)
Increase in trade and other creditors	1,322,723	2,798,463
Cash generated from operations	<u>17,129,437</u>	<u>3,302,261</u>

26. Cash and cash equivalents

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

Year ended 31 December 2020

	31/12/20	1/1/20
	£	£
Cash and cash equivalents	<u>12,208,704</u>	<u>6,009,090</u>

Year ended 31 December 2019

	31/12/19	1/1/19
	£	£
Cash and cash equivalents	<u>6,009,090</u>	<u>4,722,181</u>

27. Analysis of changes in net debt

	At 1/1/20	Cash flow	At 31/12/20
	£	£	£
Net cash			
Cash at bank and in hand	6,009,090	6,199,614	12,208,704
	<u>6,009,090</u>	<u>6,199,614</u>	<u>12,208,704</u>
Debt			
Debts falling due after 1 year	(15,282,053)	-	(15,282,053)
	<u>(15,282,053)</u>	<u>-</u>	<u>(15,282,053)</u>
Total	<u>(9,272,963)</u>	<u>6,199,614</u>	<u>(3,073,349)</u>

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