EXPANDING
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ACQUIRING
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Bonhill

Annual Report &
Financial Statements
2019

Bonhill Group plc is a leading B2B media company providing Business Insight, Events and Data & Analytics propositions to international Technology, Financial Services and Diversity Business Communities.

The Company is passionate about understanding its business communities' needs, the result of which enables it to create innovative, tailored, market-leading products and services. Our aim is to deliver an informed, authoritative voice and always to exceed clients' expectations.

We champion diversity and work collaboratively, within our organisation and across our communities, to build long-term partnerships and networks to represent and reflect our values.

We create exceptional value for our communities, offer attractive rewards for our employees and long-term, market outperforming returns for our shareholders.

We continually strive for excellence in everything we do. We are entrepreneurial, creative and thrive on generating new innovative solutions. We set ourselves the highest standards and are dedicated to delivering the best possible results for all our stakeholders.

We maximise the potential of our employees. We aim to provide the support necessary for each person to maximise their potential and play their part in an inspiring, community-centric and responsible environment, underpinned by a culture of respect, openness and fairness to all. A place that is enjoyable to work in and that celebrates success.

Neil Sachdev,
Non-executive Chairman
1 May 2020

COMMUNITIES

FINANCIAL SERVICES

Page 08

Financial Services is a significant focus for Bonhill. We serve the global financial community through a range of brands including InvestmentNews in the US and Last Word Media's portfolio of titles in the UK, Europe and Asia.

- InvestmentNews
- Last Word Media
- What Investment
- Growth Company Investor
- Small Business
- Growth Business

DIVERSITY

Page 14

Over the last four years, we have developed a portfolio of highly successful digital sites and live events for our diversity community including DiversityQ and the Women in IT series.

- DiversityQ
- Women in IT Awards
- Women in IT Awards USA
- Future Stars of Tech
- Women in Finance Awards

TECHNOLOGY

We serve the constantly evolving global technology market with a combination of digital and events. Our proposition also overlaps the importance of technology within Finance and is the vanguard for change in gender diversity.

- Information Age
- Tech Leaders Summit
- Tech Leaders Awards
- Data Leadership Summit
- Data Leaders Awards

OUR OFFERING

Strategic Report

Governance

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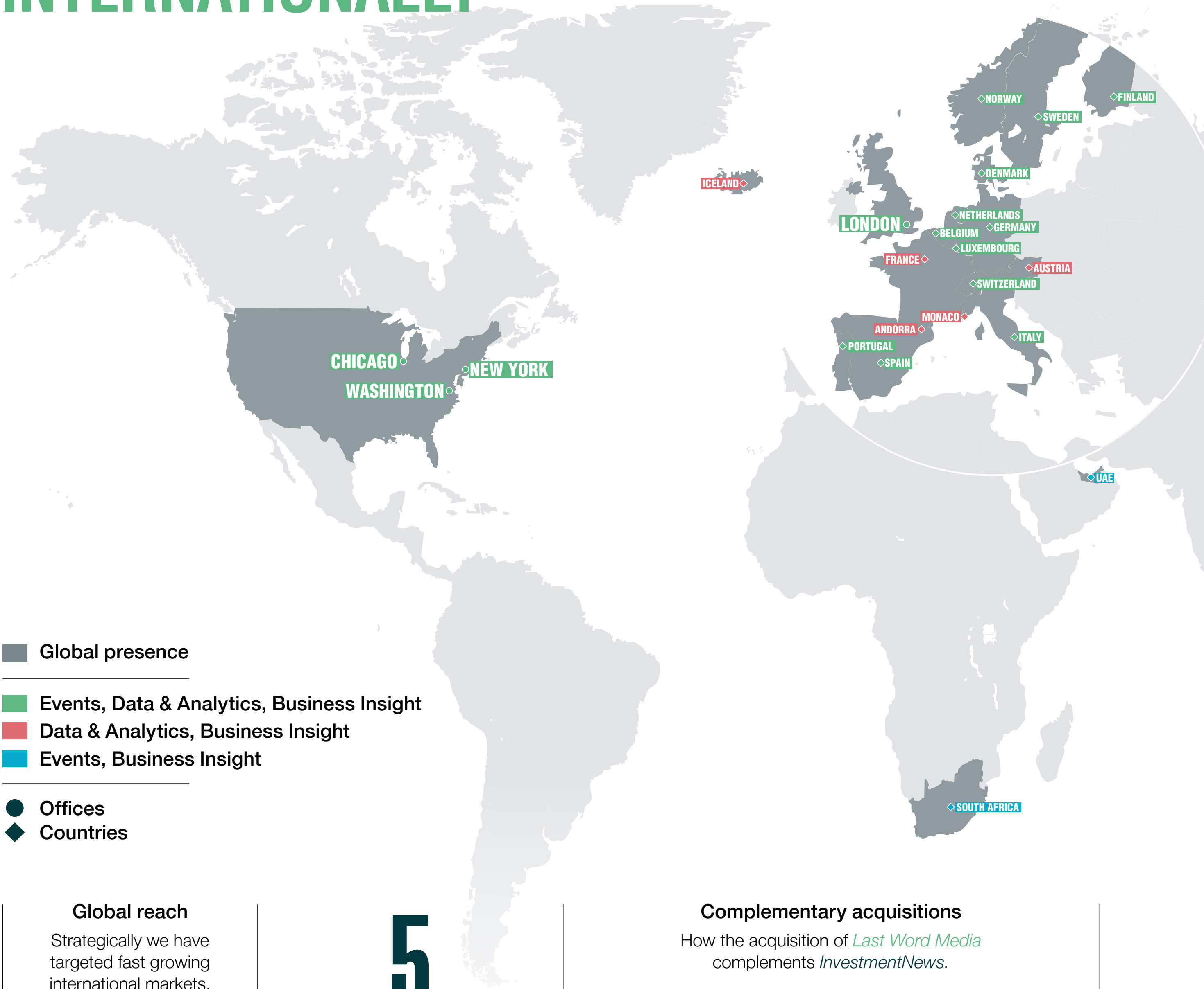
Bonhill at a glance

EXPANDING AND GROWING INTERNATIONALLY



Global presence

Events, Data & Analytics, Business Insight
Data & Analytics, Business Insight
Events, Business Insight

Offices
Countries

Global reach

Strategically we have targeted fast growing international markets. The Group now operates in five global locations and has run 110 events in 28 international cities during 2019.

We will continue to develop our global reach with our established portfolio of brands.

5
Global locations

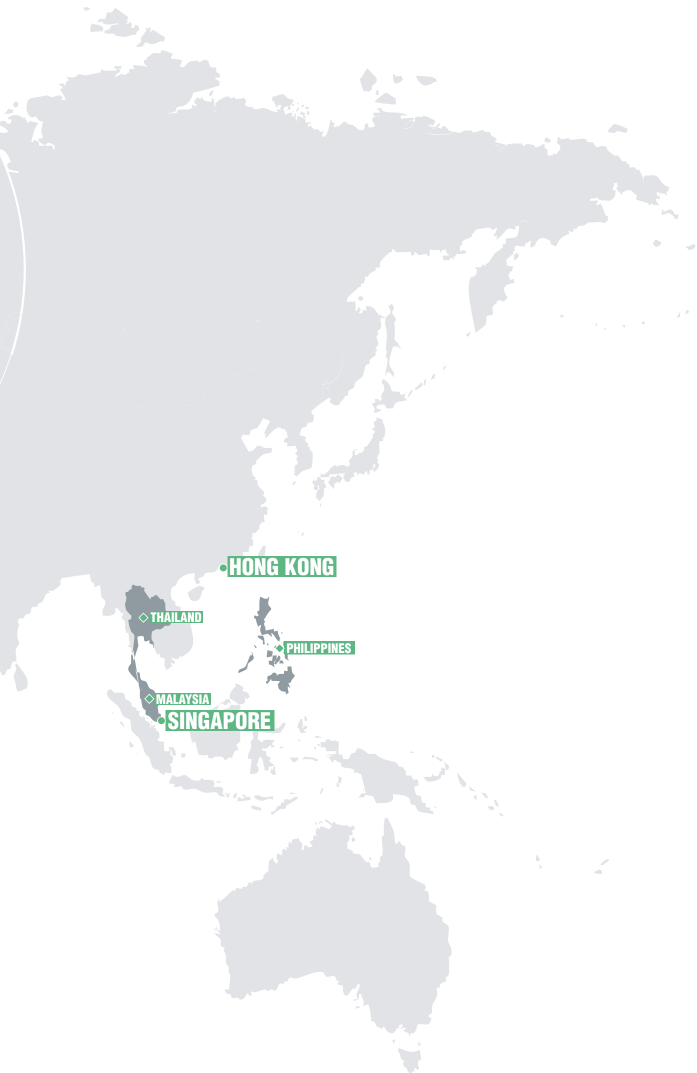
28
International cities

110
Events during the year

Complementary acquisitions

How the acquisition of *Last Word Media* complements *InvestmentNews*.

Read more on page 10



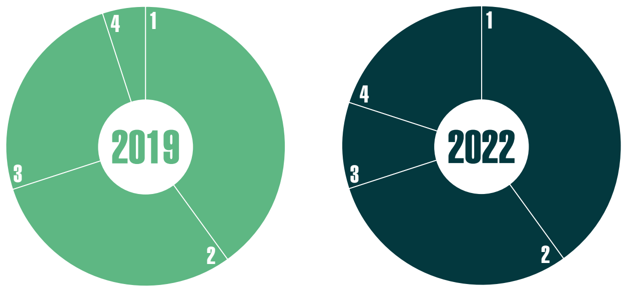
The future of Bonhill

During 2019, we have executed on the Board's strategy by starting to change the business and geographic mix. As the business develops in the year ahead, we will see the mix change such that Events and Data & Analytics will become a more significant part of our business.

Business shift

In 2019, the revenue split was:

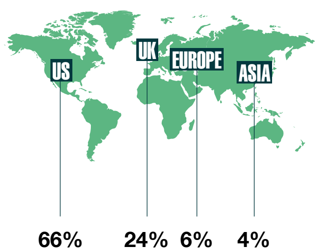
Over the course of the next two years it is our intention to shift the split to:



	2019	2022
1. Events	**40%**	**44%**
2. Digital	**31%**	**37%**
3. Print	**24%**	**13%**
4. Data	**5%**	**6%**

Geographical shift

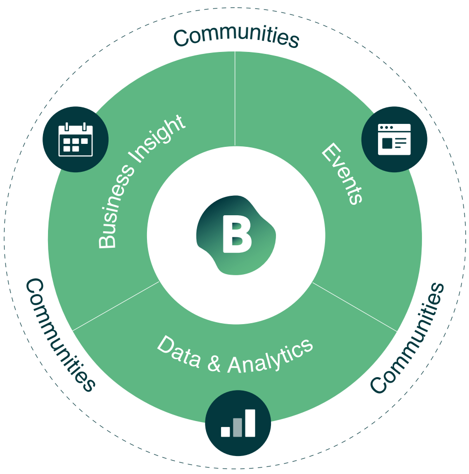
Our geographic split of revenue has changed such that in the period our revenue by geography was:



Read more on page 06

Our core proposition

The Company aims to support its chosen business communities through the provision of three interrelated and complementary core propositions.



Read more on page 06

Chairman's statement

A NEW DIRECTION FOR BONHILL

NEIL SACHDEV
CHAIRMAN

The year to 31 December 2019 saw the Group make good progress with a combination of organic and acquisitive growth as well as the negative impact from some strong external factors. These external factors have continued into 2020 with the ongoing impact of COVID-19 across all our businesses which will be covered in more detail in the report but all necessitated the £2.5 million equity raise in April 2020 which was approved at a General Meeting on 30 April 2020.

The Group increased its revenue to £24.4 million from £8.0 million and adjusted profit to £2.3 million from £0.9 million. 2019 includes Last Word Media for 8½ months from point of ownership, and the prior period was a short 9 month period which included InvestmentNews for 4½ months.

FINANCIAL HIGHLIGHTS

24.4£M

Revenue of £24.4 million (9 months ended 31 December 2018: £8.0 million)

InvestmentNews contributed £13.9 million of revenue, 6% down on the record same period last year with second half performance recovered to same levels

2.3£M

Adjusted EBITDA* of £2.3 million (9 months ended 31 December 2019: £0.9 million)

7.8£M

Acquisition of Last Word Media for £7.8 million, together with £10 million fundraising

29.8£M

Net assets of £29.8 million (31 December 2018: £22.9 million)

1.9£M

Cash of £1.9m at 31 December 2019 (31 December 2018: £4.4 million)

0.28p

Payment of a maiden interim dividend of 0.28p per share with no final dividend recommended

* Adjusted EBITDA excludes adjusting items, acquisition costs and amortisation of intangible assets through business combinations

We saw continued growth of 17% in the original UK Bonhill business with new events launched in new territories in our core Women in IT and Finance franchises, whilst UK media continued to see growth in our SME operations.

InvestmentNews in its first full year of ownership by the Group saw a modest decline in revenue as we invested in the business, changed the management team and began to transition the activities from print to digital and events. We are pleased with the progress we have made and continue to see great potential in this market-leading brand.

April 2019 saw the completion of the acquisition of Last Word Media, which in conjunction with InvestmentNews gives us a global footprint and a broad offering to our core financial adviser/ asset management community.

The second half of the year saw particular challenges in Hong Kong, with the civil unrest in the region impacting our Events business and the well-documented issues in the UK fund management industry, coupled with the lack of fund flows in UK Active Equities, hampering our events and digital custom work in the UK.

Although this period impacted our revenue and profitability, we did take the opportunity to both invest in the business with a much-needed technology refresh across the Group to harmonise our technology offering as well as to combine the UK teams and streamline some of our operations. These changes have resulted in a much stronger technology platform and £1.5 million of annualised savings. In the main these investments and the changes in the personnel structure are reflected in the higher than normal level of exceptional costs (£5 million) in the year.

The acquisition of Last Word Media provided a key component for our strategy of increasing recurring revenues, owning and developing market-leading brands and developing our international footprint.

Last Word Media is 15 years old in 2020 and has developed a range of brands serving the asset management community in the UK, Europe, Middle East, Africa and Asia. It has a strong events portfolio as well as a growing digital and custom content offering. The combination of Last Word Media and InvestmentNews is extremely exciting and despite all of the challenges in the year we have progressed the plans to launch a number of the core UK brands into the US market.

InvestmentNews has seen a pleasing shift in business with strong growth in its events portfolio and a manageable decline in sales in its print title offset by a successful size change and new distribution strategy.

2020 has already seen a rebrand of the business and a relaunch of the core website. The changes throughout 2019 put the business on a strong footing with an enhanced offering to its core client base. As part of our COVID-19 plan we have moved the print title to a digital version which has delivered good cost savings and an extended trial of a digital format going forward.

We have expanded our geographic reach with the Last Word Media acquisition but also in our events portfolio, where we have taken Women in IT to Singapore, Berlin, Bucharest and Toronto and Women in Finance to Toronto. We also launched Women in Asset Management in the US. The core awards offering has been supplemented by a successful day summit enabling an in-depth look at the specific industry challenges. Our wider international diversity activities are now some 15% of Group revenues.

We have continued to invest in our people during a difficult year of change and we appreciate the effort the team have put-in to make the necessary changes to the business. We have invested in our offering and the improved technology will enable us to develop both our digital offering and data and product strategy. The wider Group offers a range of career opportunities for our employees and we continually strive to provide a dynamic working environment. I would like to thank all of our team for their hard work during the recent period of change and challenging conditions and for their positive and flexible approach to remote working in the current COVID-19 environment.

COVID-19 started to impact our Asian business in early January and now is impacting all our operations. Thankfully, the business was able to transition to remote working without any impact on our offering and we can successfully deliver all of our campaigns. We have had to make some redundancies in all parts of the business and place around 10% of our UK workforce on Furlough as well as utilise the various government initiatives available. This action plus the £2.5 million equity raise has put us in a stronger financial position to face the coming period and we continue to adjust the business both in terms of offering and costs to reflect the current environment.

At the year end, the Group had £1.9 million of cash, a new technology platform a reduced costs base and a fresh team in most brands. I am excited about the opportunities ahead of us notwithstanding the current environment and it is our intention to continue to develop our business, people and offering during these challenging times.

Neil Sachdev
Non-executive Chairman
1 May 2020

BEST IN CLASS SOLUTIONS

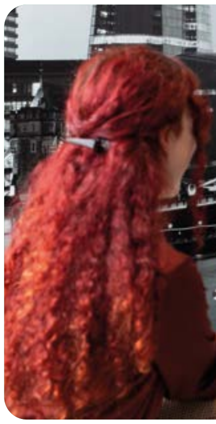
Technology development and enhancement has been a core part of this year. Since our capital raising during August 2018, we have been working to develop the wider technological capability of the business.

The Company had set aside £1.2 million to develop a new Company wide 'tech stack' and is on target in respects of both budget and timing. The opportunity this investment brings for new product development and offering a better client experience is essential if the Group is to reach the levels it aspires to. Post-year end, we are now on a common CRM platform across the business and are in a much stronger position to deliver "best in class" solutions. This platform has enabled us to trial new products and currently we have seven new product trials running which is a step change in our new product development capability.

Business model and strategy

CREATING LONG-TERM REVENUE STREAMS

OUR STRATEGY REMAINS TO TRANSITION OUR BUSINESS MODEL TO LONG-TERM, MUST HAVE, RECURRING REVENUE STREAMS



Our strategy

Our corporate strategy is to transition to long-term, "must have", recurring revenue streams through building market leading brands within its chosen business communities of Technology, Financial Services and Diversity, developing high value propositions, and expanding beyond the UK and into large, or fast growing, international territories.

Our business model

As detailed on the right, this strategy is underpinned by:

01 Core offerings which are high value Business Insight, Events and Data & Analytics propositions.

02 Building market leading brands within their chosen business communities of Financial Services, Diversity and Technology.

03 Expanding beyond the UK into large, or fast growing, international territories.

BUSINESS MODEL

01 Our core offerings

Our brands support our business communities through the provision of three inter-connected and complementary core propositions.

02 Our market leading brands

Highly respected in the communities they represent, these brands are the foundation of our business and reflect our passion for quality content across multiple platforms including digital, live events, social media, video and print.

InvestmentNews

WOMEN IN IT SUMMIT & AWARDS SERIES

PORTFOLIO ADVISER | EXPERT INVESTOR

smallbusiness.co.uk | growthbusiness.co.uk

FUND SELECTOR ASIA | Information Age | DiversityQ

INTERNATIONAL ADVISER | whatinvestment.co.uk | ESGCLARITY

03 Expanding beyond the UK

Through our acquisitions the breadth of our key audiences has grown to not only cover the UK but also extend globally to the US, Europe, Middle East and Asia.

Read more about our global presence on page 02

Read more about our expansion through acquisitions on page 20

Our communities

FINANCIAL SERVICES

Financial Services has been a significant sector focus for Bonhill since the Company's formation. Today, we serve the global financial services community through a range of brands including InvestmentNews in the US and Last Word Media's portfolio of titles in the UK, Europe and Asia.

As well as the professional investor sector in the UK, we focus on the UK's 5.6 million SMEs through Smallbusiness.co.uk and Growthbusiness.co.uk, Growth Company Investor and TaxGuide.co.uk; while the UK private investor is served through What Investment.

In 2019, the Group completed the acquisition of Last Word Media, a leading international B2B media business which addresses the content and marketing needs of the global asset management industry and the information its wholesale fund distribution partners such as wealth managers and fund selectors utilise.

ACQUISITION OF LAST WORD MEDIA

Since it launched in 2005, Last Word Media has been the final say for first-to-market news, analysis and comment across the global wealth management & fund selector markets. Invaluable insight is delivered to our sophisticated audiences across multi-channel platforms including print, digital, data, research and events.

We have expanded our position in the global asset management/financial advisory space by acquiring Last Word Media in April 2019. This well established business, which operates in all the key geographies that InvestmentNews does not, provides us with a global platform to service the asset management and financial advisory industry.

We believe that our products and services for the financial advice industry and deep knowledge of the global financial advisers market provide us with a unique understanding of the core needs of the wider global asset management community and its suppliers.

As we integrate the business and offer both businesses product sets across our expanded geographies, we believe we will have a compelling offering of global data and analytics, high quality content and a suite of valuable industry events.

EXPANDING GLOBALLY

5

Operates in five key areas, UK, Europe, Asia, Middle East & South Africa

LIVE EVENTS

85

The brands collectively hosted 85 scheduled live events in 2019

DEVELOPING OUR CORE PROPOSITION

7

Seven news and information websites two of which have associated print titles

Our communities continued

LAST WORD MEDIA

24

Countries worldwide

Find out more on
www.lastwordmedia.com

South Africa | Middle East | Asia | Europe | UK

EXPERT INVESTOR

Print
Events
Digital
Research

Expert Investor is aimed at an exclusive group of fund selectors, institutional investors and high net worth advisers across continental Europe, providing expert analysis and insight.

FUND SELECTOR ASIA

Digital
Events

Fund Selector Asia is aimed at fund selectors, fund analysts, fund influencers, wealth management heads, investment councillors, heads of sales and client-facing wealth advisers across the banking, insurance, fund of fund and family office communities in English-speaking Asia.

INTERNATIONAL ADVISER

Digital
Events

International Adviser is the leading brand for the global intermediary market that uses cross-border insurance, investment, banking and pension products on behalf of their high net-worth clients.

PORTFOLIO ADVISER

Print
Events
Digital
Research

Portfolio Adviser is the leading brand for wealth managers, discretionary portfolio managers, private bankers and advisers specialising in investments across the UK and Channel Islands.

INVESTMENT NEWS

2020 update

Development of the InvestmentNews business will be focused around developing a broader range of offerings away from the historical print product. The weekly publication will remain an integral part of the business, but the investment in technology, closure of the Transitional Services Agreement from Crain Communications (during 2019), relaunch of the InvestmentNews website (in January 2020), renewed focus on Events, restructuring of the sales team and the recent changes in management will see a move to a more technology led, digitally focused and product focused offering.

Q&A with Christine Shaw

Christine Shaw was named CEO of InvestmentNews in July 2019. Having more than 25 years of experience in media, she comes with a breadth of expertise across digital, global events, and B2B publishing. She has become a champion for excellence, a fierce advocate for working women, and a media trailblazer in international business.

Q. Why did you join InvestmentNews, and how has the culture and team shifted since you joined?

A. I joined InvestmentNews because I saw an amazing opportunity to transform a traditional print-focused brand into a data-driven media entity and expand our opportunities into four core pillars: Business Insights, Events, Data & Analytics, and Custom. Over the past eight months, the culture has undergone a major transformation, and I'm excited about our new management team in place who bring unique expertise.

Q. What is your US Strategy focused on in 2020?

A. To align our content around communities and core topics beyond News and offering premium subscriptions to our content platform. By doing so, we will create must-have content and recurring revenue streams around that content. Events will also continue to grow and expand into new markets within financial services.

Q. What are some major milestones the business has achieved since you've joined?

A. As I mentioned, we have a fantastic leadership team in place, and are evolving every day. In January, we underwent a tech migration and unveiled a new look-and-feel, which will allow us to garner data and insights from our users that we never have before.

Q. How are you addressing the changes in the adviser industry as a brand, including an ageing adviser workforce, mergers & acquisitions at an all-time high, and technology disruption?

A. Technology for advisers is absolutely one of the most important areas of impact for the industry and for our brand. Other key trends are in ESG investing along with diversity and inclusion. InvestmentNews has a strong foundation in all these core areas. We have the right content, the audience and the relationships with key companies so we can help provide solutions to these areas of opportunities.

Q. What are some of the global opportunities you have now that IN is part of Bonhill?

A. Bonhill's portfolio lends itself to cross-collaboration across regions. Last Word Media, a leading publisher in the wealth management space across the UK, EMEA and APAC, and Bonhill's suite of international events complements InvestmentNews in the US, and we are building strategy to leverage each other in our respective regions. For example, in Q2 2020, we will be introducing ESG Clarity to the US market, which is already part of Bonhill's portfolio outside of the US. This editorial-led site will continue to serve fund selectors at scale who incorporate ESG thinking into their workflow.

Strategic Report
Governance
Financial Statements

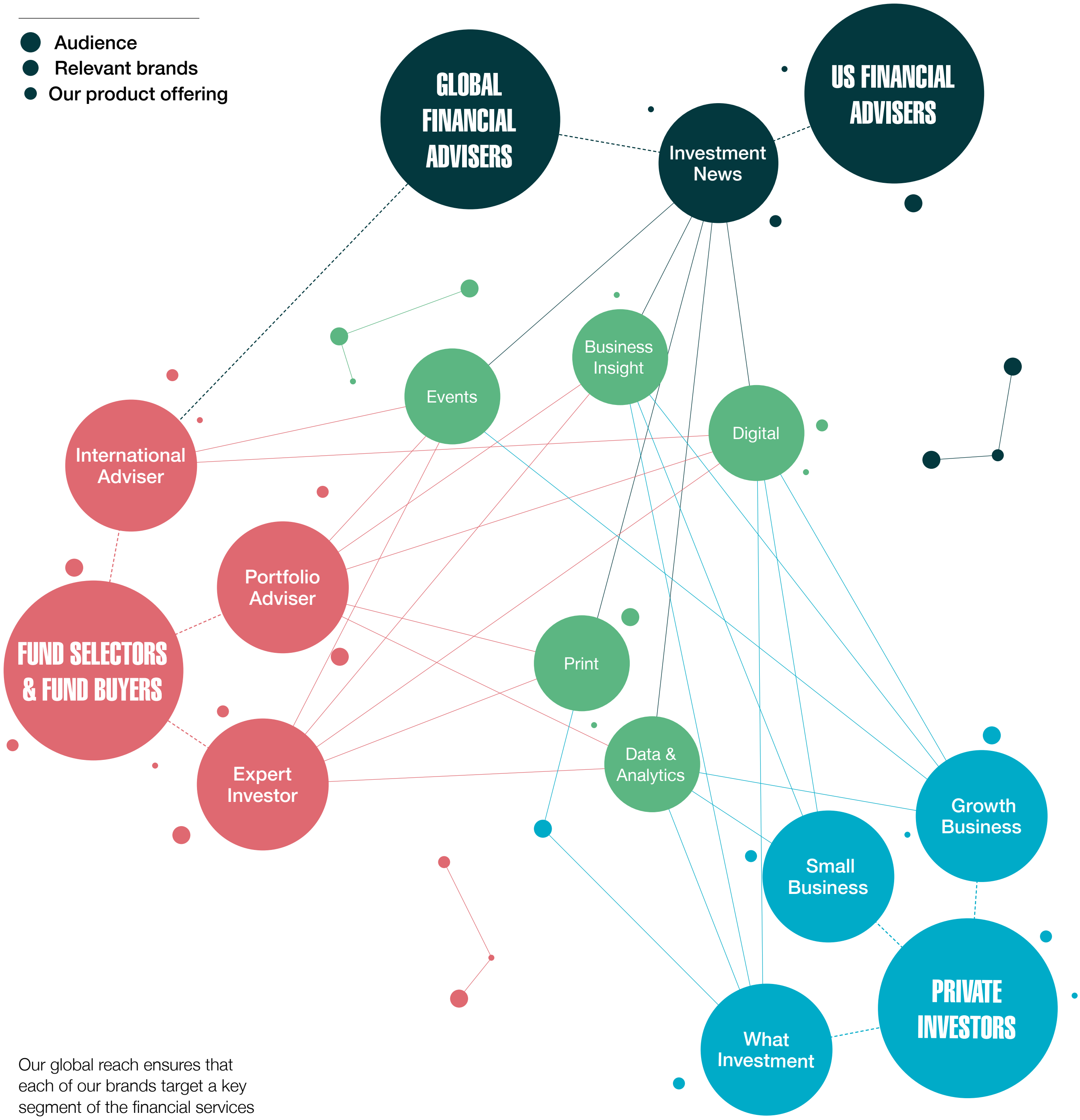
Our communities continued

A TRULY GLOBAL PARTNER

Putting our communities first

Our communities are at the centre of everything that we do as a business. We have built our three core propositions around them and engage with them through Events, Business Insight and Data & Analytics.

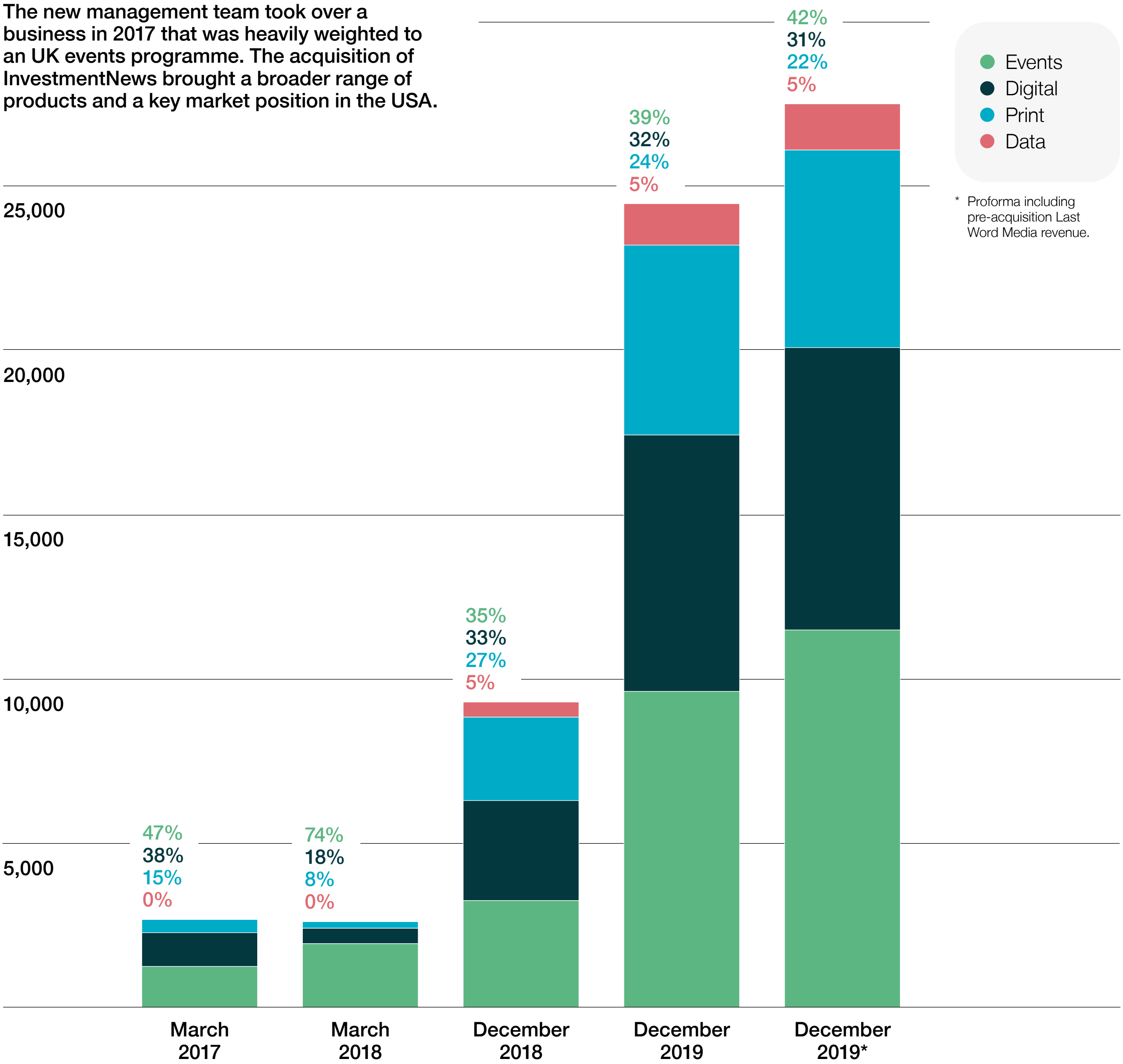
- Audience
- Relevant brands
- Our product offering



Our global reach ensures that each of our brands target a key segment of the financial services community with products that specifically fit their needs.

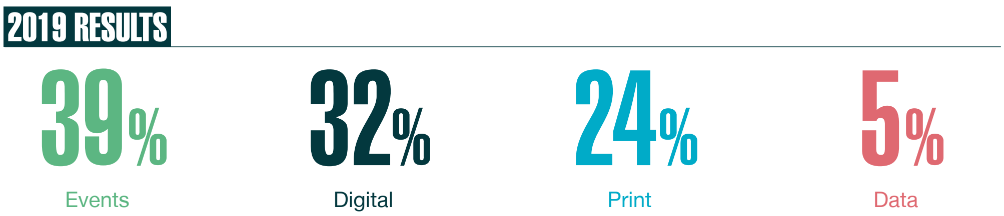
Investments enhancing Bonhill

The new management team took over a business in 2017 that was heavily weighted to an UK events programme. The acquisition of InvestmentNews brought a broader range of products and a key market position in the USA.



* Proforma including pre-acquisition Last Word Media revenue.

The acquisition of Last Word Media brought another rebalancing of the business with access to Asia and an increase in data products and a broader event portfolio. The two and a half years have seen a much improved reach and mix.



Our communities continued

DIVERSITY

Our DiversityQ.com brand supports organisations in creating a diverse and inclusive workforce, working environment and business culture, maximising the benefits of diversity through increased productivity, improved staff satisfaction, creating a more sustainable business model and consequently enhancing corporate returns.

In addition, over the last four years, we have developed a portfolio of highly successful live events for our diversity community including the Women in IT series, the Women in Finance series and careers fairs such as Tomorrow's Tech Leaders Today.

At the end of 2019, we held our hugely successful inaugural DiversityQ D&I Practitioners Summit for board members, senior executives, HR professionals, diversity and inclusion practitioners and talent acquisition leads focused on moving the D&I agenda from talking to action.

FIRST YEAR OF DIVERSITYQ

DiversityQ has been running for a year and has made real progress in highlighting all diversity issues and building direct relationships with the leaders of the D&I community globally under the stewardship of editor Cheryl Cole.

Cheryl made the transition from Ophthalmic Dispensing to a successful award-winning career in journalism and corporate communications, before becoming a D&I champion in 2018.

Cheryl has continued to develop our pioneering D&I platform, and the underlying mission remains the same: to highlight the significantly low percentage of underrepresented groups in the technology and finance industries; and to challenge organisations that do not have diversity and inclusion initiatives in place, as well as enhance the effectiveness of those that do. This is mainly achieved through our thought-provoking editorial content, best practice guidance, research and summits.

Q. Why launch a platform dedicated to diversity and inclusion in the workplace?

A. Diversity. Inclusion. To the average person, these are just words. However, at Bonhill Group, these are the principles on which we stand. They are how we invigorate our teams, cultivate our leaders, and how we build a culture where difference is celebrated.

Given we were so passionate about raising the profile and advancing the careers of women through our 'Women in...' series, it made sense to launch a platform that would not only allow us to tell their stories but also showcase what equality in the workplace should look like across all industries.

Q. What has been the external response?

A. Overwhelmingly positive. Since launch, we have had over 63,000 visitors to DiversityQ.com. We are the only platform dedicated to the subject matter in the UK, and one of a handful globally. Our readers – senior executives, HR professionals, diversity and inclusion practitioners, talent acquisition leads and employees – find value in the professional guidance, tips, research, policy and company insights we share, as well as our role model profiles.

Q. What do the next few years hold?

A. Improved accessibility. Coupled with our diversity events there is exponential room for growth through podcasts, webinars, online tools and consultancy service. We aim to ensure that everyone has access to our platform.

Our communities continued

DIVERSITY EVENTS

The Bonhill diversity events portfolio aims to tackle the gender gap within the IT, finance and asset management industries globally.

We continue to see low numbers of female representation in each of these dominating industries.

- Women make up just 22% of the STEM workforce in the UK and female professionals face the pressures of fighting twice as hard to achieve progression.
- Just 26% of professional computing jobs in the US were held by women in 2018 and only 9% by BAME women; moving to senior and executive levels, the statistics we see are even lower.
- A study by Catalyst 2019, shows that women make up nearly half of the financial services industry. However, less than 13% of women in finance make it into leadership roles like CFO and they are less likely to get promoted in this industry.

Our events are a platform to highlight and celebrate female professionals in these industries. We aim to highlight remarkable tech talent, share case studies of exceptional work, and elevate this community of strong, inspirational role models. As a series, we want to have a greater impact in the fight for gender parity and we will continue to strive for greater action.

‘Women in…’ series

The ‘Women in…’ series, is growing rapidly and is bigger and better than ever. In 2019 the series across IT, finance and asset management grew to 17 summit and awards events from six awards events in 2018.

The combination of the summit and awards events has increased the value proposition for our attendees and sponsors. We are able to offer more content, more networking and also offer an ‘annual reunion’ between top industry professionals, winners and nominees. The feedback has been extremely positive.

From left to right

- San Francisco
- Toronto
- New York
- Dublin
- London
- Berlin
- Romania
- Singapore

2019 key awards stats

2,156	Total number of entries
1,314	Entries shortlisted
877	Companies shortlisted
181	2019 winners
99	2019 judges

2019 key summit stats

162	Number of expert speakers
136	Companies represented
6	Summits launched
672	Total number of attendees

Future Stars of Tech

It is widely acknowledged that STEM careers are male dominated.

The percentage of women in STEM statistics include just 15% of Engineering graduates, 19% for Computer Studies and 38% for Maths. Gender disparity is also evident at university level, where 52% of males take STEM related courses, in contrast to only 30% of females. The influencers impacting female representation are that there are relatively few female STEM role models, that tech is not being offered and encouraged as much as it is to male students, they are not shown opportunities beyond coding and because employers do not actively target female candidates. According to a report by the National Center for Women and Information Technology (NCWIT), the turnover rate for women in the tech industry is 41%, compared to just 17% for men.

Among women who leave, 24% completely quit the industry and take up non-technical jobs, 22% opt for self-employment within the tech industry, 20% take a break from being part of the workforce, and 10% take up jobs with start-up companies. These industry statistics are disheartening, leaving a large portion of the population uninspired.
To combat these statistics and to expand the great work already being done within the 'Women In…' series, the Future stars of Tech Awards was created. This event is geared at boosting visibility of female talent within their first eight years of their career. It provides a platform to highlight, motivate and encourage young people in tech to overcome the statistics, stay in tech and to challenge the issues holding back diversity. We are investing in the leaders of tomorrow!

2019 key awards stats

136

Total number of entries

100

Entries shortlisted

79

Companies shortlisted

14

2019 winners

DiversityQ

Diversity and Inclusion (D&I) are more important than ever as strategic priorities for companies around the world.

Multiple studies prove that D&I investments go hand-in-hand with profitability and success. So much so and with companies increasingly under the microscope, we are seeing new initiatives and ways of working emerge every week.

Over the last five years, Bonhill Group has been highlighting the gender gap in the technology and finance industries. Now, we want to broaden the diversity and inclusion debate and shine a light on the role of the D&I professional and the topics, groups and communities that require further support. Together we aim to overcome the sense of obligation and compliance and instead have diversity, equity and inclusion seen as the norm and as something that all organisations believe in.

In 2019, with the support and work done by DiversityQ, we were able to launch our first D&I Practitioners Summit in London. This event brought D&I professionals together to establish the best D&I strategies for multiple organisations and industries by breaking down the principles, step-by-step.

We were delighted to welcome 104 attendees and 30 D&I expert speakers to launch the series. In 2020 we will be launching the summit in San Francisco in March and we will add a new event – LGBT Great Summit & Awards in asset management in October.

We are seeing new initiatives, and ways of working emerge every week.

Chief Executive's review

EMERGING AS A STRONG ORGANISATION

SIMON STILWELL
CHIEF EXECUTIVE

It has been an extremely busy and productive but, in many ways frustrating reporting year. We saw good organic growth from the core Bonhill business, as well as through acquisition with Last Word Media and the continued development of InvestmentNews.

We have, however, had to contend with the political instability in the Asian market, which has impacted our events revenue.

OPERATIONAL HIGHLIGHTS

Investing in people
Significant investment in new people at all levels to bring new skills and industry best practice to the Group

Expanding event series
Continued success in the expansion of the 'Women in ...' series with new events launched in Toronto, Berlin, Singapore and Bucharest

Technology investment
Significant investment in technology to provide common technology platform which enables the continued development of our data and product strategy

COVID-19
As previously announced COVID-19 is having a material impact on our 2020 global event activities

Introduction

The UK saw difficult trading conditions in the second half with the well-documented issues in the active UK fund management industry that hampered fund flows in the second half of the year.

However, these conditions, which improved markedly post the UK General Election and into the first quarter of 2020, have been superseded by the impact of the COVID-19 pandemic. This impact has been felt in all of our operations and currently our workforce is working remotely. We have also seen delay, postponement and cancellation in our events business. We have largely completed our technology infrastructure spend to give us the necessary global IT platform going forward and thankfully this timely investment has enabled us to continue operationally during the pandemic. We have made operational progress, but there is still much to be done to develop on the market position we have. Approximately 80% of the current business sits in the prime position as a key partner to the global asset management/financial adviser market and our events, business information and increasing research and data products help facilitate business in that arena and we seek to enhance our offering to clients with new products. Our core 'Women in…' series expanded internationally to four new countries in 2019 and the new Diversity and Inclusion Summit series, alongside our growing Women Adviser Summit brand in the USA, gives us a strong platform going forward.

Since the period end, we have been tackling the challenges of operating in the COVID-19 world and although this will have a material impact on the events operations, we are utilising alternative formats and using the time to improve all parts of the business.

I am pleased that we now have a profitable (on an adjusted basis) business of increased scale. The current international situation has created a business hiatus that will need careful handling, but when we emerge the next step will be to enhance the opportunities, revenue and margin of the Group by building on our technology investment and new product initiatives, as well as expanding the geographic footprint of our existing product set. I believe that we have the platform, people and resources to do so. Our brands serve communities and play an important role in distributing information, educating participants and most importantly, connecting people and enabling business. We are using all appropriate methods to continue this engagement and help our clients stay close to their communities. Like others, we do not know how long this crisis will last. However, we are positioning ourselves to respond quickly when the end is in sight, for there will be no greater need by business for community events, forums, meetings and business networks, than when we emerge from this global crisis.

Financial information

For the year ended 31 December 2019, we reported revenues of £24.4 million (9 months to 31 December 2018: £8.0 million) and adjusted EBITDA of £2.3 million (9 months ended 31 December 2018: £0.9 million). The increased revenues are partly as a result of the acquisition of Last Word Media in April 2019 and a full year of InvestmentNews, which was acquired in August 2018. We ended the year with £1.9 million of cash (31 December 2018: £4.4 million). During the year, the Company paid its maiden interim dividend of 0.28p for the six months ended 30 June 2019. Our revenues comprise 40% Live Events, 55% Business Information and 5% Data & Insights. Geographically we are split 59% US, 2% Asia and 39% EMEA.

Fund-raising since the year end

Since the balance sheet date and following shareholder approval, as part of our response to COVID-19 referred to above, the Company undertook a capital raise which was approved at a General Meeting on 30 April 2020, As a result, the Company, in aggregate, has issued 50.0 million new shares at a placing price of 5p per share, generating net proceeds of £2.3 million. We saw a good level of support from new and existing shareholders and the funding provides us greater flexibility through the coming months.

COVID-19

The business has been dealing with the impact of the coronavirus since January in our Asian business and then more recently across all our operations. Currently all of our staff are able to operate remotely, and we continue to offer a full range of services. The biggest impact has been on our global events businesses that have been heavily disrupted in the first and second quarters of this year. We have moved most of our event activity into the second half of the year should the conditions allow these events to be run. We have taken swift action to develop a webinar format and currently have 20 webinars planned for the coming months either to supplement or replace existing events. The webinars which have been held to date have been well received with positive feedback from clients and good attendance numbers. We have moved our US print activity to a digital magazine which has allowed clients to continue to access their core audience and we have also offered some new digital packages. Generally, we have been pleased with the continuing level of support for our digital, research, content marketing and editorially led products.

To mitigate for the overall expected reduction in revenues we have taken action on the cost base with redundancies in all regions as well as placing around 10% of the UK workforce on furlough. In other areas we have reduced working hours, enacted a hiring freeze and not filled open positions. These initiatives amount to savings of £2.5 million a year and other reductions in travel and entertainment, print production costs and least payment holidays have reduced costs by another £1.3 million. We have also utilised PAYE, VAT and tax deferrals to conserve cash and we are continuing to explore other government lending initiatives. This in conjunction with the completion of our recent capital fund raising puts us in a stronger financial position to see out the crises. We continue to monitor the situation on a daily basis.

Strategic review

We will continue with our strategy to focus on the provision of Business Information, Live Events and Data & Insight in our three chosen sectors and with a growing geographic reach. We aspire to build, manage and own market-leading brands with 'must have' products, that provide greater financial visibility via recurring revenue streams and strong cash generation. We operate in three clearly defined global business sectors: Technology, Financial Services and Diversity, all of which are growing, constantly evolving and are extremely complementary. Increasingly we have seen a focus on ESG both in the investment community but also within operating businesses. We believe this theme will be a core element of our offering across all of our communities and so we will develop products and offerings to reflect that change.

Acquisition of Last Word Media

In April 2019, we completed the acquisition of Last Word Media for a total net consideration of £7.8 million (see note 20). The transaction was in line with our strategy to own market-leading brands, it is complementary to InvestmentNews and brought us exposure to fast growing international markets. It is expected that no deferred consideration will be payable for the acquisition of Last Word Media.

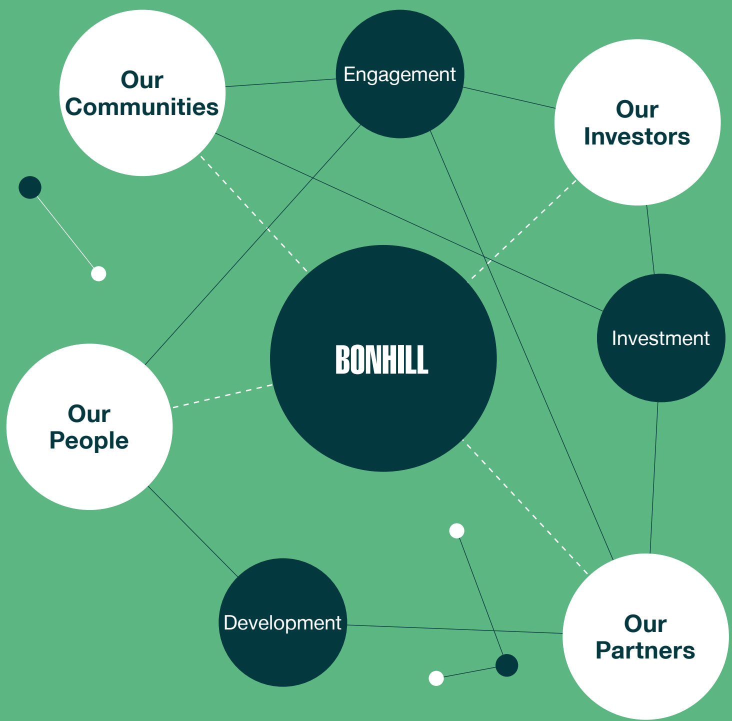
Last Word Media operates seven investor-facing brands. These include seven news and information websites, two of which have associated print titles. In 2019, the brands collectively hosted 98 live events, all designed to connect asset managers with their core discretionary fund manager clients. Last Word Media operates a further three brands targeting asset managers with event services, content marketing solutions and research data products. We have already taken steps to further develop these offerings. The overall business creates content, sales and marketing opportunities, networking events and transactional opportunities for its clients and audiences with the key objective to assist asset managers with increasing assets under management, as well as brand positioning and delivering pre-agreed marketing objectives.

Strategic Report
Governance
Financial Statements

Chief Executive's review continued

CREATING OPPORTUNITIES FOR ALL OF OUR STAKEHOLDERS

Our stakeholders



Read more about how we are creating opportunities for our stakeholders on page 26

During the summer and second half of the year, the business suffered challenging trading conditions as a result of the political situation in Hong Kong and domestically with the well-documented issues in UK active fund management. These challenges led to a worse than expected performance, such that it fell below its earn out targets. As a result, we made some key changes to the senior management which led to the cost base being reduced by £1.0 million. Following the UK General Election in December 2019, there has been an early flow of funds back into the UK active equity market and we have also launched a series of other initiatives that broaden our asset class offering, including our first fixed income congress and events around alternative investments and specific ESG activities. Looking to 2020, we will invest more into our ESG brands as we see tremendous demand for our product in this key area, as well as develop our nascent content marketing offering. Within Last Word Media, there is a developing asset class research business that in time should provide greater insight and direction not only to our clients but to the business itself.

In the coming year, it is the Board's intention to launch two of Last Word Media's brands in the US, including ESG Clarity and Future Flows USA. These established brands will help broaden the InvestmentNews offering and align us more to the trends we are seeing in the US.

Despite the challenges of the second half of 2019, and the current situation, I am greatly encouraged by the support from clients and the value they see in our core financial services offering.

Diversity and the 'Women in...' series

I am delighted that we have continued to see growth in our 'Women in…' series. We have had successful launches in Berlin, Bucharest, Singapore and Toronto and we now operate in eight cities in three continents. Women in Finance has also seen good growth and launched in Toronto and this franchise now operates in four cities in Europe and North America. During the year, we also successfully launched Women in Asset Management in New York and four Diversity and Inclusion summits alongside dramatically growing our DiversityQ brand in key geographies. Within InvestmentNews, we have expanded our successful Women Advisor Summit series to six cities and this key educational day for the growing female financial adviser market will be enhanced with greater network opportunities and continued learning modules in 2020. There is still much to be done to address diversity, especially in the finance and technology industries, and the scope of our activities will increase in 2020.

UK media assets

2019 was a breakthrough year for our UK media assets. We now have these titles working effectively under their new leadership and clearer assessment of the audience needs. It is in this area that we have seen the most change in the customer base and our developing new product area. With an increased focus on the audience and a tailored editorial approach, we have seen a greatly improved readership, up 17%, and successful trials for three different new products that have allowed us to broaden the customer base and better fulfil client needs. The year also saw the successful launch of 'the venturers club' a community for entrepreneurs and advisers and this initiative will provide an ongoing range of events and products for this group.

During the recent turmoil in the UK market, www.smallbusiness.co.uk has seen a five-fold increase in its audience as the UK SME seeks answers to the many issues they currently face. It highlights to me that the new team approach to sales, marketing, editorial and investment in technology and SEO capabilities is working.

InvestmentNews

We acquired InvestmentNews in late summer 2018, a 21-year old US title that is the market-leading provider of news and information to the growing US financial advisor community. It is a key partner for both advisers and asset managers. On acquisition, it was our ambition to invest in the business to further develop the events and data propositions, which we believe had been under exploited previously. 2018 was a record year for the Company and although we saw a modest revenue decline in 2019, we made a lot of the structural progress required to further develop the business.

We have completed our first phase technology investment and we now have a modern effective digital platform and a recently relaunched core website. The print revenues have declined as predicted and we have resized our print offering and distribution to protect its contribution, whilst continuing to make it an effective route to market for our clients. InvestmentNews sits strategically between the key constituents of the large US professional investment market, an industry that continues to change through regulation, acquisition, product launches, changing demographics, ESG, evolving technology and the changing nature of advice. This complex and dynamic environment provides a strong backdrop for InvestmentNews' services. In 2019, we saw the launch of new events around the 'future of advice' and also the hugely successful Impact forum in conjunction with the United Nations. The restructuring of the sales and senior leadership teams has brought fresh thinking and a broadening product offering to better reflect client needs. We have successfully transitioned from a 'print first' mentality to a much broader business-to- business service provider.

In August 2019, Christine Shaw joined as the company's new CEO and has rebuilt the leadership team to bring a broader range of skills and outside industry specialisms. This change will also see the launch of a broader financial services portal in 2020 so that we can play a fuller part in the core US financial advisor market and InvestmentNews will be part of a broader offering. In a year that has seen many changes and challenges, I would like to thank the wider InvestmentNews team for their commitment in both helping this transition, but also handling it during a major technology overhaul.

The best evidence of our strategy in action post-acquisition has been the greatly expanded events portfolio. On acquisition, there was a small two-person team and $1.6 million of historic revenues. In 2019, it had a team of six and $3.6 million of revenues. Despite the current environment, we continue to see good growth potential in this area and look forward to building out the team and the offering to serve the industry needs. In that regard, the highly successful Impact forums, held in December 2019 at, and in conjunction with, the United Nations epitomise our focus on key industry areas as well as bringing our own data, research, creativity and outstanding multimedia skills together in one unique event.

There is a new energy and new skills in the InvestmentNews brand and a renewed purpose, all of which bodes well. We take great comfort from the feedback and support from major clients especially during a year of change and look forward to bringing them a host of new products and opportunities in the coming years.

Data

We have highlighted our ambition to build a much stronger data business out of our titles and audience. 2019 saw the first meaningful steps in executing this part of our strategy. The keys steps were twofold – firstly invest in a common technology platform that enables us to effectively capture and analyse our data and second, the recruitment of a Chief Product Officer in the summer to give us to a dedicated resource to look at product development. As previously mentioned, we have been running new product trials in financial services, small business and diversity and we have had success in all areas. We will continue to develop these trials as well as continue to assess with key customers where we can best apply our audience knowledge.

We have also looked at enhancing our existing data and product sets with ongoing investment and enhancement to our research studies in the US and our Future Flows product in the UK, Europe and Asia. We expect to roll out a US version in the next 12 months and to develop our internal asset class research offering.

Personnel

We have continued to see change in our people resulting in an abnormally high level of staff turnover during the year, especially in the US and in Last Word Media. Although in the short-term it will see some disruption, it is entirely necessary as we align Group roles and skills and continue to develop and enhance the product. We will continue to attract fresh talent that can have a material impact on our business areas. We are working hard to improve our culture with some good results from our initial staff survey and recently implemented initiatives around internal communication and collaboration. The latter part of 2019 saw a much higher level of interaction between sales, marketing and multimedia and research between the US and the UK operations. The period also saw the majority of the UK operations combine in one location, a process that was completed in early 2020.

We continue to evolve our internal and external processes to ensure we can deliver the highest levels of customer service and efficient internal working. We always strive for best practice and believe that we have now built a solid foundation in order to uphold the highest standards of governance and process in every aspect of our business. We have with our technology platform and greater focus begun to work on improving the key operating metrics within the business to drive efficiencies and service levels.

As the wider B2B market has developed, we have evolved our thinking. We remain attracted by the long-term prospects of the wider B2B arena. We have learnt more about our customer needs and this has highlighted the potential to build a global solutions provider in our chosen areas with a more rounded partnership offering. Our sectors are rapidly evolving and the constant need for information and insight ensures we have a role to play with our high quality, content led solutions across Business Information, Live Events and Data & Insight.

Technology

The additional VCT and EIS funds raised in 2018, to invest in the Company's infrastructure and technology platform, have now been utilised. 2019 saw the implementation of our technology plans to deliver a broad open extensible technology platform across the whole business. We now have a common content management system and the recently launched improved InvestmentNews website will allow an improved experience now and in the future. We are excited that we now have an excellent platform for us to communicate with our audiences, undertake greater analysis of our business and deliver better solutions for our clients. The technology refresh was much needed for all the business and we can now look to develop it further in the latter part of the year with "phase two" enhancements. One simple demonstration of this change has been the ability of the Company to move seamlessly to remote working very recently. Having conducted team trials in the early days of the virus, and having experienced the early impact of widespread office closure in Asia, we moved quickly to protect our staff and enable them to work remotely.

Outlook

The COVID-19 crisis began at the start of the Company's financial year and its impact is only now being fully felt. It is still too early to judge its impact on the year ending 31 December 2020 with any degree of certainty. As a result, it is no longer possible for the Board to provide financial guidance for the year ending 31 December 2020. Across the Group, costs are being tightly managed, and we are taking actions to conserve cash balances. Given the lack of certainty on the outcome of the year ending 31 December 2020, the Board is not recommending a final dividend payment for the year ended 31 December 2019 and is suspending dividend payments until the outlook is clearer and more normal trading conditions have resumed.

Notwithstanding these challenges, the underlying business has better people, processes, structure, technology, products and a strong client base from which to progress. We are confident that over time we can rebuild investor confidence in the Group by demonstrating that we can obtain the required returns from our acquisitions and continue to grow the business.

The integration and collaboration of Last Word Media with InvestmentNews is a clear path to creating new incremental revenues for the Group and establishing ourselves as the partner of choice in our key markets. There are clearly major opportunities to develop and broaden the brands further, which we will do in the years ahead. We are also looking to further develop our product and data strategy and also our diversity events portfolio as there are clear opportunities in both those areas. Subject to a clearer outlook, we will continue to invest across the business in the latter part of the year to further enhance our technology which we believe will help generate the required returns.

Simon Stilwell
Chief Executive

1 May 2020

Group Finance Director's review

BALANCE SHEET STRENGTHENED TO DEAL WITH CHALLENGES AHEAD

DAVID BROWN
GROUP FINANCE DIRECTOR

In the same way as last year, the Group has prepared adjusted results to provide a clear indication of the Group's core business performance.

This removes the impact of certain items which the Group classifies as exceptional due to their materiality and non-recurring nature, and also other separately reported items.

KEY PERFORMANCE INDICATORS

24.4£M
Revenue
(2019: £8.0m)

2.3£M
EBITDA*
(2019: £0.9m)

1.4£M
EBIT*
(2019: £0.7m)

2.24p
EPS*
(2019: (2.69)p)

(0.2)£M
Free cash flow – outflow
(2019: £(0.8)m)

29.8£M
Net assets
(2019: £22.9m)

* Adjusted EBITDA excludes adjusting items, acquisition costs and amortisation of intangible assets through business combinations as set out in note 5.

Income statement

The adjusted results are shown in the statement of consolidated income and below, with further details given in notes 4 and 5 of the financial statements.

The Group chooses to measure and present its performance in various other non-GAAP measures such as underlying revenue growth, adjusted cash flow, adjusted EBITDA and net assets.

These measures and the adjusted statement of consolidated income are not intended to replace statutory results and measures. The Group feels that they give a clearer indication of the underlying results and are consistent with how the Board monitors results. In note 5 of the financial statements is a reconciliation of the numbers to their statutory equivalents.

Last Word Media generated £6.7 million of revenue in the eight and a half months since it was acquired on 10 April 2019. Looking at the calendar year for 2019, including pre-acquisition revenue, Last Word Media delivered 3% revenue growth in the first half, before a particularly tough second half due to the well documented issues in UK fund management and the political unrest in Hong Kong in the latter part of 2019 led to overall revenue for the calendar year being down 5% on 2018.

InvestmentNews generated £13.9 million of revenue in the year which was down 6% on the record revenue of £14.7 million for the calendar year 2018. There has been significant change within the business during the year – a new CEO and sales team, investment in technology and a move to more custom offerings and consultative selling. This has led to the planned shift in mix away from traditional print and digital towards events and research. For 2019, EBITDA was £3.2 million compared to £3.8 million in the prior year, with a healthy 23% margin.

The UK based Events business generated total sales of £3.0 million which is 11% higher than the sales in the corresponding 12-month period in 2018 of £2.7 million (unaudited).

UK Media sales also saw improved performance year on year, with sales of £0.8 million compared to £0.6 million in the 2018 calendar year (unaudited).

Adjusted earnings before interest, tax, depreciation and amortisation (“EBITDA”) is a measure of earnings and cash generative capacity. A reconciliation of adjusted EBITDA to statutory earnings is set out in note 5 of the financial statements.

An adjusted EBITDA profit of £2.3 million (9 months ended 31 December 2018: £0.9 million profit) comprised a £3.2 million contribution from InvestmentNews, £0.9 million from Last Word Media and a £1.8 million loss from the UK business which carries the central overheads for the Group.

Reflecting the scale of the investments we have made in the business, and the magnitude of the changes we have made to the teams, adjusting items comprised £0.8 million (31 December 2018: £1.9 million) of acquisition related costs, £1.6 million of integration costs (31 December 2018: £0.3 million), £1.2 million of restructuring costs (31 December 2018: £nil) and £1.4 million (31 December 2018: £0.5 million) relating to amortisation or write off of intangible assets acquired, together with tax relief on these items of £nil (31 December 2018: £0.3 million).

On an adjusted basis, the retained profit was £1.0 million (31 December 2018: loss of £0.5 million), equivalent to 2.24p per share (31 December 2018: 2.69 per share). The statutory loss for the period was £4.1 million (31 December 2018: £1.8 million), equivalent to 9.28p per share (31 December 2018: 9.51p per share).

Income statement

2.24p

Earnings per share
(2019: (2.69)p)

24.4£M

Revenue
(2019: £8.0m)

	31 Dec 2019 12 months £’000	31 Dec 2018 9 months £’000
Revenue	24,429	7,991
Adjusted EBITDA profit	2,312	889
Depreciation / amortisation of internally generated intangibles	(776)	(155)
Share option charge	(149)	(68)
Adjusted operating profit	1,387	666
Finance costs	(491)	(146)
Adjusted profit before tax	896	520
Adjusted tax	106	—
Adjusted profit	1,002	520
Adjusting items (after tax)	(5,148)	(2,360)
Statutory loss	(4,146)	(1,840)
Adjusted profit per share	2.24p	2.69p
Statutory loss per share	(9.28)p	(9.51)p

Group Finance Director's review continued

	31 Dec 2019 12 months £'000	31 Dec 2018 9 months £'000
Adjusted EBITDA	**2,312**	889
Working capital movement	**(1,087)**	(1,290)
Interest paid	**(345)**	(267)
Tax	**(107)**	—
Foreign exchange gains or losses	**(29)**	8
Purchases of property, plant and equipment and intangible assets	**(946)**	(134)
Free cash outflow before adjusting items	**(202)**	(794)
Acquisition of subsidiary	**(5,840)**	(12,867)
Adjusting items	**(3,646)**	(1,774)
Dividends paid	**(136)**	—
Proceeds from issue of ordinary shares	**9,484**	19,247
Repayment of borrowings	**(2,136)**	(449)
Net cash (outflow)/inflow	**(2,476)**	3,363

Cash flow

(0.2)£M

Free cash outflow before adjusting items (2019: £(0.8)m).

Net of £0.5 million of costs, £9.5 million of share placing proceeds were raised in the year (31 December 2018: £19.2 million), of which £5.8 million was used as part consideration for the acquisition of Last Word Media (after the cash acquired of £0.7 million) and £0.8 million paid out relating to acquisition costs. We continued to invest in building the right team and infrastructure, with £1.2 million relating to restructuring and £1.6 million relating to the integration of the acquired businesses, which together with the acquisition costs, brought total cash adjusting items to £3.6 million.

After repaying outstanding loan note commitments and lease payments, the net cash outflow for the period was £2.5 million.

	31 Dec 2019 £'000	31 Dec 2018 (restated) £'000
Intangibles	**27,501**	20,970
Tangible fixed assets	**343**	125
Working capital	**2,805**	1,554
Lease asset	**1,493**	968
Lease liability	**(1,600)**	(1,018)
Deferred and current tax	**(28)**	260
Cash	**1,891**	4,367
Debt	**(2,614)**	(4,323)
Net assets	**29,791**	22,903

Balance sheet

29.8£M

Net assets (2019: £22.9m)

At 31 December 2019, the business had a cash balance of £1.9 million (31 December 2018: £4.4 million).

Last Word Media was acquired for a net £7.8 million which comprised £6.5 million in cash, £2.0 million in shares less £0.7 million cash acquired with the business. No deferred consideration will be paid in respect of the 2019 performance. Deferred consideration is due at 5.63 times any 2020 EBITDA in excess of £3.5 million, which the Board considers to be extremely unlikely to be reached.

The borrowings are a vendor loan from the acquisition of InvestmentNews of £4.7 million, which had been reduced to £2.6 million by the balance sheet date. The loan is repayable in equal monthly instalments until 31 August 2021 and attracts interest at 8% per annum.

COVID-19 and current trading

As announced in its trading update released on 20 January 2020, the Company started 2020 well with particularly strong forward bookings in the UK and US following the decisive UK General Election result, greater clarity on Brexit and the well-publicised issues in UK fund management caused by a high-profile fund failure.

As announced in the update released on 23 March 2020, COVID-19 is having a material impact on all parts of our business.

In 2020, we have run 16 events, but as the impact of COVID-19 has increased this has scaled down, particularly in March, and we have no events scheduled until May 2020 at the earliest.

The vast majority of our UK, US, European and Asian events have been postponed until May 2020 at the earliest or more commonly to the third and fourth quarters of 2020; specifically the events deferred to the second half were expected to generate total revenues of £5.0 million, comprising approximately £1.8 million in the US, £1.7 million in the UK, £1.2 million in Europe and £0.3 million in Asia. A very small number of events generating a total revenue of approximately £0.2 million have been cancelled but are expected to return in 2021. The impact of the various postponed and cancelled events will vary by geography, but the Company will incur one-off cancellation fees of approximately £0.3 million.

The combined impact of COVID-19 on our Events business will be to lower expected revenue by £5.2 million and gross profit by £3.1 million for the first half of the Company's financial year ending 31 December 2020 ("FY2020"). As previously described, revenues of £5.0 million have been postponed until the second half of FY2020.

Last year, we made annualised cost savings of £1.5 million and in response to COVID-19 we have had to undertake further significant cost savings across the Group resulting in a 15%. reduction in roles in the UK and European businesses. This will result in further annualised savings of £1.5 million.

Across the Group, costs are being tightly managed, and we are taking actions to conserve cash. As at 20 March 2020, the Group had a total cash balance of £1.6 million and a vendor loan of $3.1 million repayable in monthly instalments until August 2021.

Other than those referred to above, all of our remaining events are currently expected to go ahead as planned in Q3 or Q4 2020. The situation is evolving on a daily basis, and we will continue to work hard to mitigate the impact that the outbreak is having on the Company. We would like to thank all of our sponsors, suppliers and delegates for their support.

Given the lack of certainty on the outcome of FY2020 and our actions to conserve cash, the Board is suspending dividend payments until the outlook is clearer and more normal trading conditions have resumed. In the short term, the Board will consult with and update shareholders and seek to explore the various support measures recently proposed by the UK Government.

Fund-raising since the year end

Since the balance sheet date, the Group has issued 50.0 million shares at a placing price of 5p per share, generating gross proceeds of £2.5 million before issue costs of £0.2 million.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chairman's statement and the Chief Executive's review.

The Directors regularly review detailed forecasts of sales, costs and cash flows, and regularly project forwards 12 months ahead or more. The assumptions underlying the budget are challenged, varied and tested to establish the likelihood of a range of possible outcomes, including reasonable cash flow sensitivities. The expected figures are carefully monitored against actual outcomes each month and variances are highlighted and discussed at Board level.

However, the uncertain impact of COVID-19 introduces more risks and uncertainty into this review. To this end a highly sensitised model has been run which takes into account the post balance sheet fund-raising and the following assumptions:

» While it is currently envisaged that many of the events rescheduled from H1 to H2 will proceed, the model assumes that all of these events will be cancelled, resulting in a loss of £5 million revenue and £3 million EBITDA
» Despite current encouraging media sales, a 30% decline in media spend compared to last year from 1 April 2020 to 31 December 2020, and a 15% decline compared to 2019 thereafter has been modelled
» Further cost savings of £0.5 million from US print costs, £1.3 million of further overhead savings, £0.3 million of UK staff furlough costs

Together this model achieves 2020 revenue of £20 million and break-even EBITDA before returning to 2019 levels in 2021.

This sensitised cash flow forecasts demonstrates that the Group will be able to pay its debts as they fall due for the period to at least 30 June 2021. The Directors are, therefore, satisfied that the financial statements should be prepared on the going concern basis.

In the event that the COVID-19 impact is worse than modelled, then further measures would be required to relieve any short-term cash pressures which may arise. These could include Government backed loans or subsidies from either the UK, the US or both, increased staff furloughs, increased cost savings and tougher working capital management. Given the lack of certainty that COVID-19 has had on the Group's operations and the international markets in which it operates, these conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

David Brown
Group Finance Director
1 May 2020

Our stakeholders

ADDING VALUE FOR EVERYONE

OUR STAKEHOLDERS ARE INTEGRAL TO ALL AREAS OF OUR BUSINESS AND ENSURE THAT WE CONTINUE TO THRIVE AS A SOCIALLY RESPONSIBLE ORGANISATION

The Directors have ongoing engagement with all our key stakeholders: Our People. Our Communities, Our Investors and Our Partners. The Directors continually review the impact that any decisions will have on these key stakeholders.

- The Board regularly reviews the Company's principal stakeholders and how it engages with them. This is achieved through information provided by management and by direct engagement with stakeholders themselves.
- We aim to work responsibly with our stakeholders, including suppliers. The Board has recently reviewed its anti-corruption and anti-bribery, equal opportunities and whistleblowing policies.

The key Board decisions made in the year are set out below:

Significant events/ decisions	Stakeholders impacted	Considerations
Acquisition of Last Word Media	All	» Shareholders were consulted on the transaction » Expose current employees to a larger, diverse company with synergies of the existing group » Ability to provide more products in wider geographic region for our communities and our partners
Restructuring	All	» Impacted departments were consulted in respect of changes to job descriptions » Where possible staff were consulted to re-deploy to available roles
Investment in technology	People and partners	» Delivering a better and more efficient product for our customers and communities » Allowing our employees to be as efficient as possible using technology
Responses to COVID-19	People, partners and customers and shareholders	» Extensive engagement with our People to ensure safety and safeguard jobs to the fullest extent possible » Engaged with shareholders to ensure sufficient working capital in the business » Working with our customers to provide relevant products throughout the disruption caused by COVID-19

OUR PEOPLE

We engage with our people through a variety of means including, employee surveys, staff meetings, quarterly Company updates, knowledge sharing and open-door leadership.

Frequency of engagement
Ongoing

Impact on our business
High

OUR COMMUNITIES

Our communities are at the centre of everything that we do as a business. We have built our three core propositions around them and engage with them through Events, Business Insight and Data & Analytics.

Frequency of engagement
Ongoing

Impact on our business
High

OUR INVESTORS

We engage with our investors through AGMs, formal quarterly review meetings and regular updates.

Frequency of engagement
Monthly/Quarterly

Impact on our business
High

OUR PARTNERS

Formal meetings are regularly conducted to present business and product updates and share insights and research. Day-to-day contact is maintained for ongoing partnerships.

Frequency of engagement
Ongoing

Impact on our business
High

Our responsible business

OUR COMMITMENT TO A BETTER WORLD

INTEGRATING ESG CONSIDERATIONS ACROSS OUR BUSINESS

ESG OFFERINGS

ESG CLARITY
Our dedicated, editorial driven ESG channel, designed for global fund buyers and fund selectors who incorporate ESG thinking into their investment practices.

DIVERSITYQ
DiversityQ supports board members setting and enacting their D&I strategy, HR directors implementing D&I best practice and brand advocates ensuring their company has the right reputation and communications to attract top talent from a diverse pool.

IMPACT FORUM
Our annual InvestmentNews event for investment professionals to translate global ESG and impact investing perspectives into strategies that resonate with investors and produce desired outcomes.

ESG EVENT SERIES
Across our brands, we host several ESG events (e.g. ESG Congress) for fund buyers & fund selectors with the aim of raising awareness, educating, and unravelling the biggest factors affecting sustainable investing, whilst also examining best practices for integrating ESG factors.

ESG COMMITMENT

ENVIRONMENT

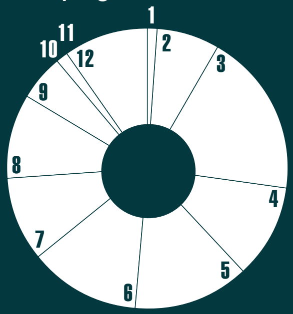
Our biggest changes have been within our event operations. For events, we use myclimate.org to compensate for our delegates' flights carbon footprint as well as using Olio in the UK to ensure that any leftover food is not wasted. We're dedicated to partnering with more sustainable venues (i.e. LED lighting, recycling stationery, local food suppliers) and are working hard to ensure that our events are paperless through: recycling delegate badges, substituting printed programmes with our events app, and replacing printed banners with digital signage.

SOCIAL

We are proud of the work that our Social & Charity Committee are involved in, managing charity events and holding fundraisers throughout the year to support our chosen charities. We have also recently held our inaugural ESG Committee meeting. These individuals will meet on a regular basis to discuss, innovate, manage and support our Company's ESG ethos. This should ensure that we continue to challenge tradition and keep Bonhill positioned as a diverse company with strong ESG credentials.

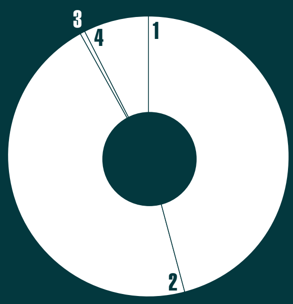
A new initiative for 2020 will see Bonhill offer work experience and apprenticeships to young people from disadvantaged backgrounds. We believe that everybody should enjoy equal opportunity and hope that this programme will help give these young people the platform and experience that they deserve.

Group age



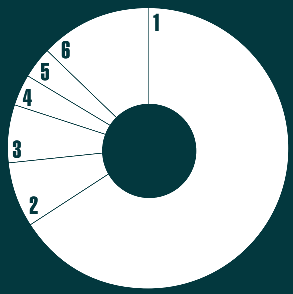
1. 16-19	2
2. 20-24	12
3. 25-29	31
4. 30-34	18
5. 35-39	22
6. 40-44	21
7. 45-49	16
8. 50-54	16
9. 55-60	9
10. 60-64	2
11. 65+	0
12. Not specified	16

Group gender



1. Male	76
2. Female	76
3. Other	1
4. Not specified	12

Group ethnicity



1. White	109
2. Black/African	12
3. Asian	11
4. Mixed/Multiple	6
5. Other Ethnic Group	6
6. Not specified	21

GOVERNANCE

The Board of Directors is responsible for the overall governance of the Group. This is then passed down to the various Committees which oversee Audit, Nomination, Remuneration and in 2020 will include an ESG Committee. Risk is also covered separately by the risk committee, a part of the regular Audit meetings. This includes the identification, measurement, control and monitoring of relevant risks across the Group and making recommendations to the Board. These Committees sit a minimum of twice a year and the Board looks at all of the operating businesses on a monthly basis as well as holding 'deep dive' information sessions on specific business areas on a rolling basis. Dialogue with managers and employees is encouraged to make sure that all information can be 'triangulated' to ensure of its accuracy.

A strong employee risk aware culture is promoted within the business so that anyone is capable of highlighting any areas of concern and often employees meet with the non-executive Board to help understand specific issues or business areas.

The Board recognises the importance of its role in promoting the Company's desired culture and ensuring it aligns with our values: Passionate about our communities, creating exceptional value, striving for excellence and maximising the potential of our people. The management are responsible for developing the policies and procedures to ensure the values driving the Company's culture are implemented throughout the business.

Separate employee-run ESG, culture, charity and social groups help shape the Group's efforts in these areas.

Principal risks and uncertainties

MANAGING RISKS RESPONSIBLY

MANAGING OUR RISKS EFFECTIVELY

Our approach to risk and risk management

The Board has overall responsibility for ensuring that there is a robust assessment of the principal risks facing the Group. The Audit Committee, which has delegated responsibility for reviewing the effectiveness of the Group's risk management processes, reviews the risk management processes for the business, reviewing presentations from management and challenging their analyses.

Executive Directors and other senior management are responsible for the implementation of risk management and internal control systems. They maintain, review and regularly update a risk register to assist in this process.

Given that some risks are external and not fully within our control, the risk management processes are designed to manage risks which may have a material impact on our business, rather than to fully mitigate all risks.

BOARD OF DIRECTORS – Ensuring robust assessment of risks

AUDIT COMMITTEE – Reviewing the effectiveness of the processes

EXECUTIVE DIRECTORS – Implementation and management

Risk management framework:

IDENTIFY → **MEASURE** → **MANAGE** → **MONITOR** → **REPORT**

The Board sets out below the principal risks and uncertainties that the Directors consider could impact the business. The Board continually reviews the potential risks facing the Group and the controls in place to mitigate any potential adverse impact. The Board also recognises that the nature and scope of risks can change and that there may be other risks to which the Group is exposed and so the list is not intended to be exhaustive.

Directional change

- » Stable
- ︾ Decrease
- ︽ Increase

Link to strategy

1. Building market leading brands within its chosen business communities of Financial Services, Diversity and Technology.
2. Developing high value Business Insight, Events and Data & Analytics propositions.
3. Expanding beyond the UK into large, or fast growing, international territories.

Risk			Impact	Mitigation
1	Increase	**COVID-19** 1 2 3	The majority of the Company's events scheduled for the first half of the year have had to be postponed and are intended to be run as far as possible in the second half of the year. The present environment makes any further assumptions more uncertain than previously. The ability to run large events will be significantly impacted by continued social distancing and travel restrictions.	The Group has already started looking at ways to host virtual events, holding its first large virtual event in May. Alongside changes to the way the business operates, costs are being tightly controlled and actions are being taken to conserve cash.
2	Increase	**Economic environment** 1 2 3	A slowdown in the Global, US or UK economies or a prolonged downturn in the US stock market could adversely impact the Group's revenue as discretionary revenues from subscribers, attendees, advertisers, sponsors and other discretionary spend may decline.	The Group services three significant, high growth and global sectors. It is in the process of continuing to strengthen its brands and improving and broadening its suite of products and is expanding its presence overseas into Europe and the Far East. Strategic focus on developing must-have brands and recurring multi-year revenue streams.
3	Increase	**Market risk** 1 2 3	Customer demand for the Group's products and services is affected by competition and the business may not be able to develop products, services and brands to ensure that they remain relevant to customers.	The Group has invested in senior management capabilities to develop innovative products and services that meet changing customer requirements. The Group does not have any reliance on specific major clients, having focused on developing a diverse client base. Refer to mitigation for Risk 1 for the Group's growth strategy.
4	Stable	**Exchange rate risk** 3	Adverse movements in the UK exchange rate with the US could erode the value of net assets held in the US, and the cash flows arising from our US operations.	Our US business is hedged with dollar denominated debt, with surplus funds remitted promptly to the UK. InvestmentNews has naturally hedged costs and revenues with both denominated in US dollars.

Principal risks and uncertainties continued

Directional change

- » Stable
- ︾ Decrease
- ︽ Increase

Link to strategy

1. Building market leading brands within its chosen business communities of Financial Services, Diversity and Technology.
2. Developing high value Business Insight, Events and Data & Analytics propositions.
3. Expanding beyond the UK into large, or fast growing, international territories.

		Risk	Impact	Mitigation
5	»	**Acquisition risk** 1 2	Acquisitions may not perform as expected financially, reducing profit contribution or integration plans may not execute as expected creating operational instability.	Rigorous acquisition criteria are applied before proceeding with an acquisition, and thorough due diligence is undertaken during any transaction. Board consent is required for every acquisition. Post-acquisition transition teams and plans will be put in place and monitoring carried out monthly to assess against KPIs and give early warning of integration or finance issues. Any significant migration project costs will require Board consent.
6	︾	**Ineffective change management** 1 2	Change through innovation or acquisition may not be managed effectively and could result in unrealised opportunities and poor and costly project delivery.	Detailed change management plans and project teams are/will be put in place. Clear KPIs will be established and regularly monitored.
7	︽	**Specific country risk** 2	Operations expanding into new countries bring specific risk, through potentially adverse political, financial or regulatory changes in the relevant country.	Target countries for expansion have established and stable economies and political regimes. The Group's business is not likely to be subject to a high degree of regulation. As the Group expands into new countries it will establish best practice financial and operational KPIs and monitoring processes. The Group is adopting best in class Standards of Conduct.
8	︾	**Breach of data protection legislation** 2	Customer data held for our online titles, other data held for customers, suppliers and employees may be inadequately protected or inappropriately used, in breach of legislation. This could lead to fines, customer dissatisfaction and reputational damage.	The Group has carried out a full GDPR review assisted by an accredited GDPR consultancy. No significant deficiencies have been highlighted and where issues have been identified a plan has been developed to bring those issue areas into GDPR compliance. All staff have undertaken mandatory GDPR training and certification. As news systems and platforms are implemented further reviews are planned.
9	»	**Technology failure, data loss and cyber security** 1 2	Prolonged loss of critical systems could inhibit the ability to deliver websites, publish magazines and/or hold events potentially leading to lost revenue/increased costs, regulatory fines and/or adversely affecting the Group's reputation.	Current platforms have been reviewed by specialists in their field. A new technology platform for the Group is in the process of being implemented, which will provide a best in class technology solution including up-to-date integrity and security protection.

Risk			Impact	Mitigation
10	»	**Recruitment and retention of key staff** 1 2 3	Increased competition or acquisition integration issues may result in the inability to retain, attract and recruit key members of staff.	The Remuneration Committee implemented a management incentive strategy to incentivise key members of staff to drive performance and aid retention. New recruitment, employee training and compensation & benefits guidelines, KPIs and procedures have been implemented.
11	⌄	**Major incident** 1 2	Major incidents could cause harm and injury to people and venues and premises and/or severely interrupt business. If the Group's response is not adequate, this could cause reputational damage.	The Group has a comprehensive crisis management policy as well as localised plans for live events which include comprehensive risk assessments. The Group maintains comprehensive, up to date, insurance.
12	⌄	**Regulatory change** 1 2	The Group is at risk of any regulatory change which affects the financial services industry.	The Group regularly monitors upcoming regulation changes, and the Group continues to move away from advertising revenue which will continue to suffer from increased regulation, to the creation of owned product or data sets.
13	⌄	**Governance risk** 1 2	As a Plc we could potentially fail to adhere to best practice in the Audit, Remuneration and Nomination Committees. This could lead to a lack of confidence by the investing institutions which impacts the share price.	The Group ensures that there is effective use of committee structures and external advice is obtained as requested.
14	⌄	**Environmental, Social and Governance (ESG)** 1 2	As a key supporter of ESG initiatives and in particular diversity in the workplace, the Group needs to ensure we uphold the highest standards.	The Group has effective values and a code of conduct and it constantly monitors its adherences to the highest standards.
15	⌃	**Climate change** 1 2	An increasing regulatory focus on carbon footprint may reduce the ability of participants to travel to events, thereby reducing events revenues.	The Group has invested in its IT infrastructure and is increasingly moving its products to an online environment. The use of virtual events is already being explored as a result of COVID-19 and this will also help mitigate climate change risk.

Board of Directors

CAPABILITY, DELIVERY AND SECTOR EXPERIENCE

Neil Sachdev MBE is an experienced Chairman with a strong track record of corporate governance, strategy and change management. He was Chairman of Sirius Real Estate Limited until December 2017, Chairman of Martin's Properties Limited until December 2018 and Chairman of Market Tech Holdings Limited until June 2017. Neil stepped down as a Non-Executive Director of Intu Properties plc (formerly Capital Shopping Centres) during 2016 after ten years' service.

Previously, Neil held the post of Property Director of J Sainsbury and before that served for 28 years with Tesco, responsible for property and operations for the entire UK business. He also holds a number of public sector positions and was awarded an MBE for his work in relation to Energy Efficiency & Sustainability in the Retail sector. Neil is currently the Chair of CakeBox Holdings plc, and NED at Nuffield Health as well as Chair of the Advisory Board of Warwick Business School.

Simon was, until 2015, chief executive of Liberum, the investment bank that he co-founded in 2007 and grew from a start up to £55 million of revenue and 170 people in seven profitable years. Prior to Liberum, he served as head of sales, small companies, at Collins Stewart plc and was also a director at Beeson Gregory Limited.

Simon was commissioned into the Gloucestershire Regiment in 1992 and served in a variety of countries and roles before starting his City career in 1996. He graduated with a BSc in Geological Sciences from Durham University.

David joined Bonhill Group in May 2018 as the Group Finance Director. David originally qualified as a chartered accountant with KPMG before joining Greene King plc in 1998. At Greene King plc he held a number of senior executive roles focusing on finance and acquisitions including Interim Group Finance Director between February and October 2014 and then subsequently Corporate Finance Director.

Most recently he was Chief Financial Officer of Market Tech Holdings Limited from March 2016 until its acquisition by LabTech Investments Limited, a deal which resulted in the company de-listing in July 2017.

COMMITTEE

A R N

Anne Donoghue ACIB spent her career in Retail Banking, including the Co-operative Bank and NatWest/RBS; latterly as International Director at Tesco Personal Finance, the joint venture between Tesco and RBS, where Anne was responsible for Tesco's retail financial services businesses in Asia, Central and Eastern Europe, and Ireland.

Anne's experience includes large-scale operations and change management. At NatWest Anne was Head of UK Telephony Operations and this role included operational lead for the RBS/NatWest IT platform integration programme.

Since leaving banking Anne has worked for business newspaper CityAM. and supports charities and City of London Livery Companies with events and communications outreach.

A R N

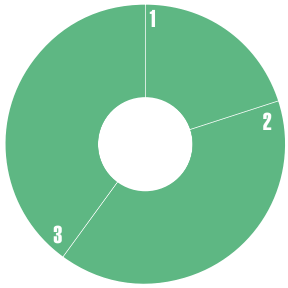
Fraser Gray is an ICAS chartered accountant, licensed insolvency practitioner and accredited mediator and sits on a number of advisory boards. He is experienced in a wide variety of corporate activity supporting SME companies on growth and strategic matters.

Fraser was a Managing Director at AlixPartners in London until December 2016 following its acquisition of Zolfo Cooper Europe in February 2015. Fraser became a founding partner of Zolfo Cooper Europe in October 2008, which was set up to acquire Kroll Corporate Advisory & Restructuring Group where Fraser had worked since October 1996 and was a partner and leader of the Scottish practice. Fraser is also a Non-Executive Director of Maven Income and Growth VCT 4 PLC, Denholm Energy Services Group Ltd and Richard Irvine FM Ltd.

A R N

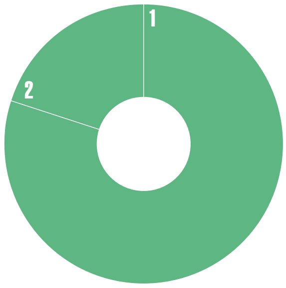
Board diversity

Board composition



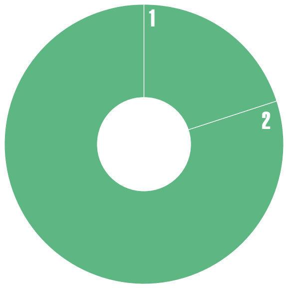
1. Chairman	1
2. Executive Directors	2
3. Non-executive Directors	2

Gender balance



1. Male	4
2. Female	1

Length of tenure



1. 3 to 15 years	1
2. <3 years	4

Committee key

A Audit Committee
R Remuneration Committee
N Nomination Committee
● Chair
● Member

Corporate Governance statement

NEIL SACHDEV
NON-EXECUTIVE CHAIRMAN

In this section of our Report we have set out our approach to governance and provided further information on how the Board and its Committees operate.

10 PRINCIPLES OF CORPORATE GOVERNANCE

Deliver growth

1. Establish a strategy and business model which promote long-term value for shareholders.
2. Seek to understand and meet shareholder needs and expectations.
3. Take into account wider stakeholder and social responsibilities and their implications for longer-term success.
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation.

Maintain a dynamic management framework

5. Maintain the Board as a well-functioning, balanced team led by the Chair.
6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.
7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.
8. Promote a corporate culture that is based on ethical values and behaviours.
9. Maintain governance structures and processes.

Build trust

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

A MESSAGE FROM OUR CHAIRMAN

The Board recognises the importance of sound corporate governance and has therefore adopted policies and procedures reflecting the principles of the UK Corporate Governance Code that are consistent with the Corporate Governance Guidelines for Smaller Quoted Companies published in 2018 by the Quoted Companies Alliance (the "QCA Code").

The Board have also agreed to set up a new committee to focus on the Company's social and environmental agenda from 2020.

The Audit Committee, Remuneration Committee and Nomination Committee have been operating in accordance with their terms of reference throughout the year and details of each are outlined in this Report. The Board have also agreed to set up a new committee to focus on the Company's social and environmental agenda from 2020. This new Environmental, Social and Governance Committee will be chaired by the Chairman and membership will include staff from various divisions.

The Board continues to review and monitor its corporate governance and, following its first internal Board review, recognises that there remain opportunities for improvement. The Board have carried out a second review in 2020 to look at progress from the prior review.

Neil Sachdev
Non-executive Chairman

1 May 2020

QCA Code compliance

The Board continues its adoption of and compliance with the Corporate Governance Guidelines for Smaller Quoted Companies published in 2018 by the Quoted Companies Alliance (the "QCA Code") and the Company has continued to be compliant with the QCA Code since publishing the statement. The Directors recognise the value and importance of high standards of corporate governance and anticipate that the Company will continue to comply with the QCA Code. Given the Group's size and plans for the future, it will also endeavour to have regard to the provisions of the UK Corporate Governance Code as best practice guidance to the extent appropriate for a company of its size and nature. Outlined in this report are the 10 key governance principles as defined in the QCA Code.

The composition of the Board

The Board is responsible to the shareholders and sets the Group's strategy for achieving long-term success. It is also ultimately responsible for the management, governance, controls, risk management, direction and performance of the Group.

The Board consists of three Non-executive Directors and two Executive Directors. Nicola Dowdall resigned in the year and this was the only change in composition.

The Board considers that Neil Sachdev, Anne Donoghue and Fraser Gray are independent, in character and in judgement, and have no business relationships which impact on their independence. In making this judgement, the Board took into account that all hold shares, but bearing in mind the small percentage held, the Board determined that Anne and Fraser have both been independent since their appointments as Directors.

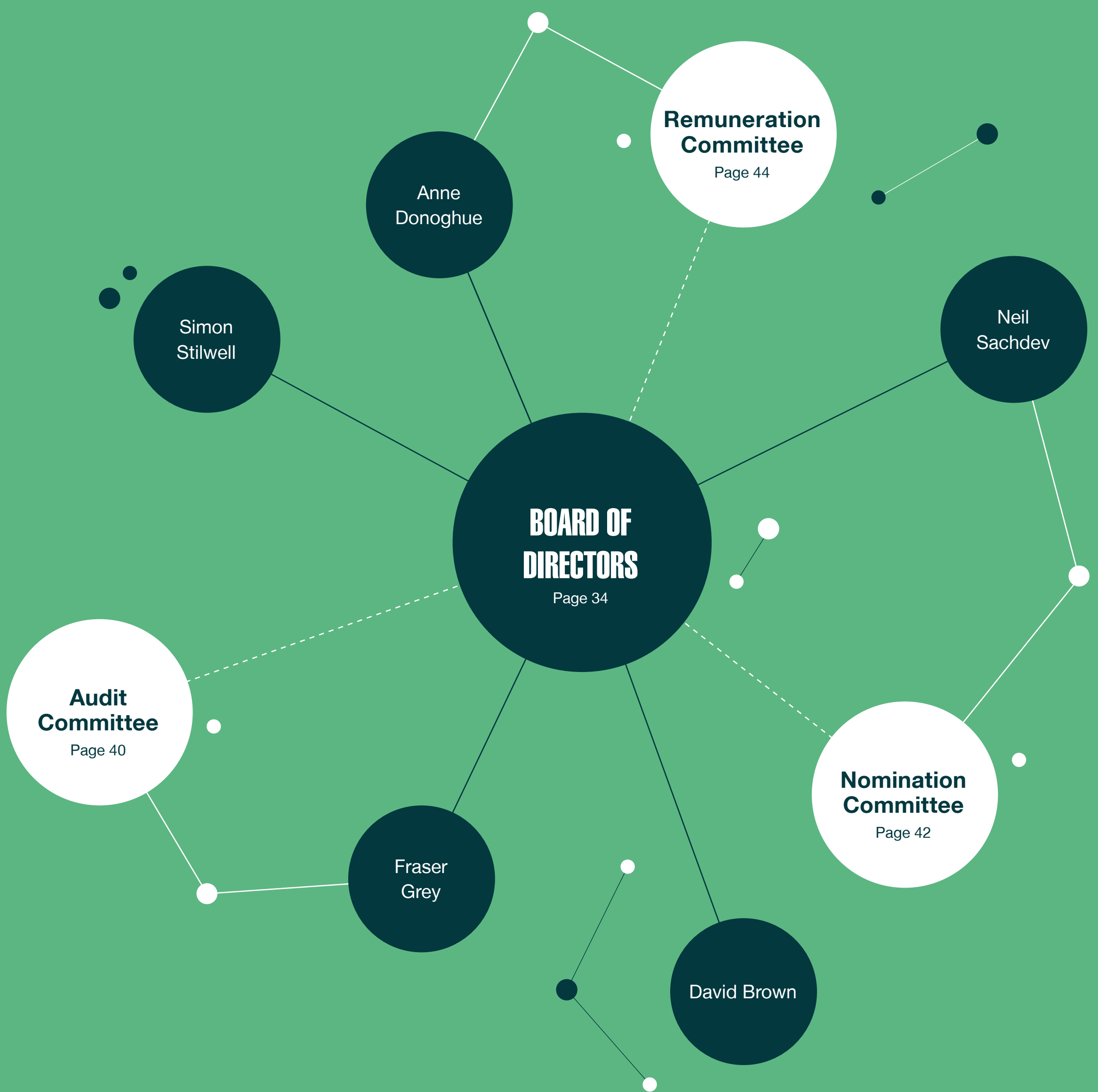
Board effectiveness

The skills and experience of the Board are set out in their biographical details on pages 34 to 35. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and to scrutinise performance.

Simon Stilwell brings leadership and experience of substantially growing small businesses, and David Brown and Fraser Gray have extensive financial and acquisition experience. Neil Sachdev, Anne Donoghue and Fraser Gray bring additional strategic, commercial, transaction and leadership experience which will be invaluable as we pursue the Company's growth strategy and continue to transform the Company and its Group.

Corporate Governance statement continued

HOW THE BOARD OPERATES



The Board is responsible for the Group's strategy and for its overall management. The operation of the Board is documented in a formal schedule of matters reserved for its approval, which is reviewed annually. These include matters relating to:

- The Group's strategic aims and objectives
- The structure and capital of the Group
- Financial reporting, financial controls and dividend policy
- Internal control, risk and the Group's risk appetite
- Raising new capital, budgets and granting of security over material Group assets
- The approval of significant contracts and expenditure
- Effective communication with shareholders
- Any changes to Board membership or structure
- Delegation of authority and establishing Board Committees and receiving reports from the Board Committees
- Corporate governance

BOARD MEETINGS

The Board met 11 times during the year to 31 December 2019. Non-executive Directors communicate directly with Executive Directors and senior management between formal Board meetings.

Directors are expected to attend all meetings of the Board, and the Committees on which they sit, and to devote sufficient time to the Group's affairs to enable them to fulfil their duties as Directors.

In the event that Directors are unable to attend a meeting, their comments on papers to be considered at the meeting will be discussed in advance with the Chairman so that their contribution can be included in the wider Board discussion.

The table below shows Directors' attendance at scheduled Board meetings during the year.

11/11

Neil Sachdev
Neil Sachdev attended all Board meetings and Committee meetings.

11/11

Simon Stilwell
Simon Stilwell attended all Board meetings. He also attended Committee meetings by invitation.

2/2

Nicola Dowdall
Nicola Dowdall resigned on 21 March 2019. She attended all Board meetings.

11/11

David Brown
David Brown attended all Board meetings. He also attended Committee meetings by invitation.

11/11

Anne Donoghue
Anne Donoghue attended all Board meetings and Committee meetings.

11/11

Fraser Gray
Fraser Gray attended all Board meetings and Committee meetings.

BOARD DECISIONS AND ACTIVITY DURING THE PERIOD

The Board has a schedule of regular business, financial and operational matters, and each Board Committee has compiled a schedule of work, to ensure that all areas for which the Board has responsibility are addressed and reviewed during the course of the year.

The Chairman is responsible for ensuring that the Directors receive accurate and timely information and ensures that any feedback or suggestions for improvement on Board papers are fed back to management. Minutes of each meeting are produced and circulated. Each Director is aware of the right to have any concerns minuted.

BOARD COMMITTEES

The Board has delegated specific responsibilities to the Audit, Remuneration and Nomination Committees, details of which are set out below. Each Committee reports back to the Board and has written terms of reference setting out its duties, authority and reporting responsibilities. Copies of all the Committee terms of reference are available on the Company's website www.bonhillplc.com or on request from the Company Secretary. The terms of reference of each Committee have already been reviewed by the Board during the year and it is intended that these will be kept under continuous review to ensure they remain appropriate and reflect any changes in legislation, regulation or best-practice. Each Committee is comprised of Non-executive Directors of the Company.

AUDIT COMMITTEE

FRASER GRAY
CHAIR

The Audit Committee is chaired by Fraser Gray, its other members are Anne Donoghue and Neil Sachdev. Fraser Gray, Neil Sachdev and Anne Donoghue are independent Non-executive Directors.

100%

Board attendance

Fraser Gray	●●●●●	5/5
Neil Sachdev	●●●●●	5/5
Anne Donoghue	●●●●●	5/5

Dear Shareholder

The Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported. It receives and reviews reports from the Group's management and auditor relating to the annual accounts and the accounting and internal control systems in use throughout the Group. It also advises the Board on the appointment of the auditor, reviews its fees and discusses the nature, scope and results of the audit with the auditor. The Audit Committee meets at least three times a year and has unrestricted access to the Group's auditor. The Chief Executive and the Group Finance Director attend the Audit Committee meetings by invitation to ensure the Committee is fully informed of material events within the business.

The Chief Executive and the Group Finance Director attend the Audit Committee meetings by invitation to ensure the Committee is fully informed of material events within the business.

The Board believes that the current members have sufficient skill, qualifications and experience to discharge their duties in accordance with the Committee's terms of reference and, as a Committee, have the competence in the sector within which the Company operates.

The Committee adopted new terms of reference on 27 June 2018 and given the size of the organisation, the Committee decided to also cover risk management and internal controls and that a risk register be created.

The terms of reference were reviewed by the Committee during the year and were deemed to still be appropriate for the Committee's role and responsibilities.

The Group incurred a high level of exceptional costs during the year as it implemented a significant technology change project and restructured some of the key functions within the business. The Committee reviewed and agreed the composition of the exceptional costs with the finance team and liaised with the Group's auditors during the year end process.

The going concern assessment has been particularly difficult this year due to the increased uncertainty in preparing financial forecasts as a result of COVID-19. The Group has made reasonable downside assumptions to reflect the potential impact of continued social distancing and travel restrictions. While material uncertainty remains around forecasting future events, the Committee has worked with the finance team and the Group's auditors to ensure that the underlying assumptions and potential mitigating actions are sufficient to support a going concern approach to the Group's accounts.

The Audit Committee is responsible for reviewing the risk management and internal control framework and ensuring it operates effectively. It is considered that there are adequate controls and segregation of duties in place and the Committee is satisfied that the internal control systems in place are significantly robust and operating effectively. The risk register was reviewed and updated to reflect the main risks presently facing the Group.

A COVID-19 risk has been included this year, reflecting the significant and material impact of this specific risk on the Group's activities.

The Audit Committee is responsible for reviewing the risk management and internal control framework and ensuring it operates effectively.

The Committee met seven times between the start of the year and the signing of this report. The Chair of the Audit Committee has also met with the external auditors without Executive Directors or management present.

The Audit Committee monitors the nature and extent of non-audit services provided by the external auditor the BDO LLP transaction services team were selected as the reporting accountant on the acquisition of Last Word Media during the year and consequently, the non-audit fees to audit fees are a factor of 1-1 in the year. The Committee agreed that, this situation was justifiable and, in addition, agreed that BDO LLP had adequate safeguards in place to preserve its independence in both roles.

On an ongoing basis it is expected that the fees for non-audit services will reduce significantly. A summary of the remuneration paid to BDO LLP for audit and non-audit services appears on page 73.

Having reviewed the auditor's independence and performance, the Audit Committee recommends that BDO LLP be re-appointed.

Governance
Financial Statements

NOMINATION COMMITTEE

NEIL SACHDEV
CHAIR

The Nomination Committee is chaired by Neil Sachdev and its other members are Fraser Gray and Anne Donoghue. Fraser Gray and Anne Donoghue are independent Non-executive Directors.

100%

Board attendance

Neil Sachdev	1/1
Fraser Gray	1/1
Anne Donoghue	1/1

Dear Shareholder

The Nomination Committee is responsible for reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any changes. The Committee considered succession planning, taking into account the challenges and opportunities facing the Company and the skills and expertise needed on the Board in the future, in addition to the leadership needs of the organisation, especially following the acquisition of InvestmentNews.

The Committee adopted new terms of reference on 27 June 2018 under these terms of reference, the Committee met formally once during the year.

Time commitments

All Directors have been advised of the time required to fulfil the role prior to appointment and were asked to confirm that they can make the required commitment before they were appointed. This requirement is also included in their letters of appointment.

The Board is satisfied that the Chairman and each of the Non-executive Directors are able to devote sufficient time to the Group's business. There has been no significant change in the Chairman's other time commitments since his appointment.

Evaluation

No Board evaluation was undertaken during the period ended 31 December 2019. An internal Board evaluation will be conducted in 2020 by way of a questionnaire and interviews. In addition, the Non-executive Directors met, without the Chairman present, to evaluate his performance. The Board was satisfied that it was well run, whilst acknowledging areas for improvement as a Board and as individuals. Part of the questionnaire asked about the strategic direction of the Company and the Company Secretary ensured these items were taken forward to the agenda for the next Board strategy day. The Board considers that the use of external consultants to facilitate the Board evaluation process is likely to be of significant benefit to the process, and this is planned to take place every three years, with the first such external evaluation to take place during the year ending 31 December 2021.

Development

The Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Company's advisers where appropriate, and it is a standing item on the Board's agenda. Executive Directors are subject to the Company's performance development review process through which their performance against predetermined objectives is reviewed and their personal and professional development needs considered. Non-executive Directors are encouraged to raise any personal development or training needs with the Chairman.

External appointments

In the appropriate circumstances, the Board may authorise Executive Directors to take non-executive positions in other companies and organisations, provided the time commitment does not conflict with the Director's duties to the Company, since such appointments should broaden their experience.

The acceptance of appointment to such positions is subject to the approval of the Chairman.

Conflicts of interest

At each meeting the Board considers Directors' conflicts of interest. The Company's Articles of Association provide for the Board to authorise any actual or potential conflicts of interest.

Independent professional advice

Directors have access to independent professional advice at the Company's expense. In addition, they have access to the advice and services of the Company Secretary who is responsible for advice on corporate governance matters to the Board.

Directors' and officers' liability insurance

The Company has purchased Directors' and officers' liability insurance during the period as allowed by the Company's Articles.

Election of Directors

In accordance with the provisions of the Code, Simon Stilwell will submit himself for re-election at the Annual General Meeting.

Promotion of a corporate culture that is based on ethical values and behaviours

The Board monitors and promotes a healthy corporate culture and has considered how the culture is consistent with the Company's objectives, strategy and business model and with the description of principal risks and uncertainties.

The Board has considered and assessed the culture as being inclusive, transparent and collaborative with appropriate behaviours. The Board is satisfied that the Company has a "speak up" culture and the Directors have observed this occurring in practice during the period ended 31 December 2019. The Group has a Code of Conduct, an Anti-bribery and Corruption policy, a Modern Slavery Statement and policies and procedures relating to whistleblowing stating the Company's commitment to conducting its business with honesty and integrity, its expectation that staff will maintain high standards, and encouraging prompt disclosure of any suspected wrong doing. The terms of reference of the Audit Committee include reviewing the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and keeping under review the Company's procedures for handling allegations from whistleblowers.

The Directors follow the guidance set out by Rule 21 of the AIM Rules relating to dealings by Directors in the Company's securities and, to this end, the Company has adopted an appropriate share dealing code.

Risk management and internal control

The Board is responsible for determining the nature and extent of significant risks that have an impact on the Group's operations, and for maintaining a risk management framework and internal control system. The Board is responsible for the management of risk and has carried out a robust assessment of the principal risks and uncertainties affecting the Group's business, discussed how these affect operations, performance and solvency and what mitigating actions, if any, can be taken. During the year the Audit Chair carried out a risk workshop to evaluate and understand all the risks and uncertainties faced by the business. Further discussion on the principal risks relating to the Group is detailed at page 30.

The Board is satisfied that effective risk management is embedded in the Group's business and effective risk management and related control systems are in place.

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group.

The principal elements of the Group's internal control system include:

- A schedule of matters reserved for the Board;
- Close management of the day to day activities of the Group by the Executive Directors and other members of senior management;
- Monthly reports to the Board;
- An organisational structure with defined levels of responsibility, which promotes entrepreneurial decision making and rapid implementation whilst minimising risks;
- A comprehensive annual budgeting process producing a detailed integrated profit and loss, balance sheet and cash flow, which is approved by the Board;
- Detailed monthly reporting of performance against budget; and
- Central control over key areas such as capital expenditure authorisation and banking facilities.

The Group continues to review its system of internal control to ensure compliance with best practice, whilst also having regard to its size and the resources available. The Board considers that the introduction of an internal audit function is not appropriate at this juncture.

Relations with shareholders

The Directors seek to develop their understanding of the expectations and motivations of the Company's shareholders through effective communication with them. The Board encourages regular interaction and communication with both private and institutional shareholders and responds to shareholder queries in a timely manner. The Group maintains communication with institutional shareholders through individual meetings with Executive Directors, particularly following publication of the Group's interim and full year results. Private shareholders are encouraged to attend the Annual General Meeting at which the Group's activities are considered and questions answered. General information about the Group is also available on the Group's website (www.bonhillplc.com). This includes an overview of activities of the Group and details of all recent Group announcements. Where voting decisions are not in line with the Company's expectations, the Board will engage with those shareholders to understand and address any issues. The Company Secretary is the main point of contact for such matters and the Chief Executive Officer, CEO, is principally responsible for such communication. The Chairman and independent Non-executive Directors are available to discuss any matter stakeholders might wish to raise, and the Chairman and independent Non-executive Directors will attend meetings with investors and analysts as required. Investor relations activity and a review of the share register are standing items on the Board's agenda.

REMUNERATION COMMITTEE

ANNE DONOGHUE
CHAIR

The Remuneration Committee is chaired by Anne Donoghue; its other members are Fraser Gray and Neil Sachdev. Fraser Gray and Anne Donoghue are independent Non-executive Directors.

100%

Board attendance

Fraser Gray	●●	2/2
Neil Sachdev	●●	2/2
Anne Donoghue	●●	2/2

Dear Shareholder

Committee terms of reference

The Committee adopted new terms of reference on 27 June 2018 and under these terms of reference, the Committee meets at least twice a year.

The Remuneration Committee has responsibility for making recommendations to the Board on the Company's policy on the remuneration of the Company's Chief Executive, Executive Directors and other senior employees, and for the determination, within agreed terms of reference, of specific remuneration packages for each of the Executive Directors.

The remuneration and terms and conditions of appointment of the Non-executive Directors of the Company is set by the Chairman and the Executive Directors.

The terms of reference of the Committee cover such issues as membership and frequency of meetings, together with the role of the Company Secretary and the requirements of notice of, and quorum for, and the right to attend, meetings, including the ability of the Committee to invite non-members to attend meetings of the Committee, and, if considered appropriate, the appointment of independent remuneration consultants.

The duties of the Remuneration Committee include determining and monitoring policy on, and setting levels of, remuneration, contracts of employment, early termination, performance-related pay and bonuses, pension arrangements, share incentive schemes, grants of awards under any share option scheme adopted by the Company, reporting and disclosure. The terms of reference also set out the reporting responsibilities and the authority of the Committee to exercise its duties. The Committee is required to conduct an annual assessment of its compliance with its terms of reference and of its effectiveness. The annual report sets out the remuneration paid to Directors, including bonus payments and long-term incentives during the year ending 31 December 2019, on page 75.

Our people

A primary objective of the past year has been integrating the InvestmentNews, Bonhill UK, and Last Word Media teams. All of the UK operations are now in one location, providing a much-improved environment for team-working, cross fertilisation of ideas and efficiencies.

A staff survey was carried out in 2019 with the feedback and findings presented to the Board and ongoing actions incorporated within our forward planning. This ongoing annual survey and report will continue to inform the Board and Remuneration Committee.

In addition to setting remuneration for senior employees, the Remuneration Committee has responsibility for reviewing employee benefit structures throughout the Group. During the year the Committee undertook a review of staff reward and benefits across the enlarged Group to ensure fairness and consistency of approach where appropriate, taking account of local jurisdiction. Following the review, employer pension contributions were aligned across the UK businesses.

A new role of Group Head of Human Resources was created in December 2019, and Suzanne Tomlinson was appointed into the role, ensuring a focus for the ongoing creation and dissemination of Group Human Resources policy.

Executive reward scheme

The reward scheme for the Company is designed to be performance focused, whereby management's objectives are fully aligned to shareholders' interests in achieving growth and shareholder value. The reward scheme aspires to attract and retain the highest quality individuals who will contribute fully to the success of the Group. The scheme includes salary, bonus and participation in the share option scheme. Salaries were reviewed in June 2019. A bonus scheme offering a maximum bonus opportunity of up to 150% of salary was agreed for Executive Directors and senior management in 2018. Reflecting Company performance, the threshold performance targets were not met and no bonus was payable for the year to 31 December 2019.

Bonus

Share Option Scheme

The Share Option Scheme assists to recruit, retain and provide incentives to selected employees and Executive Directors of the Group whose performance is paramount for the growth of the Group and for the benefit of shareholders. No awards were granted to the Executive Directors in the financial year.

To date, senior employees have received two types of awards under the scheme:

- Market value options, up to the limits permitted under the Enterprise Management Scheme rules. These options are subject to a total shareholder return performance condition. No vesting is permitted for total shareholder return of less than 7% per annum over the performance period.
- A Value Creation Plan, under which participants receive unapproved share options. The awards will entitle the individuals as a whole to 10% of total shareholder returns over the compound annual hurdle of 10%, as disclosed in last year's report.

Vesting under both types of award occurs 50% after three years and 50% after four years. No retesting of performance is permitted.

The Remuneration Committee had intended to restart awards under the Share Option Scheme in 2020. In view of the impact of COVID-19 this will not now take place at the current time and the matter will be reviewed again in due course.

The Committee has appointed FIT Remuneration Consultants LLP ("FIT") to provide independent advice to the Remuneration Committee and to assist the Committee in reviewing the operation of the scheme. FIT is a member of the Remuneration Consultants Group and a signatory to its Code of Conduct. FIT has no connection to the Group that could impair its independence.

Details of Directors' interests in share options are presented at note 7 to the financial statements.

Directors' remuneration in the year to 31 December 2019

Details of Executive Directors' and Non-executive Directors' emoluments in the year are presented at note 7 to the financial statements. No Director participated in any discussion or decision on their own remuneration.

Directors' report

The Directors submit their report and the audited financial statements of Bonhill Group Plc for the year ended 31 December 2019.

Results and dividends

The results for the year are set out on page 53. The Directors do not recommend the payment of a dividend.

Future developments

Future developments of the Group are disclosed in the strategic report on pages 2 to 21.

Financial risk management

Financial risks are considered and disclosed in note 2 on page 67 onwards.

Directors

The following Directors have held office since 1 January 2019:

Neil Sachdev, Non-executive Chairman
Anne Donoghue, Non-executive Director
Fraser Gray, Non-executive Director
Simon Stilwell, Chief Executive
David Brown, Group Finance Director
Nicola Dowdall, Managing Director of Events and Marketing (resigned 21 March 2019)

Capital structure

Refer to note 15 of the accounts for details on the capital structure of the Company.

Directors' interests in ordinary shares

Interests of Directors who held office as at 31 December 2019 in the ordinary shares of the Company were as follows:

	As at 31 December 2019 Ordinary shares of 1p each Number	As at 31 December 2018 Ordinary shares of 1p each Number
N Sachdev	48,810	25,000
A Donoghue	4,534	4,534
F Gray	20,068	13,902
S Stilwell	720,973	562,500
D Brown	983,973	375,000

Employees

The Group recognises the importance of its employees and encourages internal communications with all staff. The Group has regular updates to advise employees regarding the Group's objectives and performance. The Group operates an open-door policy to encourage all staff to discuss with management any concerns they may have relating to the business.

Corporate Governance

The Corporate Governance statement is set out on page 37.

Directors' and officers' liability insurance

The Company maintains liability insurance covering the Directors and officers of the Company.

Statement as to disclosure of information to the auditor

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

On behalf of the Board

Simon Stilwell
Chief Executive
1 May 2020

Directors' responsibilities in the preparation of the financial statements

The Directors are responsible for preparing the annual 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 Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) 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 Group and Company and of the profit or loss of the Group and Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

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 whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent auditor's report to the members of Bonhill Group plc

Opinion

We have audited the financial statements of Bonhill Group Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows, company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements 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 loss 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, 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

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that the Group may need to raise further funds should the impact of COVID-19 be worse or more prolonged than the Directors' expectations. As stated in note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The Group's ability to continue as a going concern has been subject to increased audit scrutiny in light of the potential financial impact of COVID-19, its potential impact on the markets as a whole and the Group in specific as it holds media activities i.e. holding of events etc. As the full economic effect on the Group and the overall economic environment are still uncertain there is a significant level of judgement involved in assessing the group's ability to continue as a going concern and as such we considered going concern to be a key audit matter.

Our audit procedures involved:

- Discussing with management their assessment of the Group's ability to continue as a going concern;
- Critically evaluating each revenue stream projections for the underlying model with reference to market information, actual results to 31 March 2020 as well as past performance of the Group;
- Critically evaluating the related cost projections underlying the model with reference to the market information as well as past performance of the group;
- Verifying the bank statements as at 31 March and 24 April 2020 to corroborate the actual cash at bank balances to compare against projected cash on these dates;
- Reviewing the reasonableness of projected cash flows and working capital assumptions i.e. revenue, gross margins and other measures in light of our knowledge of the business;
- Assessing the impact of COVID-19 on the cash-flow projections as well as the assumptions and sensitivities relating to this. These were challenged with probing questions and corroborated with supporting evidence; and
- Assessing management's plans to safeguard the Group's ability to continue as a going concern including securing future sources of funding and corroborating to supporting evidence where available.

Key audit matters

In addition to the matter described in the material uncertainty related to going concern section, key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How we addressed the matter in our audit
Accounting for the acquisition of Last Word Media UK Limited ("LWM") As explained in note 20 and note 1, relating to accounting policy on consolidation and subsidiaries of the financial statements, the Group completed its acquisition of LWM on 10 April 2019. In line with the accounting standards, acquired assets and liabilities are required to be measured at their fair value on the date of acquisition. Acquired intangible assets are required to be identified and measured at fair value irrespective of whether the asset had been recognised prior to acquisition. Given the level of judgement involved in assessing the fair value of the assets and liabilities acquired, we have identified the acquisition accounting surrounding this transaction as one of the matters of most significance in the audit of the financial statements of the current period. The acquisition of LWM and fair valuation of acquired intangible assets is also disclosed in the Chairman's statement, Chief Executive and Group Finance Director's Review. Valuation of acquired intangible assets is also identified by management as a key source of estimation uncertainty in note 1.	Our audit procedures included assessing the appropriateness of the accounting treatment adopted and challenging the directors' assessment of the fair value of the assets acquired and liabilities assumed with reference to a Purchase price allocation ("PPA") provided by management. We used our own valuation specialists to evaluate and conclude on the results of management's procedures and PPA to determine the fair value of the intangible assets acquired. This included: » Evaluating the completeness and existence of intangible assets recognised by tracing to purchase agreement and consulting with specialists; » Assessment of the valuation methodologies applied; » Assessment of the key assumptions made by management, such as discount rates and growth rates compared to our independently calculated range; » Benchmarking the assumptions used with other transactions in the sector; and » Performing sensitivity analysis to understand the extent to which changes in key assumptions i.e. discount rate and growth rates etc. may give rise to a materially different valuation for the intangible asset. » Assessing the sufficiency of the disclosures relating to the acquisition taking into account the requirements of the accounting standards and testing the completeness and accuracy of the disclosures. **Key observations noted** We found that the judgements and estimates made by management were reasonable and the acquisition accounting treatment and disclosures were reasonable and in line with the requirements of the accounting standards.
Impairment of Goodwill, intangible assets and investments Accounting standards require annual impairment tests to be conducted for goodwill and other indefinite life intangible assets or if indications of impairment are identified. Note 1 Intangible assets explains that management is required to calculate the recoverable amount of each cash generating unit (CGU) and compare this total to the carrying value of the identified CGUs to determine if impairment exists. Determining if an impairment charge is required for Goodwill and Intangible assets involves significant judgements about the future results and cash flows of the business, including but not limited to forecast growth in future revenues and operating profit margins, as well as the discount factor and long term growth rate. Management have assessed that there is no requirement to impair any of the identified CGUs during the year. In making this assessment management have utilised the key judgements as described in note 11. Due to the high level of judgement involved in the impairment calculation there exists a risk that inappropriate assumptions might be utilised in the calculation of the recoverable amount of the CGUs.	We considered whether management's impairment review methodology is compliant with IAS 36 Impairment of Assets. We challenged management's assumptions used in the impairment assessment for goodwill and other intangible assets. Our audit work on the assumptions used in the impairment model focused on: » Consideration as to whether the model complied with the provisions of IAS 36 and appropriate to the Group's situation; » Agreed the projections underlying the model to the board approved budget; » Compared current year performance against prior year budgets to assess the accuracy of the budgeting process; » Considering the appropriateness of the CGUs identified by management and the allocation of assets to these; » Testing a sample of corporate costs allocations to specific CGUs; » With reference to independent support calculated an appropriate range of discount factors i.e. calculated a range of discount rates using the Capital asset pricing model and independent inputs; » Tested long term growth rates against independent market data; and » Conducted a range of sensitivity tests on discount rate, revenue growth as well as the expenditure to assess the sensitivity of the model to changes in the underlying assumptions. **Key observations noted** We found that the assumptions used in the impairment model were reasonable and concur with management's view that there are no indicators of impairment at the balance sheet date.

Independent auditor's report to the members of Bonhill Group plc continued

Key audit matter	How we addressed the matter in our audit
Revenue recognition The group's revenue recognition policy can be found in note 1 to the financial statements. Several revenue streams exist across the group involving different timings and recognition entailing a degree of complexity. We consider a significant risk of material misstatement to arise from the recognition of revenue throughout the year or that the revenue is recognised in the incorrect accounting period. Therefore the key audit matter is the existence of revenue throughout the year and cut off around the year end.	A summary of procedures performed to address the risk include: » For a sample of subscription revenue, our testing included inspection of the subscription forms where available, proof of payments, confirmation of subscription date and recalculation of the deferred element of the subscription. » For all other revenue streams, revenue recognition was tested by tracing a sample to receipts and other corroborative evidence i.e. proof of event etc. supporting the recognition thereof. We confirmed that the appropriate trigger event had occurred in order to check that the revenue recognition criteria had been met. » The completeness of revenue was corroborated by testing a sample of deferred income and deferred events costs to check that the invoice or payment related to an event in 2020 and was therefore correctly accounted for as deferred. » Reviewed a sample of sales invoices raised before and after year end to check that these were accounted for in the correct period and accrued for appropriately. **Key observations noted** Based on the procedures undertaken we did not find any evidence to suggest that revenue has not been recognised appropriately.
Classification of exceptional items ("adjusting items") of £5 million (31 December 2018: £2.6 million) The Group's accounting policy (as set out in note 1) is to report items of income and expense as adjusting items where they related to an event which falls outside of the ordinary activities of the business and where individually or in aggregate they have a material impact on the financial statements. In 2019 these items principally relate to integration projects, restructuring of the Group's operations, acquisition of LWM and impairment of acquired Intangibles. The identification of adjusting items and their presentation on financial statements presents a risk in order to determine whether costs are in line with policy and are consistently applied year-on year. Due to the judgement involved in assessing what represents an exceptional cost there exists a risk that results may be artificially distorted through the inappropriate classification of costs as exceptional.	A summary of procedures performed to address the risk include: » Considering whether the Group's accounting policy for adjusting items is consistent with the accounting standards; » Testing the classification of selected adjusting items to underlying supporting information such as third party contracts and invoices etc. to confirm the nature of the item and whether it represents an exceptional cost; » Considering whether the policy for adjusting Items has been applied consistently between periods by comparing both the policy and the nature of these items in the two years ended 31 December 2019 and on the basis of our understanding of the results gained throughout the audit process; » Assessed whether the adjusted Items in the financial statements are clearly and accurately explained and that a reconciliation to IFRS financial information is presented; and » Challenging management on the inclusion of items with a higher degree of judgement categorised as exceptional costs and corroborating the appropriateness of their responses with supporting information. **Key observations noted** Based on the work undertaken we found that exceptional items have been appropriately classified.

Our application of materiality

We apply the concept of materiality in planning and performing our audit and evaluating the effect of misstatement. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality, performance materiality, to determine the extent of testing needed. Importantly, misstatement below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of the identified misstatements, and the particular circumstances of their occurrence when evaluating their effect on the financial statements as a whole.

We agreed with the audit committee that we would report to the committee all individual audit differences identified during the course of our Group audit in excess of £15,000 (2018: £5,000). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

Group Overall Materiality	£307,000 (2018: £100,000)
Group Performance Materiality	£230,250 (2018: £75,000)
Basis for Determining (Group and Parent)	Group – 1.25% of Group revenue (2018: 1.25% of revenue) Parent – 40% of Group Overall Materiality (2018: 75% of Group Overall Materiality)
Rationale for benchmark applied (Group and Parent)	Group – In order to arrive at this judgement, we considered the financial measures which we believed to be most relevant to the users of the financial statements in assessing the performance of the Group and revenue was considered the most appropriate metric. Parent – The Company is not generating any revenues and is primarily a holding company for its subsidiaries and we have therefore used a percentage of the Group allocated materiality for our audit work.
Parent Company Overall Materiality	£122,800 (2018: £100,000)
Parent Company Performance Materiality	£92,100 (2018: £75,000)

Performance materiality was set at 75% (2018 – 75%) of the above materiality figures. 75% is based on our assessment of overall control environment.

Component materiality

Component materiality is established when performing audits on complete financial information of subsidiaries within the Group, where the subsidiary is considered significant to the Group.

We determined component materiality as follows:

Range of component materiality	40% to 70% of Group materiality

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control and assessing the risks of material misstatement in the financial statements at the Group level.

In determining the scope of our audit we considered the level of work to be performed at each component in order to ensure sufficient assurance was gained to allow us to express an opinion on the financial statements of the Group as a whole. We tailored the extent of the work to be performed by us at each component based on our assessment of the risk of material misstatement at each component. We identified nine centrally controlled components, of which three significant components, have been audited for Group reporting purposes. All the significant components were audited by us.

For the remaining six components not considered significant, three were in-scope for statutory audits performed by us and review procedures were performed by us on the remaining three components.

Other information

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

Independent auditor's report to the members of Bonhill Group plc continued

Other information continued

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 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 strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

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

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities in the preparation of the financial statements set out on page 47, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the Parent Company's 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 Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Viner
(Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London
1 May 2020

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

Consolidated statement of comprehensive income

for the year ended 31 December 2019

		12 month period ended 31 December 2019			9 month period ended 31 December 2018		
	Notes	Adjusted results £'000	Adjusting items £'000	Statutory results £'000	Adjusted results £'000	Adjusting items £'000	Statutory results £'000
Revenue	3	24,429	–	24,429	7,991	–	7,991
Net operating expenses	4	(22,233)	(3,637)	(25,870)	(7,149)	(2,184)	(9,333)
Impairment relating to expected credit losses	2	(33)	–	(33)	(21)	–	(21)
Depreciation	12	(104)	–	(104)	(20)	–	(20)
Amortisation and impairment	11	(672)	(1,405)	(2,077)	(135)	(456)	(591)
Net operating profit/(loss)	4	1,387	(5,042)	(3,655)	666	(2,640)	(1,974)
Finance costs	8	(491)	–	(491)	(146)	–	(146)
Profit/(loss) before tax		896	(5,042)	(4,146)	520	(2,640)	(2,120)
Tax	9	106	(106)	–	–	280	280
Profit/(loss) for the period		1,002	(5,148)	(4,146)	520	(2,360)	(1,840)
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Exchange differences on translating foreign operations		(455)	–	(455)	35	–	35
Total comprehensive income/(loss) for the year		547	(5,148)	(4,601)	555	(2,360)	(1,805)
Basic loss per share attributable to the owners of the parent	10	2.24p		(9.28p)	2.69p		(9.51p)
Diluted loss per share attributable to the owners of the parent	10			(9.28p)			(9.51p)

The results above are derived from continued operations. The notes on pages 61 to 90 form an integral part of these financial statements.

Financial Statements

Consolidated statement of financial position

as at 31 December 2019

	Notes	31 December 2019 £'000	31 December 2018 (as restated) £'000
Non-current assets			
Goodwill	11	17,109	11,509
Other intangible assets	11	10,392	9,461
Property, plant and equipment	12	343	125
Deferred tax asset	9	459	333
Right-of-use asset	19	1,493	968
		29,796	22,396
Current assets			
Trade and other receivables	14	8,070	5,278
Cash and cash equivalents		1,891	4,367
		9,961	9,645
Total assets		39,757	32,041
Non-current liabilities			
Deferred tax liability	9	(464)	–
Borrowings	18	(1,046)	(2,701)
Lease financial liability	19	(712)	(733)
		(2,222)	(3,434)
Current liabilities			
Trade and other payables	17	(5,265)	(3,724)
Borrowings	18	(1,568)	(1,622)
Lease financial liability	19	(888)	(285)
Current tax liability	9	(23)	(73)
		(7,744)	(5,704)
Total liabilities		(9,966)	(9,138)
Net assets		29,791	22,903
Equity			
Share capital	15	486	343
Share premium account	15	–	26,715
Share-based payment reserve	16	217	68
Merger reserve		1,976	–
Other reserves		104	4,086
Retained earnings		27,429	(8,343)
Foreign exchange reserve		(421)	34
Total equity attributable to owners of the parent		29,791	22,903

The notes on pages 61 to 90 form an integral part of these financial statements.

The financial statements on pages 53 to 59 were approved and authorised to issue by the Board and signed on its behalf on 1 May 2020.

Company statement of financial position

as at 31 December 2019

	Notes	31 December 2019 £'000	31 December 2018 £'000
Non-current assets			
Goodwill	11	–	108
Other intangible assets	11	825	300
Property, plant and equipment	12	159	93
Deferred tax asset	9	85	85
Right-of-use asset		261	–
Investment in subsidiaries	13	26,445	17,949
		27,775	18,535
Current assets			
Trade and other receivables	14	3,026	1,196
Cash and cash equivalents		290	2,905
		3,316	4,101
Total assets		31,091	22,636
Current liabilities			
Trade and other payables	17	(3,724)	(2,726)
Lease finance liability		(260)	–
		(3,984)	(2,726)
Total liabilities		(3,984)	(2,726)
Net assets		27,107	19,910
Equity			
Share capital	15	486	343
Share premium account	15	–	26,715
Share-based payment reserve	16	217	68
Merger reserve		1,976	–
Other reserves		104	4,086
Retained earnings		24,324	(11,302)
Total equity attributable to owners of the parent		27,107	19,910

The financial statements consolidate the accounts of Bonhill Group plc and all of its subsidiary undertakings ('subsidiaries'). Intra-group sales and profits are eliminated fully on consolidation. The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company statement of comprehensive income. The loss for the parent Company for the year was £4.292 million (31 December 2018: £2.613 million).

The notes on pages 61 to 90 form an integral part of these financial statements.

The financial statements on pages 53 to 59 were approved and authorised to issue by the Board and signed on its behalf on 1 May 2020.

Consolidated statement of changes in equity

for the year ended 31 December 2019

	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	Merger reserve £'000	Other reserves £'000	Retained earnings £'000	Foreign exchange reserve £'000	Total £'000
Balance as at 31 March 2018	4,025	4,315	118	–	104	(6,599)	–	1,963
Loss for the period	–	–	–	–	–	(1,862)	–	(1,862)
Other comprehensive income	–	–	–	–	–	–	34	34
Total comprehensive loss for the period	–	–	–	–	–	(1,862)	34	(1,828)
Transactions with owners in their capacity as owners:								
Issue of share capital	300	23,699	–	–	–	–	–	23,999
Share issue costs	–	(1,299)	–	–	–	–	–	(1,299)
Removal of share option scheme	–	–	(118)	–	–	118	–	–
Share option charge	–	–	68	–	–	–	–	68
Foreign currency translations	–	–	–	–	–	–	–	–
Cancellation of deferred shares	(3,982)	–	–	–	3,982	–	–	–
Balance as at 31 December 2018	343	26,715	68	–	4,086	(8,343)	34	22,903
Loss for the year	–	–	–	–	–	(4,146)	–	(4,146)
Other comprehensive income	–	–	–	–	–	–	(455)	(455)
Total comprehensive loss for the year	–	–	–	–	–	(4,146)	(455)	(4,601)
Transactions with owners in their capacity as owners:								
Issue of share capital	143	9,881	–	1,976	–	–	–	12,000
Share issue costs	–	(524)	–	–	–	–	–	(524)
Share option charge	–	–	149	–	–	–	–	149
Dividend paid	–	–	–	–	–	(136)	–	(136)
Capital reduction	–	(36,072)	–	–	(3,982)	40,054	–	–
Balance as at 31 December 2019	**486**	**–**	**217**	**1,976**	**104**	**27,429**	**(421)**	**29,791**

Company statement of changes in equity

for the year ended 31 December 2019

	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	Merger reserve £'000	Other reserves £'000	Retained earnings £'000	Foreign exchange reserve £'000	Total £'000
Balance as at 31 March 2018	4,025	4,315	118	–	104	(8,807)	–	(245)
Loss for the period	–	–	–	–	–	(2,613)	–	(2,613)
Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive loss for the period	–	–	–	–	–	(2,613)	–	(2,613)
Transactions with owners in their capacity as owners:								
Issue of share capital	300	23,699	–	–	–	–	–	23,999
Share issue costs	–	(1,299)	–	–	–	–	–	(1,299)
Removal of share option scheme	–	–	(118)	–	–	118	–	–
Share option charge	–	–	68	–	–	–	–	68
Foreign currency translations	–	–	–	–	–	–	–	–
Cancellation of deferred shares	(3,982)	–	–	–	3,982	–	–	–
Balance as at 31 December 2018	343	26,715	68	–	4,086	(11,302)	–	19,910
Loss for the year	–	–	–	–	–	(4,292)	–	(4,292)
Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive loss for the year	–	–	–	–	–	(4,292)	–	(4,292)
Transactions with owners in their capacity as owners:								
Issue of share capital	143	9,881	–	1,976	–	–	–	12,000
Share issue costs	–	(524)	–	–	–	–	–	(524)
Share option charge	–	–	149	–	–	–	–	149
Dividend paid	–	–	–	–	–	(136)	–	(136)
Capital reduction	–	(36,072)	–	–	(3,982)	40,054	–	–
Balance as at 31 December 2019	**486**	**–**	**217**	**1,976**	**104**	**24,324**	**–**	**27,107**

Financial Statements

Consolidated statement of cash flows

for the year ended 31 December 2019

	12 month period ended 31 December 2019 £'000	9 month period ended 31 December 2018 £'000
Cash generated/(used in) operations	1,225	(401)
Interest paid	(345)	(129)
Taxation paid	(107)	–
M&A costs	(817)	(1,522)
Integration costs	(1,621)	(252)
Restructuring costs	(1,208)	–
Net cash generated from/(used in) operating activities	(2,873)	(2,304)
Investing activities		
Purchases of property, plant and equipment	(257)	(90)
Purchases of intangible assets	(689)	(44)
Net cash paid for acquisition	(5,840)	(12,867)
Net cash used in investing activities	(6,786)	(13,001)
Financing activities		
Proceeds from issue of ordinary shares	9,484	19,247
Repayment of invoice discounting facility and other borrowings	(1,553)	(449)
Lease repayments	(583)	–
Dividends paid	(136)	–
Payment of vendor loan fees	–	(138)
Net cash generated from financing activities	7,212	18,660
Foreign exchange movement	(29)	8
Net (decrease)/increase in cash and cash equivalents	(2,476)	3,363
Cash and cash equivalents at the beginning of the period	4,367	1,004
Cash and cash equivalents at the end of the period	1,891	4,367

The Group consists of entities with functional currencies of GBP, USD, SGD and HKD.

Company statement of cash flows

for the year ended 31 December 2019

	12 month period ended 31 December 2019 £'000	9 month period ended 31 December 2018 £'000
Cash used in operations	(1,867)	(3,911)
Interest paid	(3)	–
Net cash generated from operating activities	(1,870)	(3,911)
Investing activities		
Purchases of property, plant and equipment	(118)	(75)
Purchases of intangible assets	(594)	(35)
Investment in subsidiaries	(6,496)	(13,059)
Acquisition costs	(2,064)	(700)
Net cash used in investing activities	(9,272)	(13,869)
Financing activities		
Proceeds from issue of ordinary shares	9,484	19,247
Repayment of invoice discounting facility and other borrowings	(30)	–
Loans from subsidiaries	(785)	805
Dividends paid	(136)	–
Net cash (used in)/generated from financing activities	8,533	20,052
Foreign exchange movement	(6)	–
Net (decrease)/increase in cash and cash equivalents	(2,615)	2,272
Cash and cash equivalents at the beginning of the period	2,905	633
Cash and cash equivalents at the end of the period	290	2,905

Notes to the cash flow

(a) Reconciliation of loss after tax to cash flows used in operations

	Group		Company	
	12 month period ended 31 December 2019 £'000	9 month period ended 31 December 2018 £'000	12 month period ended 31 December 2019 £'000	9 month period ended 31 December 2018 £'000
Loss after tax	(4,146)	(1,840)	(4,292)	(2,613)
Adjustments for:				
Tax	–	(280)	–	(85)
Finance costs	491	146	9	–
Amortisation and impairment	2,077	591	206	59
Depreciation of property, plant and equipment	104	20	52	17
Share-based payment charge	149	68	149	68
Other exceptional costs	3,637	2,184	2,056	1,101
Operating cash flows before movements in working capital	2,312	889	(1,820)	(1,453)
Movement in receivables	213	(2,520)	(627)	(378)
Movement in payables	(1,300)	1,230	580	(2,080)
Cash flows generated/(used) in operations	1,225	(401)	(1,867)	(3,911)

(b) Reconciliation of liabilities arising from financing activities

Group – 12 months ended 31 December 2019

			Non-cash changes				
Group	31 December 2018 £'000	Cash flows £'000	Acquisition £'000	New leases £'000	Foreign exchange movement £'000	Items reclassified from non-current to current during the period £'000	31 December 2019 £'000
Long-term borrowings	2,701	–	–	–	(87)	(1,568)	1,046
Short term borrowings	1,622	(1,613)	–	–	(9)	1,568	1,568
Lease liabilities	1,018	(523)	849	290	(34)	–	1,600
Total liabilities from financing activities	5,341	(2,136)	849	290	(130)	–	4,214

Group - 9 months ended 31 December 2018

			Non-cash changes				
	31 December 2017 £'000	Cash flows £'000	Acquisition £'000	New leases £'000	Foreign exchange movement £'000	Items reclassified from non-current to current during the period £'000	31 December 2018 £'000
Long-term borrowings	–	–	3,371	–	5	(675)	2,701
Short-term borrowings	–	(400)	1,349	–	(2)	675	1,622
Lease liabilities	–	(49)	1,065	–	2	–	1,018
Total liabilities from financing activities	–	(449)	5,785	–	5	–	5,341

			Non-cash changes				
Company	31 December 2018 £'000	Cash flows £'000	Acquisition £'000	New leases £'000	Foreign exchange movement £'000	Items reclassified from non-current to current during the period £'000	31 December 2019 £'000
Lease liabilities	–	(30)	–	290	–	–	260
Total liabilities from financing activities	–	(30)	–	290	–	–	260

Notes to the financial statements

for the 12 month period ended 31 December 2019

Bonhill Group plc is a public limited company incorporated in the United Kingdom, whose shares are publicly traded on the AIM market. The Company is registered and domiciled in England and its principal place of business is 1st Floor Fleet House, 59-61 Clerkenwell Road, London EC1M 5LA

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

The consolidated financial statements are presented in GBP, which is also the Group's presentational currency.

Amounts are rounded to the nearest thousand, unless otherwise stated.

Basis of accounting

The financial statements of Bonhill Group plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and IFRIC interpretations (IFRS) and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chairman's statement and the Chief Executive's review.

The Directors regularly review detailed forecasts of sales, costs and cash flows, and regularly project forwards 12 months ahead or more. The assumptions underlying the budget are challenged, varied and tested to establish the likelihood of a range of possible outcomes, including reasonable cash flow sensitivities. The expected figures are carefully monitored against actual outcomes each month and variances are highlighted and discussed at Board level.

However, the uncertain impact of COVID-19 introduces more risks and uncertainty into this review. To this end a highly sensitised model has been run which takes into account the post balance sheet fund-raising and the following assumptions:

» While it is currently envisaged that many of the events rescheduled from H1 to H2 will proceed, the model assumes that all of these events will be cancelled, resulting in a loss of £5 million revenue and £3 million EBITDA
» Despite current encouraging media sales, a 30% decline in media spend compared to last year from 1 April 2020 to 31 December 2020, and a 15% decline compared to 2019 thereafter has been modelled
» Further cost savings of £0.5 million from US print costs, £1.3 million of further overhead savings, £0.3 million of UK staff furlough costs

Together this model achieves 2020 revenue of £20 million and break-even EBITDA before returning to 2019 levels in 2021.

This sensitised cash flow forecasts demonstrates that the Group will be able to pay its debts as they fall due for the period to at least 30 June 2021. The Directors are, therefore, satisfied that the financial statements should be prepared on the going concern basis.

In the event that the COVID-19 impact is worse than modelled, then further measures would be required to relieve any short-term cash pressures which may arise. These could include Government backed loans or subsidies from either the UK, the US or both, increased staff furloughs, increased cost savings and tougher working capital management. Given the lack of certainty that COVID-19 has had on the Group's operations and the international markets in which it operates, these conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

Consolidation

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

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

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

All subsidiaries have an accounting reference date of 31 December 2019. For further details on the acquisition of Last Word Media in the period, refer to note 20.

Subsidiaries

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Notes to the financial statements continued

for the 12 month period ended 31 December 2019

1. Significant accounting policies continued

Foreign exchange

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date.

On consolidation, the results of overseas operations are translated into GBP at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Revenue

Revenue represents the fair value, net of value added tax, of consideration received or receivable, for goods sold and services provided to customers. There are five income streams recognised within revenue:

Advertising (traditional)
Revenue is recognised when the relevant publication is printed (performance obligation as defined).

Advertising (online)
Revenue is recognised over the period over which the campaign runs i.e. over time.

Subscriptions
Subscription contracts have distinct performance obligations over the period of the subscription. Revenue is therefore recognised evenly on a time basis over the subscription period.

Event revenues
Event revenue is recognised in the period the events are held.

Research
Revenue is recognised immediately on purchases or in line with a bespoke contract.

In each case, customers may be invoiced in advance of income recognition, in which case the proportion of invoiced income relating to subsequent periods is included in deferred income.

Where revenue is recognised on an over time basis, an output method is used to determine the revenue recognised. Point in time performance obligations are determined to be met through either the performance of the agreed service or through online or physical distribution. Where a contract is for multiple revenue streams, the allocation of transaction price is agreed at point of contract.

The Group has a policy of 30 day payment terms.

For executive management purposes, the business has two reportable segments. Segmental analysis has been performed in note 3.

During the period, no individual customer accounted for more than 10% of the reported revenue.

Share-based payments

The Group issues equity-settled share-based payments to full-time employees. Equity-settled share-based payments are measured at the fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of the Monte Carlo model for all share options in issue. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

Intangible assets

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, with an indefinite useful life, 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. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

1. Significant accounting policies continued

Intangible assets continued

Goodwill prior year adjustment

The deferred tax liability created as part of the InvestmentNews LLC acquisition on 17 August 2018 in relation to the intangible assets of £2.442 million was incorrectly recognised. Therefore an adjustment has been made to the 2018 balance sheet, which changes both goodwill and deferred tax liability by £2.442 million. The goodwill number changes from £13.955 million to £11.509 million and the deferred tax liability changes from £2.423 million to nil. There is an immaterial impact on the income statement, of £0.022 million however this has not been adjusted as it was felt that this did not impact the reader of the accounts' understanding of the Group's results.

Publishing rights

In accordance with IAS 38 Intangible assets, publishing rights acquired are capitalised as intangible assets. Amortisation is charged so as to write off the cost of publishing rights over their estimated useful economic lives, using the straight-line method, on the following bases:

Publishing rights	20 years straight line

Website development costs

Website development costs are accounted for in accordance with IAS 38. Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold
- adequate resources are available to complete the development
- there is an intention to complete and sell the product
- the Group is able to sell the product
- sale of the product will generate future economic benefits, and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included within administrative expenses in the consolidated statement of comprehensive income. Website development costs are amortised over three years.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

Brand

The fair values of identifiable brands are capitalised in accordance with IFRS 3, measured at acquisition fair value. Amortisation is charged over their estimated useful economic lives, using the straight-line method, on the following bases:

Brands	10 years straight line

Customer relationships

The fair values of identifiable customer relationships are capitalised in accordance with IFRS 3, measured at acquisition fair value. Amortisation is charged over their estimated useful economic lives, using the straight-line method:

Customer relationships	7 years straight line

Impairment of non-current assets excluding deferred tax assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the impairment of intangible assets line in the consolidated statement of comprehensive income as an expense immediately.

Investments

Investments are stated at cost less any provision for impairment in value.

Property, plant and equipment

Items of property, plant and equipment are stated at cost of acquisition or production cost less accumulated depreciation and impairment losses. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Fixtures, fittings and equipment	3 years straight line

Notes to the financial statements continued

for the 12 month period ended 31 December 2019

1. Significant accounting policies continued

Current and deferred taxation

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits ('temporary differences') and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Where there are taxable temporary differences arising on subsidiaries, deferred tax liabilities are recognised except where the Group is able to control the reversal of temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Where there are deductible temporary differences arising on subsidiaries, deferred tax assets are recognised only where it is probable that they will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based upon tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax liability prior year adjustment

The treatment of potential deferred tax liability created as part of the InvestmentNews acquisition on 17 August 2018 in relation to the intangible assets of £2.442 million has been revisited, and it is considered that this liability was not required. Therefore an adjustment has been made to the 2018 balance sheet, which changes both goodwill and deferred tax liability by £2.442 million. The goodwill number changes from £13.955 million to £11.509 million and the deferred tax liability changes from £2.423 million to nil. There is an immaterial impact on the income statement, of £0.022 million however this has not been adjusted as it was felt that this did not impact the reader of the accounts' understanding of the Group's results. There is no impact on net assets.

Leased assets and obligations

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

» leases of low value assets; and
» leases with a term of 12 months or less.

Assets leased for a period of less than a year are not recorded in the statement of financial position. Rental payments are charged directly to profit or loss on a straight-line basis over the lease term.

Where assets are leased for a period of more than a year, a right-of-use asset and lease liability are recognised on the statement of financial position. After lease commencement, the right-of-use asset is measured using a cost model at cost less accumulated amortisation. The lease liability is initially measured at the present value of the lease payments payable over the lease term. The present value of the lease payment is determined using the discount rate representing the incremental borrowing rate of the Company.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

» amounts expected to be payable under any residual value guarantee;
» the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option;
» any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

» lease payments made at or before commencement of the lease;
» initial direct costs incurred; and
» the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

1. Significant accounting policies continued

Leased assets and obligations continued

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Provisions and invoice discounting

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated. Where the effect of the time value of money is material, the provision is based on the present value of future outflows, discontinued at the pre-tax discount rate that reflects the risks specific to the liability.

Invoice discounting

Amounts due in respect of invoice discounting are separately disclosed as current liabilities. The Group 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 Group.

Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group has become party to the contractual provisions of the instrument.

Trade and other receivables

Trade receivables are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and subsequently measured at amortised cost using the effective interest method less provision for impairment.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar ageing. The Group has determined that trade receivables across different propositions, sectors and countries have similar risk characteristics. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, 12 month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Trade payables

Trade payables are initially recognised at cost and subsequently measured at amortised cost using the effective interest method. There is no material variance between book and fair values.

Borrowings

Borrowings are recorded initially at their fair value, net of direct transaction costs, and finance charges are recognised in profit or loss over the term of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding. Note 18 provides details of the applicable interest rates. There is no material variance between book and fair values.

Notes to the financial statements continued

for the 12 month period ended 31 December 2019

1. Significant accounting policies continued

Financial instruments continued

Equity instruments
Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's ordinary shares are classified as equity instruments. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Reserve	Description and purpose
Share capital	Represents the nominal value of equity shares.
Share premium	Amount subscribed for share capital in excess of the nominal value.
Share option reserve	Represents equity-settled share-based employee remuneration until such options are exercised.
Other reserve	Represents transactions with equity participants. This reserve includes the Capital Redemption Reserve as a result of the cancellation of the deferred shares.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.
Merger reserve	Where the Group has applied merger relief under the UK Companies Act s615.

Judgements and estimates

The Group makes judgements and assumptions concerning the future that impact the application of policies and reported amounts. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below.

Impairment of assets
The Group is required to assess whether goodwill has suffered any impairment loss, based on the recoverable amount of its cash generating units ("CGUs"). The recoverable amount has been determined based on value in use calculations and these calculations require the use of estimates in relation to future cash flows and suitable discount rates as disclosed in note 11. Actual outcomes could vary from these estimates. The Directors will continue to monitor the carrying value of intangible assets and goodwill, in particular through the period impacted by COVID-19.

Non-financial assets including website development costs and publishing rights are subject to impairment reviews based on whether events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on the present value of expected future cash flows which include management assumptions and estimates of future performance.

Deferred tax asset
The Group has recognised a deferred tax asset based on the expectation that taxable profits will be recognised against which the Group can utilise assessed losses. This is based on the Directors' assessment of carry forward tax losses on an entity by entity basis against future profits both in respect of the UK and US business.

Expected credit losses
The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar ageing. The Group has determined that trade receivables across different propositions, sectors and countries have similar risk characteristics.

Share-based payments
Share options are recognised as an expense based on their fair value at date of grant. The fair value of the options is estimated through the use of a valuation model – which requires inputs such as the risk-free interest rate, expected dividends, expected volatility and the expected option life – and is expensed over the vesting period. Some of the inputs used to calculate the fair value are not market observable and are based on estimates derived from available data, such as employee exercise behaviour and employee turnover.

Valuation of acquired intangible assets
Intangible assets acquired in a business combination are required to be recognised separately from goodwill and amortised over their useful life if they are subject to contractual or legal rights or are separately transferable and their fair value can be reliably estimated. The Group has separately recognised the intangible assets acquired during the acquisition (see note 20).

The fair value of these acquired intangible assets is based on valuation techniques. The valuation models require input based on assumptions about the future. Management uses its best knowledge to estimate the fair value of acquired intangible assets as of the acquisition date. The value of intangible assets is tested for impairment when there is an indication that they might be impaired. Management also make assumptions about the useful life of the acquired intangible assets which might be affected by external factors.

2. Financial risk management

As well as short term trade receivables, accrued income, trade payables and accruals, as detailed in the notes that arise directly from operations the Group's financial instruments comprise cash, borrowings and payables. The fair values of these instruments are not materially different to their book values. The objective of holding financial instruments is to raise finance for the Group's operations and manage related risks. The Group's activities expose the Group to a number of risks including interest rate risk, credit risk and liquidity risk. The Group manages these risks by regularly monitoring the business and providing ongoing forecasts of the impact on the business.

Liquidity risk

The Directors closely monitors the Group's and Company's financial position to ensure it has sufficient funds to meet its obligations as they fall due. The Group finance function produces regular forecasts that estimate the cash inflows and outflows for the next six months, so that management can ensure that sufficient financing is in place as it is required.

Maturity analysis

The table below analyses the Group's and the Company's financial liabilities based on the contractual gross undiscounted cash flows for amounts outstanding at the reporting date up to maturity date:

Maturity analysis at 31 December 2019	Less than 6 months £'000	Between 6 months and 1 year £'000	Between 1 year and 5 years £'000	Total £'000
Group				
Borrowings	875	845	1,077	2,797
Lease financial liability	484	450	729	1,663
Trade and other payables	5,265	–	–	5,265
Total liabilities	6,624	1,295	1,806	9,725
Company				
Borrowings	–	–	–	–
Lease financial liability	94	94	78	266
Trade and other payables	3,724	–	–	3,724
Total liabilities	3,818	94	78	3,990

Maturity analysis at 31 December 2018	Less than 6 months £'000	Between 6 months and 1 year £'000	Between 1 year and 5 years £'000	Total £'000
Group				
Borrowings	967	940	2,891	4,798
Lease financial liability	160	160	772	1,092
Trade and other payables	2,061	–	–	2,061
Total liabilities	3,188	1,100	3,663	7,951
Company				
Borrowings	–	–	–	–
Lease financial liability	–	–	–	–
Trade and other payables	2,520	–	–	2,520
Total liabilities	2,520	–	–	2,520

Trade and other payables consist of trade payables, other payables, accruals and amounts owed to subsidiary undertakings as shown in note 17.

The Group and Company would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows as disclosed above through effective cash management.

Notes to the financial statements continued

for the 12 month period ended 31 December 2019

2. Financial risk management continued

Interest rate risk

The Group's interest rate exposure arises mainly from its interest-bearing borrowings. Contractual agreements entered into at floating rates expose the Group to cash flow risk, while fixed-rate borrowings expose the Group to fair value risk. The Group regularly reviews its funding arrangements to ensure they are competitive with the marketplace.

The table below shows the Group's and Company's financial assets and liabilities split by those bearing fixed and floating rates and those that are non-interest bearing:

31 December 2019	Fixed rate £'000	Floating rate £'000	Non-interest bearing £'000	Total asset £'000	Total liability £'000
Group					
Cash and cash equivalents	–	1,891	–	1,891	–
Trade and other receivables	–	–	8,070	8,070	–
Total financial assets	–	1,891	8,070	9,961	–
Trade and other payables	–	–	(5,265)	–	(5,265)
Borrowings	(2,614)	–	–	–	(2,614)
Lease financial liability	(1,600)	–	–	–	(1,600)
Total liabilities at amortised cost	(4,214)	–	(5,265)	–	(9,479)

31 December 2019	Fixed rate £'000	Floating rate £'000	Non-interest bearing £'000	Total asset £'000	Total liability £'000
Company					
Cash and cash equivalents	–	290	–	290	–
Trade and other receivables	–	–	3,026	3,026	–
Total financial assets	–	290	3,026	3,316	–
Trade and other payables	–	–	(3,724)	–	(3,724)
Borrowings	–	–	–	–	–
Lease financial liability	(260)	–	–	–	(260)
Total liabilities at amortised cost	(260)	–	(3,724)	–	(3,984)

31 December 2018	Fixed rate £'000	Floating rate £'000	Non-interest bearing £'000	Total asset £'000	Total liability £'000
Group					
Cash and cash equivalents	–	4,367	–	4,367	–
Trade and other receivables	–	–	4,487	4,487	–
Total financial assets	–	4,367	4,487	8,854	–
Trade and other payables	–	–	(2,061)		(2,061)
Borrowings	(4,323)	–	–	–	(4,323)
Lease financial liability	(1,018)	–	–	–	(1,018)
Total liabilities at amortised cost	(5,341)	–	(2,061)	–	(7,402)

2. Financial risk management continued

Interest rate risk continued

31 December 2018	Fixed rate £'000	Floating rate £'000	Non-interest bearing £'000	Total asset £'000	Total liability £'000
Company					
Cash and cash equivalents	–	2,905	–	2,905	–
Trade and other receivables	–	–	899	899	–
Total financial assets	–	2,905	899	3,804	–
Trade and other payables	–	–	(2,520)	–	(2,520)
Total liabilities at amortised cost	–	–	(2,520)	–	(2,520)

Credit risk exposure

Credit risk predominantly arises from trade receivables, cash and cash equivalents and deposits with banks. Credit risk is managed on a Group basis. External credit checks are obtained for larger customers. In addition, the credit quality of each customer is assessed internally before accepting any terms of trade. Internal procedures take into account the customer's financial position, their reputation in the industry and past trading experience. As a result, the Group's and Company's exposure to bad debts is not significant. Cash and cash equivalents are held with banks with a minimum rating of 'A'.

	Group		Company	
Financial assets	**31 December 2019 £'000**	31 December 2018 £'000	**31 December 2019 £'000**	31 December 2018 £'000
Trade and other receivables	**7,736**	4,614	**613**	931
Estimated irrecoverable amounts	**(160)**	(127)	**(87)**	(32)
	7,576	4,487	**526**	899

Movements on the Group and Company's provision for impairment of trade receivables:

	Group		Company	
Financial assets	**31 December 2019 £'000**	31 December 2018 £'000	**31 December 2019 £'000**	31 December 2018 £'000
As at start of period	**127**	11	**32**	11
Opening provision on acquisition	**–**	95	**–**	–
Addition to provision	**33**	–	**55**	–
Provision for receivables impairment	**–**	21	**–**	21
As at end of period	**160**	127	**87**	32

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar ageing. The Group has determined that trade receivables across different propositions, sectors and countries have similar risk characteristics.

The Group has determined appropriate expected loss rates by considering historical credit losses experienced over a three year period prior to the period end and adjusting these based on current and forward looking information. The Group have identified political and economic uncertainty in its key operating countries as the key macroeconomic factors affecting its customers. Moreover, the Group has applied specific knowledge of its customer base when considering expected loss rates.

Notes to the financial statements continued

for the 12 month period ended 31 December 2019

2. Financial risk management continued

Credit risk exposure continued

As at 31 December 2019, the lifetime expected loss provision for trade receivables is as follows:

	Current £'000	More than 30 days past due £'000	More than 60 days past due £'000	More than 120 days past due £'000	Total £'000
Expected loss rate for 'at risk' debt	1%	3%	10%	50%	
Gross carrying amount	781	2,035	1,212	1,343	5,371
Loss provision	1	2	9	148	160

Capital risk management

The Group's objectives when managing capital (i.e. equity and borrowings) are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Foreign currency risk

The Group's policy is not to use forward contracts and therefore none were outstanding at the year end (31 December 2018: None). The following table summarises the Group's sensitivity to translational currency exposures at 31 December 2019.

2019 currency risks expressed in USD/GBP	£'000
Reasonable shift	10%
Impact on profit after tax if USD strengthens against GBP	(136)
Impact on profit after tax if USD weakens against GBP	167
Impact on equity excluding retained earnings if USD strengthens against GBP	(2,486)
Impact on equity excluding retained earnings if USD weakens against GBP	2,036

As at period end, the Group's net exposure to foreign exchange risk was as follows:

	Functional currency of individual entity			
	GBP		USD	
	31 December 2019 £'000	31 December 2018 £'000	31 December 2019 £'000	31 December 2018 £'000
Net foreign currency financial assets/(liabilities)				
GBP	–	–	–	–
USD	260	141	–	–
EUR	344	236	–	–
CAD	(77)	–	–	–
AED	(47)	–	–	–
NOK	(21)	–	–	–
RON	(17)	–	–	–
Other	(1)	(9)	–	–
Total net exposure	441	368	–	–

3. Segmental analysis

For executive management purposes, the business has three reportable segments being Bonhill UK, InvestmentNews and Last Word Media. Further analysis of revenue has been performed by core proposition and country.

	12 month period ended 31 December 2019 £'000	9 month period ended 31 December 2018 £'000
Analysis of revenue by core propositions		
Business information	13,564	5,433
Live events	9,605	2,080
Data and insight	1,260	478
Total	24,429	7,991
Analysis of revenue by country		
United Kingdom	8,205	1,507
Europe, Middle East and Africa	1,344	264
North America	14,337	6,220
Asia Pacific	543	
Total	24,429	7,991

12 month period ended 31 December 2019	Last Word Media £'000	Bonhill UK £'000	InvestmentNews £'000	Total £'000
Reportable segmental income statement				
Revenue	6,710	3,822	13,897	24,429
Adjusted EBITDA	907	(1,815)	3,220	2,312
Adjusted operating profit/(loss)	551	(2,085)	2,921	1,387
Statutory operating profit/(loss)	66	(4,312)	591	(3,655)
Statutory profit/(loss) before tax	44	(4,368)	178	(4,146)

9 month period ended 31 December 2018	Last Word Media £'000	Bonhill UK £'000	InvestmentNews £'000	Total £'000
Reportable segmental income statement				
Revenue		1,988	6,003	7,991
Adjusted EBITDA		(662)	1,551	889
Adjusted operating loss		(786)	1,452	666
Statutory operating loss		(2,353)	379	(1,974)
Statutory loss before tax		(2,352)	232	(2,120)

Revenue from contracts with customers

	Contract assets		Contract liabilities	
	31 December 2019 £'000	31 December 2018 £'000	31 December 2019 £'000	31 December 2018 £'000
At beginning of period	–	–	1,508	209
Amount included in contract liabilities that was recognised as revenue during the period	–	–	(1,508)	(209)
Cash received in advance of performance and not recognised as revenue during the period	–	–	2,140	1,508
At period end	–	–	2,140	1,508

Financial Statements

Notes to the financial statements continued

for the 12 month period ended 31 December 2019

3. Segmental analysis continued

Segmental assets and liabilities

	Asset 2019 £'000	Liabilities 2019 £'000	Assets 2018 £'000	Liabilities 2018 £'000
Bonhill UK	4,187	(1,731)	6,254	(1,234)
InvestmentNews	24,176	(5,149)	25,787	(7,904)
Last Word Media	11,394	(3,086)	–	–
Total Group	39,757	(9,966)	32,041	(9,138)

Geographical split of total assets

	2019 £'000	2018 £'000
UK	15,128	6,254
North America	24,176	25,787
Asia Pacific	453	–
Total Group	39,757	32,041

4. Operating loss

(a) Operating loss for the year has been arrived at after charging the following items:

	Note	12 month period ended 31 December 2019 £'000	9 month period ended 31 December 2018 £'000
Depreciation of property, plant and equipment		104	21
Amortisation of purchased or internally generated intangible assets		79	37
Lease amortisation		593	98
Share-based payment charge		149	68
Foreign exchange (gain) or loss		54	(149)
Operating lease rentals in respect of land and buildings		73	6
Staff costs	6	10,698	3,192
Directors' remuneration	7	516	385
Events costs		4,853	930
Print related costs		1,420	832
Impairment relating to expected credit losses		33	21
Other costs		4,470	1,885
		23,042	7,326

Other costs include: freelance and contractors, print magazine costs, distribution costs, technology costs, travel and expenditure, marketing and professional fees.

4. Operating loss continued

(b) During the year, the following services were obtained from the Group's auditor as detailed below:

	12 month period ended 31 December 2019 £'000	9 month period ended 31 December 2018 £'000
Audit services		
– Recurring fees payable to Company auditor for the audit of parent Company and consolidated accounts	42	28
– Additional fees payable in relation to non-recurring audit work	27	36
Other services		
Fees payable to the Company's auditor and its associates for other services:		
– The audit of Company's subsidiaries	72	32
– Corporate finance transaction support in relation to acquisition of InvestmentNews	–	346
– Tax work performed in relation to acquisition of InvestmentNews	–	82
– Corporate finance transaction support in relation to acquisition of Last Word Media	102	–
– Tax work performed in relation to acquisition of Last Word Media	35	–

The disclosure of the auditor's remuneration stated above relates to the Company's auditor, BDO LLP, and its associates.

(c) Adjusting items

The Group incurred certain costs in the 12 months ended 31 December 2019 and the 9 month period ended 31 December 2018 which the Directors believe should be disclosed as adjusting items as set out below. Adjusted results are prepared to provide additional relevant information on our future or past performance where equivalent information cannot be presented using financial measures under IFRS.

	12 month period ended 31 December 2019 £'000	9 month period ended 31 December 2018 £'000
Restructuring	1,208	–
M&A costs (including legal fees)	808	1,932
Integration costs	1,621	252
Amortisation of intangibles acquired through business combination	1,295	456
Write off of intangible assets	110	–
	5,042	2,640

The tax effect of the adjusting items is a credit of £0.038 million.

Notes to the financial statements continued

for the 12 month period ended 31 December 2019

5. Reconciliation of Adjusted EBITDA to statutory earnings

Earnings before interest, depreciation and amortisation ("EBITDA") is a measure of earnings and cash generative capacity. Adjusted EBITDA, which excludes non-recurring items, is a non-GAAP financial measure which facilitates an understanding of underlying earnings and cash generative capacity. A reconciliation of Adjusted EBITDA to statutory earnings is set out below.

	12 month period ended 31 December 2019 £'000	9 month period ended 31 December 2018 £'000
Adjusted EBITDA	2,312	889
Adjusting items	(3,637)	(2,184)
EBITDA	(1,325)	(1,295)
Depreciation	(104)	(20)
Amortisation and impairment	(2,077)	(591)
Share option charge	(149)	(68)
Operating loss	(3,655)	(1,974)
Net finance costs	(491)	(146)
Loss before tax	(4,146)	(2,120)
Taxation	–	280
Loss after tax	(4,146)	(1,840)

6. Staff costs

	Group		Company	
	12 month period ended 31 December 2019 £'000	9 month period ended 31 December 2018 £'000	12 month period ended 31 December 2019 £'000	9 month period ended 31 December 2018 £'000
Staff costs (excluding Directors)				
– Wages and salaries	9,407	2,725	1,531	1,019
– Social security costs	870	372	167	113
– Share-based payments charge	149	68	149	68
– Pensions	272	27	30	12
	10,698	3,192	1,877	1,212

Average monthly number of persons employed by the Group:

	Group		Company	
	12 month period ended 31 December 2019 £'000	9 month period ended 31 December 2018 £'000	12 month period ended 31 December 2019 £'000	9 month period ended 31 December 2018 £'000
Senior management	12	9	7	9
Finance and administration	13	2	7	2
Editorial/design/events	74	35	27	19
Marketing and sales	65	9	7	4
	164	55	48	34

7. Directors' remuneration

	12 month period ended 31 December 2019 £'000	9 month period ended 31 December 2018 £'000
Emoluments for qualifying services		
N Dowdall (resigned 21 March 2019)	38	104
S Stilwell	204	123
C Riddell (resigned 30 May 2018)	–	17
A Donoghue	30	19
F Gray	30	19
N Sachdev	50	30
D Brown (appointed 29 May 2018)	165	73
	517	385

	12 month period ended 31 December 2019 £'000	9 month period ended 31 December 2018 £'000
Directors' remuneration	516	385
Share-based payments	149	68
Social security costs	100	46
Pensions	32	16
Total	797	515

Share-based payment expense is a non-cash item to adjust for the issue of share options. The Board issues share options to Directors and senior management as it is in their opinion the most effective way to align them with the interests of the shareholders.

During the period, the Company made pension contributions of £0.032 million on behalf of the Directors (31 December 2018: £0.016 million). The pension split is shown below. Some Directors had non-zero pension contributions which are rounded down and these are shown as "0" below. The sum of the unrounded pension contributions rounds to £0.032 million.

	12 month period ended 31 December 2019 £'000	9 month period ended 31 December 2018 £'000
N Dowdall (resigned 21 March 2019)	0	1
S Stilwell	–	–
C Riddell (resigned 30 May 2018)	–	0
A Donoghue	1	0
F Gray	1	0
N Sachdev	–	–
D Brown (appointed 29 May 2018)	30	14
	32	15

No share options were exercised during the period (31 December 2019: nil).

Notes to the financial statements continued

for the 12 month period ended 31 December 2019

7. Directors' remuneration continued

During the period, Directors of the Group subscribed to 1p ordinary shares as follows:

	Number of shares
S Stilwell	158,000
D Brown	608,973
N Sachdev	23,810
F Gray	6,166

Directors' interests in share options

The interests of the Directors in office during the year in share options of the Company are set out in the table below.

	31 December 2019 Number	Granted Number	Forfeited/ lapsed Number	31 December 2018 Number	Exercise price Pence	Exercisable period
S Stilwell	156,249	–	–	156,249	80.0	16/08/2022 to 16/08/2029
	156,249	–	–	156,249	80.0	16/08/2023 to 16/08/2029
	376,000	–	–	376,000	1.0	16/08/2022 to 16/08/2023
	376,000	–	–	376,000	1.0	16/08/2023 to 16/08/2024
	1,064,498			1,064,498		
D Brown	156,249	–	–	156,249	80.0	16/08/2022 to 16/08/2029
	156,249	–	–	156,249	80.0	16/08/2023 to 16/08/2029
	268,500	–	–	268,500	1.0	16/08/2022 to 16/08/2023
	268,500	–	–	268,500	1.0	16/08/2023 to 16/08/2024
	849,498			849,498		

8. Finance costs

	12 month period ended 31 December 2019 £'000	9 month period ended 31 December 2018 £'000
Interest payable on bank loan and overdrafts	(431)	(131)
Interest payable on lease financial liability	(60)	(15)
	(491)	(146)

9. Income tax

	12 month period ended 31 December 2019 £'000	9 month period ended 31 December 2018 £'000
UK current tax (charge)/credit	–	–
US current tax (charge)/credit	(28)	(73)
Adjustment in respect of prior periods	24	–
Total current tax	(4)	(73)
Deferred tax on goodwill	–	(86)
Deferred tax on other intangibles	(245)	109
Deferred tax on other temporary differences	136	–
Deferred tax on UK losses	111	86
Deferred tax on US losses	–	244
Adjustment in respect of prior periods	2	–
Total deferred tax	4	353
	–	280

Corporation tax on UK profits is calculated at 19.00% (31 December 2018: 19.00%) of the estimated assessable profit for the year. Corporation tax on US profits is calculated at 23.88% (31 December 2018: 26.10%) of the estimated assessable profit for the year.

The tax charge for the year can be reconciled to the loss before tax per the consolidated statement of comprehensive income as follows:

	12 month period ended 31 December 2019 £'000	9 month period ended 31 December 2018 £'000
Factors affecting the tax charge for the year:		
Loss before taxation	(4,146)	(2,120)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19.00%	(788)	(403)
Effects of:		
Profits taxed at US rate of 23.88% (31 December 2018: 26.1%)	(14)	(20)
Other expenses not deductible for tax purposes	166	147
Adjustments to tax charge in respect of prior years	207	–
Capital allowances	–	(27)
Difference in tax rates on deferred tax	34	(66)
Tax losses carried forward	–	106
State taxes	(28)	–
Change in valuation allowance/movement in unrecognised deferred tax	433	–
Other effects including foreign exchange differences	(10)	(17)
Total tax charge	–	(280)

Notes to the financial statements continued

for the 12 month period ended 31 December 2019

9. Income tax continued

Deferred and current tax assets and liabilities can be reconciled as follows:

	Group £'000	Company £'000
Deferred tax assets as at 1 January 2019	333	85
Additions dealt with in profit or loss	126	–
Effect of foreign exchange revaluation	–	–
Deferred tax assets as at 31 December 2019	**459**	**85**

	£'000	£'000
Deferred tax liabilities as at 1 January 2019 (restated)	–	–
Deferred tax liability on acquisition	(485)	–
Additions dealt with in profit or loss	29	–
Effect of foreign exchange revaluation	(8)	–
Deferred tax liabilities as at 31 December 2019	**(464)**	**–**
Net deferred tax assets/(liabilities)	**(5)**	**85**

	£'000	£'000
Current tax liability as at 1 January 2019	(73)	–
Current tax charge	(4)	–
Paid	107	–
Acquisition	(36)	–
Effect of foreign exchange revaluation	(17)	–
Current tax liability as at 31 December 2019	**(23)**	**–**

The Group has recognised deferred tax assets in relation to losses to the extent that the Directors anticipate it is probable that taxable profits will be available in the next three years against which the temporary differences can be utilised. The Group has unrecognised tax losses of £8.620 million (31 December 2018: £7.139 million).

On 27 March 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted in the US. This includes certain tax provisions with retrospective effect. The impact of these provisions is expected to reduce the Company's current tax liability by approximately £27 thousand, with an equal and opposite decrease in the Company's deferred tax asset for carried-forward losses. This impact will be included in the statutory accounts for subsequent years, where the year-end date falls after the date of enactment.

Prior year adjustment

The treatment of potential deferred tax liability created as part of the InvestmentNews acquisition on 17 August 2018 in relation to the intangible assets of £2.442 million has been revisited, and it is considered that this liability was not required. Therefore an adjustment has been made to the 2018 balance sheet, which changes both goodwill and deferred tax liability by £2.442 million. The goodwill number changes from £13.955 million to £11.509 million and the deferred tax liability changes from £2.423 million to nil. There is an immaterial impact on the income statement, of £0.022 million however this has not been adjusted as it was felt that this did not impact the reader of the accounts' understanding of the Group's results. There is no impact on net assets.

10. Earnings per share

(a) Basic earnings per share

Basic loss per share is calculated by dividing the loss attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year.

Based on statutory earnings

	12 month period ended 31 December 2019 £'000	9 month period ended 31 December 2018 £'000
Loss attributable to owners of the parent	(4,146)	(1,840)
Weighted average number of ordinary shares in issue	44,671,798	19,355,302
Basic earnings per share (pence per share)	(9.28p)	(9.51p)

10. Earnings per share continued

(a) Basic earnings per share continued

Based on adjusted earnings

	12 month period ended 31 December 2019 £'000	9 month period ended 31 December 2018 £'000
Profit attributable to owners of the parent	1,002	520
Weighted average number of ordinary shares in issue	44,671,798	19,355,302
Basic earnings per share (pence per share)	2.24p	2.69p

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Based on statutory earnings

	12 month period ended 31 December 2019 £'000	9 month period ended 31 December 2018 £'000
Loss attributable to owners of the parent	(4,146)	(1,840)
Weighted average number of ordinary shares in issue	44,671,798	19,355,302
Dilutive effect of "in the money" share options	–	–
Diluted ordinary shares	44,671,798	19,355,302
Diluted earnings per share (pence per share)	(9.28p)	(9.51p)

11. Intangible assets

Group	Website development costs £'000	Software £'000	Publishing rights £'000	Brand £'000	Customer relationships £'000	Sub-total £'000	Goodwill (restated) £'000	Total £'000
Cost								
1 April 2018	498	18	1,162	–	–	1,678	566	2,244
Additions (external)	44	–	–	–	–	44	–	44
Additions at acquisition	–	–	–	3,618	5,720	9,338	10,922	20,260
Foreign exchange movement	–	–	–	6	10	16	23	39
1 January 2019	542	18	1,162	3,624	5,730	11,076	11,511	22,587
Additions (external)	118	571	–	–	–	689	–	689
Additions at acquisition	107	–	–	1,300	526	1,933	6,053	7,986
Write off relating to intangible assets	–	–	(11)	–	–	(11)	(108)	(119)
Foreign exchange movement	–	–	–	(117)	(186)	(303)	(345)	(648)
31 December 2019	**767**	**589**	**1,151**	**4,807**	**6,070**	**13,384**	**17,111**	**30,495**
Amortisation and impairment								
1 April 2018	425	17	673	–	–	1,115	2	1,117
Amortisation charge for the year	36	1	43	129	284	493	–	493
Foreign exchange movement	–	–	–	2	5	7	–	7
1 January 2019	461	18	716	131	289	1,615	2	1,617
Amortisation charge for the year	79	–	58	427	810	1,374	–	1,374
Additions at acquisition	60	–	–	–	–	60	–	60
Write off relating to intangible assets	–	–	(9)	–	–	(9)	–	(9)
Foreign exchange movement	–	–	–	(15)	(34)	(48)	–	(48)
31 December 2019	**600**	**18**	**765**	**543**	**1,065**	**2,992**	**2**	**2,994**

Notes to the financial statements continued

for the 12 month period ended 31 December 2019

11. Intangible assets continued

Group	Website development costs	Software	Publishing rights	Brand	Customer relationships	Sub-total	Goodwill	Total
Net book value								
31 December 2019	**167**	**571**	**386**	**4,263**	**5,005**	**10,392**	**17,109**	**27,501**
31 December 2018	81	–	446	3,493	5,441	9,461	11,509	20,970

Company	Website development costs	Software	Publishing rights	Brand	Customer relationships	Sub-total	Goodwill	Total
Cost								
1 April 2018	384	5	626	–	–	1,015	108	1,123
Additions (external)	35	–	–	–	–	35	–	35
1 January 2019	419	5	626	–	–	1,050	108	1,158
Additions (external)	23	571	–	–	–	594	–	594
Write off relating to intangible assets	–	–	–	–	–	–	(108)	(108)
31 December 2019	**442**	**576**	**626**	**–**	**–**	**1,644**	**–**	**1,644**
Amortisation and impairment								
1 April 2018	311	4	376	–	–	691	–	691
Amortisation charge for the year	35	1	23	–	–	59	–	59
1 January 2019	346	5	399	–	–	750	–	750
Amortisation charge for the year	38	–	31	–	–	69	–	69
31 December 2019	**384**	**5**	**430**	**–**	**–**	**819**	**–**	**819**
Net book value								
31 December 2019	**58**	**571**	**196**	**–**	**–**	**825**	**–**	**825**
31 December 2018	73	–	227	–	–	300	108	408

	Group		Company	
	31 December 2019 £'000	31 December 2018 £'000	**31 December 2019 £'000**	31 December 2018 £'000
Goodwill				
Investor Allstars	**–**	108	**–**	108
Growth Company Investor Ltd	**42**	42	**–**	–
Information Age Media Ltd	**414**	414	**–**	–
InvestmentNews LLC	**10,600**	10,945	**–**	–
Last Word Media	**6,053**	–	**–**	–
	17,109	11,509	**–**	108

	Group		Company	
	31 December 2019 £'000	31 December 2018 £'000	**31 December 2019 £'000**	31 December 2018 £'000
Publishing rights				
What Investment	**196**	227	**196**	227
Growth Company Investor Ltd	**–**	2	**–**	–
Information Age Media Ltd	**190**	217	**–**	–
	386	446	**196**	227

11. Intangible assets continued

	Group		Company	
	31 December 2019 £'000	31 December 2018 £'000	31 December 2019 £'000	31 December 2018 £'000
Brand				
InvestmentNews	3,041	3,493	–	–
Last Word Media	1,222	–	–	–
	4,263	3,493	–	–

	Group		Company	
	31 December 2019 £'000	31 December 2018 £'000	31 December 2019 £'000	31 December 2018 £'000
Customer relationships				
InvestmentNews	4,517	–	–	–
Last Word Media	488	5,441	–	–
	5,005	5,441	–	–

The Group tests for impairment at each reporting date. If there are indicators of impairment, then other intangible assets are also tested for impairment at each reporting date.

The recoverable amounts are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and direct costs. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the Group. The growth rates are based on a combination of industry growth forecasts and specific business plans for the Group. Changes in direct costs are based on past practices and expectations of future changes.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for a period of 12 months and extrapolates cash for a further 48 months. The growth rate used in the cash flow forecast was 2% (31 December 2018: 2%). The rate used to discount the forecast cash flows was 14% (31 December 2018: 14%).

The following table summarises the Group's sensitivity to movements in the discount rate.

Cash Generating Units	Headroom £'000	Cost of capital sensitivity %
Bonhill Group	1,093	15.0
Growth Company Investor	29	117.9
Information Age	1,448	21.0
InvestmentNews	8,493	3.0
Last Word Media	4,198	5.0
Vitesse Events	197	33.0
What Investment	6	0.3

Software and website development costs amortise over three to five years.

Publishing rights – useful economic life	Held by	Total UEL	Remaining UEL
What Investment	Company	20	5
Information Age Media Ltd	Group	20	6

Brands – useful economic life	Held by	Total UEL	Remaining UEL
InvestmentNews	Group	10	8
Last Word Media	Group	12	11

Notes to the financial statements continued

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11. Intangible assets continued

Customer relationships – useful economic life	Held by	Total UEL	Remaining UEL
InvestmentNews	Group	7	5
Last Word Media	Group	10	9

Note that the tax amortisation benefit of the InvestmentNews brand and customer relationships will be amortised over 15 years.

12. Property, plant and equipment

	Fixtures, fittings and equipment	
	Group £'000	Company £'000
Cost		
1 April 2018	41	41
Additions	92	75
At acquisition	19	–
1 January 2019	152	116
Additions	257	118
At acquisition	458	–
31 December 2019	**867**	**234**
Depreciation		
1 April 2018	6	6
Charge for the year	21	17
1 January 2019	27	23
Charge for the year	104	52
At acquisition	393	–
31 December 2019	**524**	**75**
Net book value		
31 December 2019	**343**	**159**
31 December 2018	125	93

13. Investments

Company	Subsidiary undertakings £'000
Cost	
1 April 2018	888
Additions	17,071
31 December 2018	17,959
Additions	8,496
31 December 2019	**26,455**
Impairment	
1 April 2018	10
Impairment	–
31 December 2018	10
Impairment	–
31 December 2019	**10**
Net book value	
31 December 2019	**26,445**
31 December 2018	17,949

The Company holds 100% of the issued ordinary share capital and voting rights of the following subsidiary undertakings which have been included in the consolidated accounts.

Company	Principal activity	Incorporated in	Registered office
Bonhill Finance Limited	Financing arm of the Group	England and Wales	1st Floor Fleet House, 59-61 Clerkenwell Road, London, EC1M 5LA
Bonhill Group Inc.	Holding company for InvestmentNews LLC	USA	685 Third Avenue, New York, 10017
Growth Company Investor Limited	Online, print publishing & events for investors and entrepreneurs	England and Wales	1st Floor Fleet House, 59-61 Clerkenwell Road, London, EC1M 5LA
Information Age Media Limited	Monthly publication and events for IT professionals	England and Wales	1st Floor Fleet House, 59-61 Clerkenwell Road, London, EC1M 5LA
InvestmentNews LLC	Online, print publishing & events for US IFAs	USA	685 Third Avenue, New York, 10017
Last Word Media (Asia) PTE Limited*	Online, print publishing & events for investors and entrepreneurs	Singapore	3 Church Street, #12-02, Samsung Hub, Singapore (049483)
Last Word Media (HK) Limited**	Online, print publishing & events for investors and entrepreneurs	Hong Kong	36/F Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
Last Word Media (UK) Limited	Online, print publishing & events for investors and entrepreneurs	England and Wales	1st Floor Fleet House, 59-61 Clerkenwell Road, London, EC1M 5LA

* Is held 25% by Bonhill Group plc and 75% by Last Word Media (UK) Limited.

** Is held 100% by Last Word Media (Asia) PTE Limited.

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for the 12 month period ended 31 December 2019

14. Trade and other receivables

	Group		Company	
	31 December 2019 £'000	31 December 2018 £'000	31 December 2019 £'000	31 December 2018 £'000
Trade receivables	5,371	3,580	490	242
Provision for impairment of trade receivables	(160)	(127)	(87)	(32)
	5,211	3,453	403	210
Other receivables	2,365	1,034	123	47
Prepayments and accrued income	454	352	26	66
Deferred expenses	40	231	2	23
Taxation and social security	–	208	626	208
Amounts owed from subsidiary undertakings	–	–	1,846	642
	8,070	5,278	3,026	1,196

The Group's financial assets are short term in nature. In the opinion of the Directors, the carrying values equate to their fair values.

15. Called up share capital

Issued and fully paid ordinary shares of 1p each

	Number	£'000
As at 1 April 2018	172,061,632	1,721
Shares issued during the 9 month period	29,998,437	300
Administrative issue of shares	8	–
Impact of 40:1 share re-organisation	(167,760,099)	(1,678)
As at 1 January 2019	34,299,978	343
Shares issued during the 12 month period	14,285,714	143
As at 31 December 2019	48,585,692	486

Deferred shares of 9p each

	Number	£'000
As at 1 April 2018	25,603,787	2,304
Impact of 40:1 share re-organisation	18,640,011	1,678
Cancellation of deferred shares	(44,243,798)	(3,982)
As at 1 January 2019 and 31 December 2019	–	–

Issue of shares

The Company issued 14,285,714 ordinary shares with a par value of 1p per share and for a price per share of 84p on 10/04/2019. 2,380,952 of these shares issued were part of the acquisition consideration – see note 20.

The total number of authorised shares is equal to the total number of issued shares.

Rights of shares

Dividends and income – Deferred shares are not entitled to any income or dividend. Ordinary shares are entitled to receive dividends as approved by the Board of Directors.

Voting rights – Deferred shares are not entitled to any vote. Ordinary shares are entitled to one share per vote at General Meetings. Deferred shares cannot be transferred.

Distribution – Upon liquidation of the Company, once all liabilities have been met, ordinary shareholders will receive the value paid up per share plus £100. Deferred shareholders will then receive the amounts paid up on each share. Any remaining funds will be shared amongst ordinary shareholders.

15. Called up share capital continued

Rights of shares continued

The Company has granted options to subscribe for ordinary shares of 1p each, as follows:

			Number of shares for which rights are exercisable	
Grant date	Subscription price per share	Period within which options are exercisable	31 December 2019	31 December 2018
16.08.2018	80.0p	16/08/2021 – 16/02/2028	781,245	781,245
16.08.2018	80.0p	16/08/2022 – 16/02/2028	781,245	781,245
16.08.2018	1.0p	16/08/2021 – 16/02/2022	998,500	998,500
16.08.2018	1.0p	16/08/2022 – 16/02/2023	998,500	998,500
29.10.2019	80.0p	29/10/2022 – 29/10/2029	100,000	–
29.10.2019	80.0p	29/10/2023 – 29/10/2029	100,000	–
			3,759,490	3,559,490

During the 12 month period, 462,498 share options were forfeited (9 months ended 31 December 2018: 513,478).

Share premium

The share premium account shows the amount subscribed for share capital in excess of nominal value, net of share issue costs. During the year, the Company cancelled its share premium account and capital redemption reserve as confirmed by an Order of the High Court of Justice Chancery Division.

	£'000
Share premium as at 31 December 2018	26,715
Subscription of share capital in excess of nominal value	11,857
Share issue costs	(524)
Capital reduction	(38,048)
Share premium as at 31 December 2019	–

Merger reserve

Consideration for the acquisition of Last Word Media included £2.000m of shares (see note 20). The Group applied merger relief under the UK Companies Act s615 and so the value of the shares issued as consideration above their nominal value is included in a merger reserve.

16. Equity-settled share option schemes

With effect from 17 August 2018, the Group operates two types of share-based payment arrangement as part of the senior management long-term incentive plan. Previous arrangements have been forfeited. The general terms of the schemes are set out in the Remuneration Committee report on page 44. All are equity settled.

The fair value of the equity-settled options are estimated using the Monte Carlo valuation method. The fair value of the grants and model inputs used to calculate the fair values of grants during the year were as follows:

	12 month period ended 31 December 2019
	Option scheme
Weighted average share price	55p
Exercise price	80p
Annual TSR performance hurdle (above exercise price)	7%
Expected dividend yield	1%
Risk-free rate of return	1.25%
Expected volatility	30%
Average expected life (years)	6.75
Weighted average fair value of grants during the year	4.2p

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16. Equity-settled share option schemes continued

Expected volatility is based on share price volatility of similar listed companies. Expected life of options has been taken as the mid-point of the relevant exercise period. This is not necessarily indicative of future exercise patterns.

No other feature of the equity instruments granted was incorporated into the fair value measurement.

Details of the number of share options and the weighted average exercise price ("WAEP") during the period are as follows:

	12 months ended 31 December 2019		9 months ended 31 December 2018	
	No.	WAEP	No.	WAEP
Outstanding at the beginning of the year	3,559,490	35.7p	51,250	192.0p
Forfeited during the year	(462,498)	35.7p	(513,748)	51.3p
Granted during the year	200,000	80.0p	4,021,988	35.7p
Outstanding at the end of the year	3,296,992	35.7p	3,559,490	35.7p
Exercisable at the end of the year	–	–	–	–

The market price of the Company's shares on 31 December 2019 was 38.0p (31 December 2018: 82.0p). The average remaining contractual life is 6.9 years (31 December 2018: 8.6 years).

Options granted have a vesting period of between three and four years. The exercise of options will normally be conditional on the holder being in the Group's employment at the end of the vesting period.

The Group did not enter into any share-based payment transactions with parties other than employees during the current or previous periods.

The share-based remuneration charge for the period comprises:

	12 months ended 31 December 2019 £'000	9 months ended 31 December 2018 £'000
Share option charge	149	68
Employer NICs on share options	21	9

17. Trade and other payables

	Group		Company	
	31 December 2019 £'000	31 December 2018 £'000	31 December 2019 £'000	31 December 2018 £'000
Trade payables	1,587	644	606	194
Taxation and social security	75	155	–	103
Other payables	639	12	190	4
Accruals	824	1,405	241	146
Deferred income	2,140	1,508	91	103
Amounts owed to subsidiary undertakings	–	–	2,596	2,176
	5,265	3,724	3,724	2,726

The Group's financial liabilities are short term in nature. In the opinion of the Directors, the carrying values equate to their fair values.

18. Borrowings

Group borrowings consists only of a vendor loan held with Crain Communications Inc as part of the funding of the acquisition of InvestmentNews. This loan is not held by the Company. There is no charge or lien on assets due to these borrowings.

	Group	
	31 December 2019 £'000	31 December 2018 £'000
Loan	2,614	4,323

The weighted average interest rate on this loan has been 7.64% since inception.

The interest-bearing loans are repayable as follows:

	Group	
	31 December 2019 £'000	31 December 2018 £'000
Within one year	1,568	1,622
Between one and two years	1,046	1,622
Between two and five years		1,079
Total	2,614	4,323

Total fees relating to the loan amounted to £0.138 million and these are being amortised over the term of the loan. The loan and interest are guaranteed by the Company.

19. Right-of-use asset

The Group chose to early adopt IFRS 16 in the prior year and therefore recognised a right-of-use asset and a lease liability at that time.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

» Leases of low value assets; and
» Leases with a term of 12 months or less.

In applying the modified retrospective approach, the Group has taken advantage of the following practical expedients:

» Leases with a remaining term of 12 months or less from the date of application have been accounted for as short-term leases (i.e. not recognised on the balance sheet) even though the initial term of the leases from lease commencement date may have been more than 12 months.

In 2018, no right-of-use asset was recognised in relation to the Company lease due to its remaining term of less than 12 months.

In 2019, the Company entered a lease for rental property with an expected term of two years and recognised a right-of-use asset accordingly. Further right-of-use assets were recognised in relation to entities acquired during the 12 month period. This asset also being for office property with a two-year term.

	Group	
Right-of-use asset	2019 £'000	2018 £'000
Carrying value as at start of the period	968	–
Additions to right-of-use assets	1,139	1,066
Amortisation charged	(593)	(98)
Foreign exchange impact of revaluation	(21)	–
Carrying value as at the end of the period	1,493	968

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19. Right-of-use asset continued

	Group	
Lease liability	2019 £'000	2018 £'000
Carrying value as at start of the period	1,018	–
Additions to lease liability	1,139	1,066
Interest charged	60	15
Repayments made	(583)	(65)
Foreign exchange impact of revaluation	(34)	2
Carrying value as at the end of the period	1,600	1,018

Lease liability current/non-current split	£'000	£'000
Current lease liability	888	285
Non-current lease liability	712	733
Total lease liability	1,600	1,018

	Company	
Right-of-use asset	2019 £'000	2018 £'000
Carrying value as at start of the period	–	–
Additions to right-of-use assets	290	–
Amortisation charged	(29)	–
Foreign exchange impact of revaluation	–	–
Carrying value as at the end of the period	261	–

Lease liability	£'000	£'000
Carrying value as at start of the period	–	–
Additions to lease liability	290	–
Interest charged	3	–
Repayments made	(33)	–
Foreign exchange impact of revaluation	–	–
Carrying value as at the end of the period	260	–

Lease liability current/non-current split	£'000	£'000
Current lease liability	260	–
Non-current lease liability	–	–
Total lease liability	260	–

The rent in relation to leases recognised is fixed over the lease term.

20. Acquisition of Last Word Media

On 10 April 2019 the Group completed the acquisition of Last Word Media.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

Fair value of assets acquired	Book value £'000	Fair value adjustments £'000	Total £'000
Property, plant and equipment	65	–	65
Intangibles	47	1,826	1,873
Lease right-of-use asset	–	849	849
Cash and cash equivalents	656	–	656
Trade and other receivables	3,128	(78)	3,050
Trade and other payables	(2,431)	(409)	(2,840)
Corporation tax payable	(36)	–	(36)
Lease financial liability	–	(849)	(849)
Deferred and current tax	(48)	(313)	(361)
Fair value of net assets acquired	**1,417**	**1,026**	**2,443**
Goodwill			6,053
Consideration			**8,496**

Goodwill is attributable to the synergies expected to arise in integrating the operations into the wider Group. Intangibles includes brands and customer relationships which will be amortised over a period of 12 and 10 years respectively.

Consideration consists of cash consideration, contingent deferred consideration and consideration taken as equity.

	£'000
Cash consideration	6,496
Shares	2,000
	8,496

The £2.000 million of shares issued as consideration comprised 2,380,952 shares and was therefore issued at an effective price of £0.84.

Included within the Group's results for the 12 month period are contributions of £6.710 million to revenue, £0.907 million to adjusted EBITDA (excluding deal fees, associated integration costs and acquired intangible amortisation as detailed in note 5) and £0.044 million statutory profit before tax. If the acquisition had been completed on the first day of the financial period, it would have contributed £9.745 million to revenue and £1.197 million to adjusted EBITDA (excluding deal fees, associated integration costs, acquired intangible amortisation and overheads allocated by the vendor company) and £0.015 million to statutory loss before tax.

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21. Related party transactions

Group and Company

There is no ultimate controlling party.

Key management compensation

No individuals other than the Directors meet the definition of key management personnel. Details of key management personnel compensation is disclosed in note 7.

Transactions/balances with Directors

Further details are disclosed in note 7 and note 17.

Company

Transactions with subsidiary companies during the 12 month period ended 31 December 2019 and the 9 month period ended 31 December 2018 were as follows:

Bonhill Group plc cross charges of costs to Growth Company Investor Ltd £nil (31 December 2018: £nil).

Bonhill Group plc cross charges of costs to Information Age Media Ltd £nil (31 December 2018: £nil).

Bonhill Group plc cross charges of costs to InvestmentNews LLC of £0.907 million (31 December 2018: £1.293 million).

Bonhill Group plc cross charges of costs to Last Word Media Ltd of £0.324 million (31 December 2018: £nil).

At the balance sheet date, the following balances were outstanding:

	12 month period ended 31 December 2019 £'000	9 month period ended 31 December 2018 £'000
Loans due (to)/from subsidiary companies		
Growth Company Investor Ltd	(945)	(661)
Information Age Media Ltd	(1,623)	(1,515)
Bonhill Finance Ltd	368	368
Last Word Media Ltd	(27)	–
InvestmentNews LLC	1,478	274
	(749)	(1,534)

22. Commitments and contingent liabilities

(a) Lease commitments

At 31 December 2019, the Group had no total future lease payments under non-cancellable operating leases less than one year being expensed under the short term lease expedient on transition to IFRS 16 (31 December 2018: £0.082 million).

(b) Contingent liabilities

There are no contingent liabilities expected to result in a material loss for the Group.

The Company is included in a Group registration for VAT purposes and is therefore jointly and severably liable for all other Group companies' unpaid debt in this connection.

The Company guarantees the loan from Crain Communications Inc. held by the subsidiary InvestmentNews LLC.

The Company is not expecting to pay contingent deferred consideration in relation to the acquisition of Last Word Media.

(c) Capital commitments

There were no material capital commitments as at 31 December 2019 (31 December 2018: £nil).

23. Events after the reporting date

Since the balance sheet date, the Group has issued 50.0 million shares at a placing price of 5p per share, generating gross proceeds of £2.5 million before issue costs of £0.2 million.

Subsequent to the year end a pandemic was declared regarding COVID-19. The situation is evolving rapidly and it is not possible at this stage to determine with any certainty the full impact on the Group, its customers, employees and suppliers. The Directors have responded and implemented the measures discussed in the Group Finance Director's review. We will continue to review the impact of COVID-19 on the balance sheet and in particular intangible assets and goodwill.

Directors and advisers

Directors

Neil Sachdev, Non-executive Chairman
Simon Stilwell, Chief Executive
David Brown, Group Finance Director
Nicola Dowdall, Managing Director of Events and Marketing (resigned 21 March 2019)
Anne Donoghue, Non-executive Director
Fraser Gray, Non-executive Director

Secretary

Louise Park

Registered Office

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Company Number

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