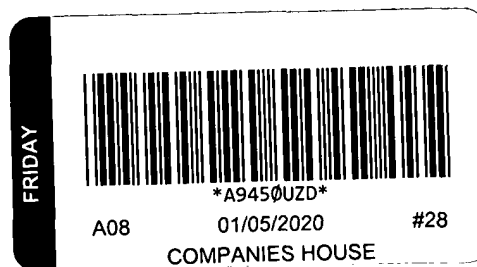


MADANO PARTNERSHIP LIMITED
Group Strategic Report,
Directors' Report and
Consolidated Financial Statements
for the Year Ended 31 December 2019



MADANO PARTNERSHIP LIMITED

**Contents of the Consolidated Financial Statements
for the year ended 31 December 2019**

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MADANO PARTNERSHIP LIMITED

**Company Information
for the year ended 31 December 2019**

Directors: R Sutton
J-P Vasseur

Registered office: 160 Blackfriars Road
7th Floor
London
SE1 8EZ

Registered number: 07858061 (England and Wales)

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

MADANO PARTNERSHIP LIMITED

Group Strategic Report for the year ended 31 December 2019

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

Principal Activity

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

Review of business

It is the opinion of the directors that the company had a successful year in 2019. Following the acquisitions of Cherry Advertising Limited on 30 November 2018 and Hanover Communications International Limited on 31 March 2019, as detailed in note 14, the company experienced significant change both in terms of commercial performance and corporate structure.

In addition to growth in the company's own sales of 5%, the acquisitions led to growth in sales for the Madano group of 414%. The directors believe that client satisfaction and building sustainable relationships, based on creativity and indispensable client management services are the keys to the group's growth. To ensure these were maintained, there was significant investment across the group companies in training and development throughout the year.

Following the acquisitions, there has been significant investment in IT systems and cross group relationship building to ensure integration into the group and the wider AVENIR group that the company is part of.

As a result of the acquisitions, the group's employed headcount increased of 176 in the year and overall cost of staff increase directly linked to the growth in sales.

Principal risks and uncertainties

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

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

There is still considerable uncertainty around Brexit and the UK's trading relationship with the rest of Europe. The directors are monitoring developments in this area and what the likely possible impact on both our UK and overseas client relationships, as well as recruitment, will be. The directors' current view is that any impact will be negligible, particularly from a client perspective and therefore at present we do not see this being a significant risk.

During the first quarter of 2020, the world was hit by a pandemic that affected all major economies. Our financial results for the first quarter were not too significantly impacted with less than 5% decrease of our Revenue and profitability (compared with the previous year). We anticipate that the months of April to June will be more challenging and we are already working on a series of initiatives that will allow us to adjust our expenses in line with lower revenue. The UK government has provided aid programs that we are taking advantage of where possible and we are delaying certain investments to preserve cash. We do not foresee any impact on our going concern.

Future developments

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

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


MADANO PARTNERSHIP LIMITED

Group Strategic Report
for the year ended 31 December 2019

Key performance indicators

Within the UK communications industry it is widely accepted that businesses should aim to achieve a Staff Cost to Gross Profit ratio of 60% and EBITDA to Gross Profit ratio of 20%. The group companies have historically outperformed these KPIs and the group intends to continue this pattern for the foreseeable future.

Signed for and on behalf of the board:


.....
J-P Vasseur - Director

Date: 04/08/2020

MADANO PARTNERSHIP LIMITED

Directors' Report
for the year ended 31 December 2019

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

Dividends

No dividends will be distributed for the year ended 31 December 2019.

Directors

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

R Sutton
J-P Vasseur

Other changes in directors holding office are as follows:

V Beaugard - resigned 24 October 2019
A Molson - resigned 24 October 2019
R Poulin - resigned 24 October 2019

Political donations and expenditure

Donations were made in the period of £3,486.

Directors' responsibilities statement

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

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

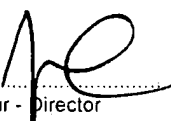
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement as to disclosure of information to auditors

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

Signed for and on behalf of the board:


.....
J-P Vasseur - Director

Date: 04/08/2020

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

Opinion

We have audited the financial statements of Madano Partnership Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including *Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The Directors' view on the impact of COVID-19 is disclosed on page 2, the Strategic report and page 14 within the accounting policies.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

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

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

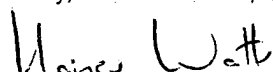
Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 23 April 2020

MADANO PARTNERSHIP LIMITED

Consolidated Income Statement
for the year ended 31 December 2019

| | Notes | 2019 £ | 2018 £ |
|--|-------|--------------------|------------------|
| Turnover | 3 | 31,328,531 | 6,100,122 |
| Cost of sales | | (2,011,058) | (810,064) |
| Gross profit | | 29,317,473 | 5,290,058 |
| Administrative expenses | | (30,529,567) | (4,566,009) |
| | | (1,212,094) | 724,049 |
| Other operating income | | 65,834 | - |
| Operating (loss)/profit | | (1,146,260) | 724,049 |
| Interest receivable and similar income | | 2,738 | - |
| | | (1,143,522) | 724,049 |
| Interest payable and similar expenses | 5 | (1,757,365) | (110,155) |
| (Loss)/profit before taxation | 6 | (2,900,887) | 613,894 |
| Tax on (loss)/profit | 7 | (116,291) | (262,147) |
| (Loss)/profit for the financial year | | (3,017,178) | 351,747 |
| (Loss)/profit attributable to: Owners of the parent | | (3,017,178) | 351,747 |

The notes form part of these financial statements

MADANO PARTNERSHIP LIMITED

Consolidated Other Comprehensive Income
for the year ended 31 December 2019

| | Notes | 2019 £ | 2018 £ |
|---|-------|---------------------------|-----------------------|
| (Loss)/profit for the year | | (3,017,178) | 351,747 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | <u><u>(3,017,178)</u></u> | <u><u>351,747</u></u> |
| Total comprehensive income attributable to: Owners of the parent | | <u><u>(3,017,178)</u></u> | <u><u>351,747</u></u> |

The notes form part of these financial statements

MADANO PARTNERSHIP LIMITED (REGISTERED NUMBER: 07858061)

Consolidated Balance Sheet
31 December 2019

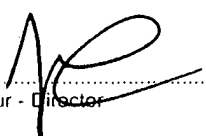
| | Notes | £ | 2019 £ | £ | 2018 £ |
|--|-------|-------------------|-------------------|------------------|-------------------|
| Fixed assets | | | | | |
| Intangible assets | 10 | | 35,936,073 | | 22,246,201 |
| Tangible assets | 11 | | 698,668 | | 110,741 |
| Investments | 12 | | - | | - |
| | | | <u>36,634,741</u> | | <u>22,356,942</u> |
| Current assets | | | | | |
| Debtors | 13 | 16,187,113 | | 4,098,026 | |
| Cash at bank and in hand | | 6,009,090 | | 4,722,181 | |
| | | <u>22,196,203</u> | | <u>8,820,207</u> | |
| Creditors | | | | | |
| Amounts falling due within one year | 14 | 10,625,372 | | 7,634,014 | |
| | | | <u>11,570,831</u> | | <u>1,186,193</u> |
| Total assets less current liabilities | | | <u>48,205,572</u> | | <u>23,543,135</u> |
| Creditors | | | | | |
| Amounts falling due after more than one year | 15 | | (15,282,053) | | (15,252,602) |
| Provisions for liabilities | 18 | | (12,037,268) | | (7,808,487) |
| | | | <u>20,886,251</u> | | <u>482,046</u> |
| Net assets | | | <u>20,886,251</u> | | <u>482,046</u> |
| Capital and reserves | | | | | |
| Called up share capital | 19 | | 123 | | 119 |
| Share premium | 20 | | 23,421,379 | | - |
| Retained earnings | 20 | | (2,535,251) | | 481,927 |
| | | | <u>20,886,251</u> | | <u>482,046</u> |

The financial statements were approved by the Board of Directors on

04/08/2020

and were signed on its behalf by:

J-P Vasseur - Director



The notes form part of these financial statements

MADANO PARTNERSHIP LIMITED (REGISTERED NUMBER: 07858061)

Company Balance Sheet
31 December 2019

| | Notes | £ | 2019 £ | £ | 2018 £ |
|---|-------|------------------|--------------------|------------------|--------------------|
| Fixed assets | | | | | |
| Intangible assets | 10 | | - | | - |
| Tangible assets | 11 | | 51,360 | | 57,568 |
| Investments | 12 | | 56,015,170 | | 27,706,615 |
| | | | <u>56,066,530</u> | | <u>27,764,183</u> |
| Current assets | | | | | |
| Debtors | 13 | 1,505,554 | | 1,497,931 | |
| Cash at bank | | 1,115,478 | | 725,889 | |
| | | <u>2,621,032</u> | | <u>2,223,820</u> | |
| Creditors | | | | | |
| Amounts falling due within one year | 14 | 8,442,048 | | 6,209,471 | |
| Net current liabilities | | | <u>(5,821,016)</u> | | <u>(3,985,651)</u> |
| Total assets less current liabilities | | | <u>50,245,514</u> | | <u>23,778,532</u> |
| Creditors | | | | | |
| Amounts falling due after more than one year | 15 | | (15,282,053) | | (15,252,602) |
| Provisions for liabilities | 18 | | (11,677,533) | | (7,808,487) |
| Net assets | | | <u>23,285,928</u> | | <u>717,443</u> |
| Capital and reserves | | | | | |
| Called up share capital | 19 | | 123 | | 119 |
| Share premium | 20 | | 23,421,379 | | - |
| Retained earnings | 20 | | (135,574) | | 717,324 |
| Shareholders' funds | | | <u>23,285,928</u> | | <u>717,443</u> |
| Company's (loss)/profit for the financial year | | | <u>(852,898)</u> | | <u>587,144</u> |

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

The financial statements were approved by the Board of Directors on 04/08/2020 and were signed on its behalf by:


.....
J-P Vasseur - Director

The notes form part of these financial statements

MADANO PARTNERSHIP LIMITED

Consolidated Statement of Changes in Equity
for the year ended 31 December 2019

| | Called up share capital £ | Retained earnings £ | Share premium £ | Total equity £ |
|------------------------------------|------------------------------------|---------------------------|-----------------------|----------------------|
| Balance at 1 January 2018 | 10 | 1,130,180 | - | 1,130,190 |
| Changes in equity | | | | |
| Issue of share capital | 109 | - | - | 109 |
| Dividends | - | (1,000,000) | - | (1,000,000) |
| Total comprehensive income | - | 351,747 | - | 351,747 |
| Balance at 31 December 2018 | <u>119</u> | <u>481,927</u> | <u>-</u> | <u>482,046</u> |
| Changes in equity | | | | |
| Issue of share capital | 4 | - | 23,421,379 | 23,421,383 |
| Total comprehensive income | - | (3,017,178) | - | (3,017,178) |
| Balance at 31 December 2019 | <u>123</u> | <u>(2,535,251)</u> | <u>23,421,379</u> | <u>20,886,251</u> |

The notes form part of these financial statements

MADANO PARTNERSHIP LIMITED

Company Statement of Changes in Equity
for the year ended 31 December 2019

| | Called up share capital £ | Retained earnings £ | Share premium £ | Total equity £ |
|------------------------------------|------------------------------------|---------------------------|--------------------------|--------------------------|
| Balance at 1 January 2018 | 119 | 1,130,180 | - | 1,130,299 |
| Changes in equity | | | | |
| Dividends | - | (1,000,000) | - | (1,000,000) |
| Total comprehensive income | - | 587,144 | - | 587,144 |
| Balance at 31 December 2018 | <u>119</u> | <u>717,324</u> | <u>-</u> | <u>717,443</u> |
| Changes in equity | | | | |
| Issue of share capital | 4 | - | 23,421,379 | 23,421,383 |
| Total comprehensive income | - | (852,898) | - | (852,898) |
| Balance at 31 December 2019 | <u><u>123</u></u> | <u><u>(135,574)</u></u> | <u><u>23,421,379</u></u> | <u><u>23,285,928</u></u> |

The notes form part of these financial statements

MADANO PARTNERSHIP LIMITED

Consolidated Cash Flow Statement
for the year ended 31 December 2019

| | Notes | 2019 £ | 2018 £ |
|--|-------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 23 | 3,302,260 | 13,301,878 |
| Interest paid | | (536,338) | (33,858) |
| Finance costs paid | | (1,221,027) | (76,297) |
| Tax paid | | (305,935) | (483,429) |
| Net cash from operating activities | | <u>1,238,960</u> | <u>12,708,294</u> |
| Cash flows from investing activities | | | |
| Purchase of intangible fixed assets | | (22,454,773) | (22,625,386) |
| Purchase of tangible fixed assets | | (950,854) | (59,871) |
| Sale of tangible fixed assets | | - | 1,868 |
| Interest received | | 2,738 | - |
| Net cash from investing activities | | <u>(23,402,889)</u> | <u>(22,683,389)</u> |
| Cash flows from financing activities | | | |
| New loans in year | | 29,451 | 15,252,602 |
| Share issue | | 23,421,387 | - |
| Equity dividends paid | | - | (1,000,000) |
| Net cash from financing activities | | <u>23,450,838</u> | <u>14,252,602</u> |
| Increase in cash and cash equivalents | | | |
| Cash and cash equivalents at beginning of year | 24 | 4,722,181 | 444,674 |
| Cash and cash equivalents at end of year | 24 | <u><u>6,009,090</u></u> | <u><u>4,722,181</u></u> |

The notes form part of these financial statements

MADANO PARTNERSHIP LIMITED

Notes to the Consolidated Financial Statements for the year ended 31 December 2019

1. Statutory information

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

2. Accounting policies

Basis of preparing the financial statements

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

Basis of consolidation

The consolidated income statement and balance sheet include the financial statements of the company made up to 31 December 2019 and its subsidiary undertaking.

Cherry Advertising Limited for the full period, with Hanover Communications International (Holding) Limited and its group companies from the date of acquisition to 31 December 2019.

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

Going concern

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

The group has a mixture of income streams with a combination of contractual and project based agreements, with some clients being impacted negatively by COVID-19 while others that are yet to be affected. The impact on the business to date has been relatively minor in terms of the current profitability and cash flow, however, this is expected to be more significant over the coming months.

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

Related party exemption

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

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

MADANO PARTNERSHIP LIMITED

Notes to the Consolidated Financial Statements - continued for the year ended 31 December 2019

2. Accounting policies - continued

Significant judgements and estimates

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

Bad debt provision

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

Depreciation

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

Amortisation

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

Revenue recognition

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

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

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

Goodwill

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

Intangible assets

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

Tangible fixed assets

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

| | |
|---------------------------------|--------------------------------|
| Computer software and equipment | 20% - 100% straight line basis |
| Office furniture | 10% straight line basis |

MADANO PARTNERSHIP LIMITED

Notes to the Consolidated Financial Statements - continued for the year ended 31 December 2019

2. Accounting policies - continued

Financial instruments

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

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

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

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

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

Foreign currencies

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

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

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

Investments

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

MADANO PARTNERSHIP LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2019**

3. Turnover

The turnover and loss (2018 - profit) before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

| | 2019 | 2018 |
|----------------|-------------------|------------------|
| | £ | £ |
| United Kingdom | 26,735,063 | 6,100,122 |
| Europe | 2,778,108 | - |
| Other | 1,815,360 | - |
| | 31,328,531 | 6,100,122 |
| | 31,328,531 | 6,100,122 |

4. Employees and directors

| | 2019 | 2018 |
|-----------------------|-------------------|------------------|
| | £ | £ |
| Wages and salaries | 13,553,060 | 2,686,041 |
| Social security costs | 1,410,359 | 283,646 |
| Other pension costs | 698,441 | 110,810 |
| | 15,661,860 | 3,080,497 |
| | 15,661,860 | 3,080,497 |

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

| | 2019 | 2018 |
|-----------|------------|-----------|
| Employees | 217 | 41 |
| | 217 | 41 |

The average number of employees by undertakings that were proportionately consolidated during the year was 217 (2018 - 41).

The directors of the company that served in the period do not have an employment contract, thus do not receive a remuneration. The below emoluments are in relation to subsidiary companies and directors during the period.

| Directors' Remuneration | 2019 | 2018 |
|--|----------------|---------------|
| | £ | £ |
| Directors' remuneration for qualifying services | 808,212 | 17,852 |
| Directors' pension contributions to money purchase schemes | 18,850 | - |
| | 827,062 | 17,852 |
| | 827,062 | 17,852 |

5. Interest payable and similar expenses

| | 2019 | 2018 |
|------------------------|------------------|----------------|
| | £ | £ |
| Bank loan interest | 536,338 | 33,858 |
| Unwinding of provision | 1,221,027 | 76,297 |
| | 1,757,365 | 110,155 |
| | 1,757,365 | 110,155 |

MADANO PARTNERSHIP LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2019**

6. (Loss)/profit before taxation

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

| | 2019 | 2018 |
|------------------------------------|-----------------------------|-----------------------------|
| | £ | £ |
| Hire of plant and machinery | 25,438 | 25,138 |
| Other operating leases | 1,237,141 | 230,983 |
| Depreciation - owned assets | 369,174 | 19,799 |
| Profit on disposal of fixed assets | - | (1,868) |
| Goodwill amortisation | 7,911,197 | 377,317 |
| Auditors' remuneration | 90,468 | 35,850 |
| Foreign exchange differences | 86,352 | (17,284) |
| | <u> </u> | <u> </u> |

7. Taxation

Analysis of the tax charge

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

| | 2019 | 2018 |
|----------------------------|-----------------------------|-----------------------------|
| | £ | £ |
| Current tax: | | |
| UK corporation tax | (24,354) | 262,147 |
| Adjustment for prior years | 140,645 | - |
| | <u> </u> | <u> </u> |
| Tax on (loss)/profit | 116,291 | 262,147 |
| | <u> </u> | <u> </u> |

Reconciliation of total tax charge included in profit and loss

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

| | 2019 | 2018 |
|--|-----------------------------|-----------------------------|
| | £ | £ |
| (Loss)/profit before tax | (2,900,887) | 613,894 |
| | <u> </u> | <u> </u> |
| (Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%) | (551,169) | 116,640 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 219,354 | (18,200) |
| Adjustments to tax charge in respect of previous periods | (140,645) | - |
| Other tax adjustments | 588,751 | 163,707 |
| | <u> </u> | <u> </u> |
| Total tax charge | 116,291 | 262,147 |
| | <u> </u> | <u> </u> |

8. Individual income statement

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

9. Dividends

| | 2019 | 2018 |
|---------------------------------|-----------------------------|-----------------------------|
| | £ | £ |
| A Ordinary shares of £0.05 each | | |
| Interim | - | 1,000,000 |
| | <u> </u> | <u> </u> |

MADANO PARTNERSHIP LIMITED

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2019

10. Intangible fixed assets

| Group | | Goodwill £ |
|-----------------------|--|-------------------|
| Cost | | |
| At 1 January 2019 | | 22,623,518 |
| Additions | | 22,454,773 |
| Impairments | | (853,704) |
| At 31 December 2019 | | <u>44,224,587</u> |
| Amortisation | | |
| At 1 January 2019 | | 377,317 |
| Amortisation for year | | 7,911,197 |
| At 31 December 2019 | | <u>8,288,514</u> |
| Net book value | | |
| At 31 December 2019 | | <u>35,936,073</u> |
| At 31 December 2018 | | <u>22,246,201</u> |

11. Tangible fixed assets

| Group | Improvements to property £ | Plant and machinery £ | Fixtures and fittings £ | Computer equipment £ | Totals £ |
|-----------------------|----------------------------------|-----------------------------|----------------------------------|----------------------------|------------------|
| Cost | | | | | |
| At 1 January 2019 | - | - | 114,493 | 32,741 | 147,234 |
| Additions | 388,039 | 351 | 565,517 | 6,566 | 960,473 |
| Exchange differences | 514 | - | (10,134) | - | (9,620) |
| At 31 December 2019 | <u>388,553</u> | <u>351</u> | <u>669,876</u> | <u>39,307</u> | <u>1,098,087</u> |
| Depreciation | | | | | |
| At 1 January 2019 | - | - | 12,458 | 24,035 | 36,493 |
| Charge for year | 119,502 | 351 | 238,825 | 10,496 | 369,174 |
| Exchange differences | 523 | - | (6,771) | - | (6,248) |
| At 31 December 2019 | <u>120,025</u> | <u>351</u> | <u>244,512</u> | <u>34,531</u> | <u>399,419</u> |
| Net book value | | | | | |
| At 31 December 2019 | <u>268,528</u> | - | <u>425,364</u> | <u>4,776</u> | <u>698,668</u> |
| At 31 December 2018 | - | - | 102,035 | 8,706 | 110,741 |

MADANO PARTNERSHIP LIMITED

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2019

11. Tangible fixed assets - continued

Company

| | Fixtures and fittings £ | Computer equipment £ | Totals £ |
|-----------------------|----------------------------------|----------------------------|----------------|
| Cost | | | |
| At 1 January 2019 | 58,543 | 32,742 | 91,285 |
| Additions | 2,839 | 6,138 | 8,977 |
| At 31 December 2019 | <u>61,382</u> | <u>38,880</u> | <u>100,262</u> |
| Depreciation | | | |
| At 1 January 2019 | 9,681 | 24,035 | 33,716 |
| Charge for year | 6,388 | 8,798 | 15,186 |
| At 31 December 2019 | <u>16,069</u> | <u>32,833</u> | <u>48,902</u> |
| Net book value | | | |
| At 31 December 2019 | <u>45,313</u> | <u>6,047</u> | <u>51,360</u> |
| At 31 December 2018 | <u>48,862</u> | <u>8,707</u> | <u>57,569</u> |

12. Fixed asset investments

Company

| | Shares in group undertakings £ |
|-----------------------|---|
| Cost | |
| At 1 January 2019 | 27,706,615 |
| Additions | 29,162,259 |
| Impairments | (853,704) |
| At 31 December 2019 | <u>56,015,170</u> |
| Net book value | |
| At 31 December 2019 | <u>56,015,170</u> |
| At 31 December 2018 | <u>27,706,615</u> |

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

Subsidiaries

Cherry Advertising Limited

Registered office: England and Wales

Nature of business: Marketing and communication services

Class of shares:
Ordinary

%
holding
100.00

MADANO PARTNERSHIP LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2019**

12. Fixed asset investments - continued

Hanover Communications International (Holding) Limited

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

Nature of business: Holding Company

| | |
|------------------|-------------------|
| Class of shares: | % |
| Ordinary shares | holding 100.00 |

The company acquired 100% of the called up share capital of Hanover Communications International (Holding) Limited and its subsidiary companies, listed below, on 31 March 2019.

Hanover Communications International Limited

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

Nature of business: Corporate Communications and Public Affairs

| | |
|------------------|-------------------|
| Class of shares: | % |
| Ordinary | holding 100.00 |

We Are Multiple Limited

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

Nature of business: Management Consultancy

| | |
|------------------|-------------------|
| Class of shares: | % |
| Ordinary | holding 100.00 |

The Playbook Consulting Limited

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

Nature of business: Management Consultancy

| | |
|------------------|-------------------|
| Class of shares: | % |
| Ordinary | holding 100.00 |

Hanover Media Strategy Limited

Registered office: 53 Merrion Square South, Dublin 2, D02 PR63, Ireland

Nature of business: Corporate Communications and Public Affairs

| | |
|------------------|-------------------|
| Class of shares: | % |
| Ordinary | holding 100.00 |

Hanover Communications Middle East FZ-LLC

Registered office: Office 401, CNN Building 2, Dubai Media City

Nature of business: Corporate Communications and Public Affairs

| | |
|------------------|-------------------|
| Class of shares: | % |
| Ordinary | holding 100.00 |

Hanover Communications International SA

Registered office: Square de Meeus 35, 1000 Brussels, Belgium

Nature of business: Corporate Communications and Public Affairs

| | |
|------------------|-------------------|
| Class of shares: | % |
| Ordinary | holding 100.00 |

MADANO PARTNERSHIP LIMITED

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2019

13. Debtors

| | Group | | Company | |
|---|-------------------|------------------|------------------|------------------|
| | 2019 £ | 2018 £ | 2019 £ | 2018 £ |
| Amounts falling due within one year: | | | | |
| Trade debtors | 11,050,591 | 3,287,580 | 1,270,538 | 1,270,658 |
| Amounts owed by group undertakings | 2,561,953 | 55,623 | 40,762 | 55,623 |
| Other debtors | 204,118 | 113,460 | 106 | 111,360 |
| Tax | 603,822 | 221,282 | - | - |
| Prepayments and accrued income | 1,656,079 | 420,081 | 194,148 | 60,290 |
| | <u>16,076,563</u> | <u>4,098,026</u> | <u>1,505,554</u> | <u>1,497,931</u> |
| Amounts falling due after more than one year: | | | | |
| Other debtors | <u>110,550</u> | - | - | - |
| Aggregate amounts | <u>16,187,113</u> | <u>4,098,026</u> | <u>1,505,554</u> | <u>1,497,931</u> |

14. Creditors: amounts falling due within one year

| | Group | | Company | |
|------------------------------------|-------------------|------------------|------------------|------------------|
| | 2019 £ | 2018 £ | 2019 £ | 2018 £ |
| Trade creditors | 852,880 | 335,472 | 83,380 | 154,508 |
| Amounts owed to group undertakings | - | 118,096 | 1,211,709 | 118,096 |
| Tax | 192,896 | - | 1,102 | 136,256 |
| Social security and other taxes | 658,811 | 321,883 | 114,582 | 91,326 |
| VAT | 1,094,288 | 233,514 | 142,380 | 41,224 |
| Other creditors | 3,082,591 | 5,074,002 | 6,096,548 | 5,050,791 |
| Accruals and deferred income | 4,743,906 | 1,551,047 | 792,347 | 617,270 |
| | <u>10,625,372</u> | <u>7,634,014</u> | <u>8,442,048</u> | <u>6,209,471</u> |

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

| | Group | | Company | |
|--------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2019 £ | 2018 £ | 2019 £ | 2018 £ |
| Bank loans (see note 16) | <u>15,282,053</u> | <u>15,252,602</u> | <u>15,282,053</u> | <u>15,252,602</u> |

The bank loan is secured over the assets of the company.

16. Loans

An analysis of the maturity of loans is given below:

| | Group | | Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2019 £ | 2018 £ | 2019 £ | 2018 £ |
| Amounts falling due between two and five years: | | | | |
| Bank loans - 2-5 years | <u>15,282,053</u> | <u>15,252,602</u> | <u>15,282,053</u> | <u>15,252,602</u> |

MADANO PARTNERSHIP LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2019**

17. Secured debts

The following secured debts are included within creditors:

| | Company | |
|-------------------|-------------------|-------------------|
| | 2019 | 2018 |
| | £ | £ |
| Bank loans | 15,282,053 | 15,252,602 |

18. Provisions for liabilities

| | Group | | Company | |
|-------------------|------------|-----------|------------|-----------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Other provisions | 12,037,268 | 7,808,487 | 11,677,533 | 7,808,487 |
| Aggregate amounts | 12,037,268 | 7,808,487 | 11,677,533 | 7,808,487 |

Group

| | Other provisions £ |
|--------------------------------|-----------------------|
| Balance at 1 January 2019 | 7,808,487 |
| Provided during year | 3,007,754 |
| Unwinding of discounted amount | 1,221,027 |
| Balance at 31 December 2019 | 12,037,268 |

The above provision relates to the net present value of deferred considerations and associated payments, which the company estimate to be a maximum of £14,780,349.

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

19. Called up share capital

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 2019 | 2018 |
|---------|-----------------------|----------------|------|------|
| | | | £ | £ |
| 1,012 | A Ordinary | £0.05 | 55 | 51 |
| 1,000 | B Ordinary Non-Voting | £0.05 | 50 | 50 |
| 360 | C Ordinary | £0.05 | 18 | 18 |
| | | | 123 | 119 |

MADANO PARTNERSHIP LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2019**

20. Reserves

Group

| | Retained earnings £ | Share premium £ | Totals £ |
|----------------------|-----------------------------|-----------------------------|-----------------------------|
| At 1 January 2019 | 481,927 | - | 481,927 |
| Deficit for the year | (3,017,178) | | (3,017,178) |
| Bonus share issue | - | 23,421,379 | 23,421,379 |
| | <u> </u> | <u> </u> | <u> </u> |
| At 31 December 2019 | <u>(2,535,251)</u> | <u>23,421,379</u> | <u>20,886,128</u> |

Company

| | Retained earnings £ | Share premium £ | Totals £ |
|----------------------|-----------------------------|-----------------------------|-----------------------------|
| At 1 January 2019 | 717,324 | - | 717,324 |
| Deficit for the year | (852,898) | | (852,898) |
| Bonus share issue | - | 23,421,379 | 23,421,379 |
| | <u> </u> | <u> </u> | <u> </u> |
| At 31 December 2019 | <u>(135,574)</u> | <u>23,421,379</u> | <u>23,285,805</u> |

21. Ultimate parent company

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

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

22. Related party disclosures

During the year, the ultimate parent company charged £24,656 (2018: £265,613) for the provision of goods and services. There was an amount outstanding to the ultimate parent company of £15,304 (2018 : £33,940) at the year end.

23. Reconciliation of (loss)/profit before taxation to cash generated from operations

| | 2019 £ | 2018 £ |
|---------------------------------------|-----------------------------|-----------------------------|
| (Loss)/profit before taxation | (2,900,887) | 613,894 |
| Depreciation charges | 9,127,826 | 398,984 |
| Profit on disposal of fixed assets | - | (1,868) |
| Provisions | 4,228,781 | 7,808,487 |
| Finance costs | 1,757,365 | 110,155 |
| Finance income | (2,738) | - |
| | <u> </u> | <u> </u> |
| | 12,210,347 | 8,929,652 |
| Increase in trade and other debtors | (11,706,549) | (2,319,638) |
| Increase in trade and other creditors | 2,798,462 | 6,691,864 |
| | <u> </u> | <u> </u> |
| Cash generated from operations | <u>3,302,260</u> | <u>13,301,878</u> |

MADANO PARTNERSHIP LIMITED

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2019

24. Cash and cash equivalents

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

Year ended 31 December 2019

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

Year ended 31 December 2018

| | 31/12/18 £ | 1/1/18 £ |
|---------------------------|------------------|----------------|
| Cash and cash equivalents | 4,722,181 | 516,537 |
| Bank overdrafts | - | (71,863) |
| | <u>4,722,181</u> | <u>444,674</u> |

25. Analysis of changes in net debt

| | At 1/1/19 £ | Cash flow £ | At 31/12/19 £ |
|--------------------------------|----------------------------|-------------------------|---------------------------|
| Net cash | | | |
| Cash at bank and in hand | <u>4,722,181</u> | <u>1,286,909</u> | <u>6,009,090</u> |
| | <u>4,722,181</u> | <u>1,286,909</u> | <u>6,009,090</u> |
| Debt | | | |
| Debts falling due after 1 year | <u>(15,252,602)</u> | <u>(29,451)</u> | <u>(15,282,053)</u> |
| | <u>(15,252,602)</u> | <u>(29,451)</u> | <u>(15,282,053)</u> |
| Total | <u><u>(10,530,421)</u></u> | <u><u>1,257,458</u></u> | <u><u>(9,272,963)</u></u> |