

ENGAGING NETWORKS LIMITED

UNAUDITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

For the Year Ended 31 December 2019

ENGAGING NETWORKS LIMITED
Registered number: 03848111

BALANCE SHEET
As at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	5	17,216	19,476
Investments	6	18,585	18,585
		35,801	38,061
Current assets			
Debtors: amounts falling due within one year	7	1,296,996	1,094,699
Cash at bank and in hand	8	620,592	718,278
		1,917,588	1,812,977
Creditors: amounts falling due within one year	9	(1,709,536)	(1,527,339)
		208,052	285,638
Total assets less current liabilities		243,853	323,699
Net assets		243,853	323,699
Capital and reserves			
Called up share capital		240	240
Profit and loss account		243,613	323,459
		243,853	323,699

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

G A Covington
Director

ENGAGING NETWORKS LIMITED
Registered number: 03848111

BALANCE SHEET (CONTINUED)
As at 31 December 2019

Date: 31 May 2020

The notes on pages 3 to 10 form part of these financial statements.

ENGAGING NETWORKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2019

1. General information

Engaging Networks Limited ("the company") is a private company limited by shares, and is registered, domiciled and incorporated in England and Wales. The registered office and principal place of business is provided on the company information page.

The company's principal activity is to provide business support services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.4 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.5 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

ENGAGING NETWORKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.9 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2.10 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.11 Development costs

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project.

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the Profit and loss account.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Plant & machinery	- 25% reducing balance
Fixtures & fittings	- 25% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

ENGAGING NETWORKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

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

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

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

ENGAGING NETWORKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

3. **Employees**

The average monthly number of employees, including directors, during the year was 13 (2018 - 12).

4. **Intangible assets**

	Development expenditure £
Cost	
At 1 January 2019	64,965
At 31 December 2019	<u>64,965</u>
Amortisation	
At 1 January 2019	64,965
At 31 December 2019	<u>64,965</u>
Net book value	
At 31 December 2019	<u><u>-</u></u>
At 31 December 2018	<u><u>-</u></u>

ENGAGING NETWORKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

5. Tangible fixed assets

	Plant & machinery £	Fixtures & fittings £	Total £
Cost or valuation			
At 1 January 2019	50,566	19,946	70,512
Additions	3,478	-	3,478
At 31 December 2019	<u>54,044</u>	<u>19,946</u>	<u>73,990</u>
Depreciation			
At 1 January 2019	39,359	11,677	51,036
Charge for the year on owned assets	3,671	2,067	5,738
At 31 December 2019	<u>43,030</u>	<u>13,744</u>	<u>56,774</u>
Net book value			
At 31 December 2019	<u>11,014</u>	<u>6,202</u>	<u>17,216</u>
<i>At 31 December 2018</i>	<u>11,207</u>	<u>8,269</u>	<u>19,476</u>

6. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	18,585
At 31 December 2019	<u>18,585</u>

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7. Debtors

	2019 £	2018 £
Trade debtors	937,751	932,004
Amounts owed by connected coy	236,574	98,616
Other debtors	87,529	52,079
Prepayments and accrued income	35,142	12,000
	<u>1,296,996</u>	<u>1,094,699</u>

8. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	620,592	718,278
Less: bank overdrafts	(9)	-
	<u>620,583</u>	<u>718,278</u>

9. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	9	-
Trade creditors	66,124	31,167
Amounts owed to group undertakings	1,545,231	1,389,624
Corporation tax	26,817	26,510
Other taxation and social security	18,321	12,670
Other creditors	44,034	60,493
Accruals and deferred income	9,000	6,875
	<u>1,709,536</u>	<u>1,527,339</u>

10. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at fair value through profit or loss	<u>620,592</u>	<u>718,278</u>

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

ENGAGING NETWORKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2019

11. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £10,056 (2018 - £6,427). Contributions totalling £2,765 (2018 - £1,617) were payable to the fund at the balance sheet date and are included in creditors.

12. Related party transactions

During the period, the company made purchases from Political Networks Limited, its parent company, of £1,471,195 (2018 - £1,302,482).

At the yearend, Political Networks Limited was owed £1,545,231 (2018 - £1,389,624) by Engaging Networks Limited. Engaging Networks Limited is the 100% subsidiary of Political Networks Limited.

During the period the company paid Engaging Networks USA (formerly known as Advocacy Online America Inc), its wholly-owned subsidiary £2,534,839 (2018 - £2,053,713) in management fees. At the yearend Engaging Networks Limited, was owed £Nil (2018 - £Nil) by Engaging Network USA.

13. Controlling party

The ultimate controlling party is Mr Graham Covington, by virtue of his shareholding in Political Networks Limited.

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