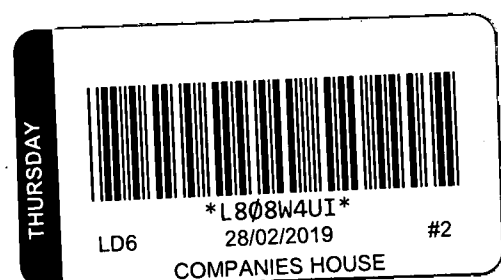


FAVERSHAM HOUSE LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018



FAVERSHAM HOUSE LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MAY 2018

DIRECTORS:	A J B Barnes C O Myers A Himus P T W Ives C S Kerrigan E J Bennett
REGISTERED OFFICE:	Windsor Court Wood Street East Grinstead West Sussex RH19 1UZ
REGISTERED NUMBER:	00692570 (England and Wales)
AUDITORS:	Wilkins Kennedy Audit Services Statutory Auditor Gladstone House 77-79 High Street Egham Surrey TW20 9HY
BANKERS:	Coutts & Co 440 Strand London WC2R 0QS
SOLICITORS:	Kidd Rapinet LLP 29 Harbour Exchange Square Canary Wharf London E14 9GE

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MAY 2018**

The directors present their strategic report with the financial statements of the company for the year ended 31 May 2018.

REVIEW OF BUSINESS

Performance in the year

The company revenues increased against the previous year at £8,742,137. The gross profit margin for the year remained steady at 64% across both the current and prior years.

Reserves and dividends

There are no significant changes to reserves.

Underlying profit before tax increased from £29,308 in 2017 to £113,964. This is in large part due to significant investment in new technologies in the year which are expected to have a positive impact on revenue growth and profitability in subsequent years. The directors are satisfied with the performance of the company during the year.

No dividends were paid in the year.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and achievement of the company's objectives is subject to a number of risks. The board monitors these risks and takes appropriate actions to mitigate them. The key business risks are:

- A severe downturn in economic growth in the UK, which would put advertising revenues under pressure. The company continues to strengthen the existing strong portfolio of events, magazines and online assets in its key markets in order to mitigate the effect of an economic downturn. It is also developing other sources of sustainable revenue such as subscriptions.
- Increased competition. Many of its markets are already very competitive and the company is continually developing its products to be brand leaders serving the needs of their markets through innovation and focus.
- Ability to retain staff. The company has a strong community of experienced professionals though it can be adversely impacted by the loss of key staff. Many initiatives have been put in place to train, motivate and develop staff at every level in the organisation and to provide a stimulating and rewarding working environment. The company has a strong set of values and provides a supportive environment where work life balance is an important aspect of staff retention.
- Disaster recovery. The company's main operations are in East Grinstead in West Sussex. The company has appropriate business continuity plans in place to manage a variety of risks though remains exposed to disruption from an incident affecting its head office.
- Financial risk. The directors' operate a prudent policy in relation to financial risk. Borrowings are appropriate to the size of the company, credit control is timely and efficient, and cash is managed effectively. The company has no material foreign exchange risk.
- The impact that Brexit will have on the business is still unknown and is being monitored closely. Plans are being put in place to best protect this business from any challenges it may create.
- The company's preparations for being fully GDPR compliant are well underway and whilst the new regulations will involve a change in some marketing practices the company view their implementation as a business opportunity longer term.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MAY 2018**

STRATEGY AND FUTURE DEVELOPMENTS

The company's strategy for growth is centred on expanding in core markets to improve relationships with its customers and increase multiplatform opportunities for solutions based sales.

The company's aim is to be the best connection between buyers and sellers in its chosen markets whatever the media. The company will do this by:

- Delivering quality products that meet the needs of their markets;
- Employing exceptional staff and nurturing their talents;
- Constantly innovating and improving efficiency.

The company continues to innovate and develop new revenue streams, particularly in online and face to face events, both of which are an increasingly important source of revenue and profit.

ON BEHALF OF THE BOARD:



A J B Barnes - Director

Date: 28.2.19

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2018**

The directors present their report with the financial statements of the company for the year ended 31 May 2018.

DIVIDENDS

No dividends will be distributed for the year ended 31 May 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 June 2017 to the date of this report.

A J B Barnes
C O Myers
A Himus
P T W Ives

Other changes in directors holding office are as follows:

C S Kerrigan - appointed 27 November 2017
E J Bennett - appointed 27 November 2017

M Baker ceased to be a director after 31 May 2018 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 of the profit or loss of the company 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 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 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.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2018

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 company'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 company's auditors are aware of that information.

ON BEHALF OF THE BOARD:


A J B Barnes - Director

Date:

28-2-19

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FAVERSHAM HOUSE LIMITED

Opinion

We have audited the financial statements of Faversham House Limited (the 'company') for the year ended 31 May 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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 company's affairs as at 31 May 2018 and of its profit 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 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, 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 company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
FAVERSHAM HOUSE LIMITED**

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the 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 Report of the Auditors.

Use of our report

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

W. Elkin Kennedy Audit Services

Kevin Walmsley (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy Audit Services
Statutory Auditor
Gladstone House
77-79 High Street
Egham
Surrey
TW20 9HY

Date: 28.02.2019

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2018**

	Notes	2018 £	2017 £
TURNOVER	2	8,742,137	7,614,306
Cost of sales		<u>(3,147,491)</u>	<u>(2,777,284)</u>
GROSS PROFIT		5,594,646	4,837,022
Administrative expenses		<u>(5,480,864)</u>	<u>(4,808,093)</u>
OPERATING PROFIT	5	113,782	28,929
Interest receivable and similar income		<u>182</u>	<u>379</u>
PROFIT BEFORE TAXATION		113,964	29,308
Tax on profit	6	<u>(24,475)</u>	<u>(16,646)</u>
PROFIT FOR THE FINANCIAL YEAR		89,489	12,662
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>89,489</u>	<u>12,662</u>

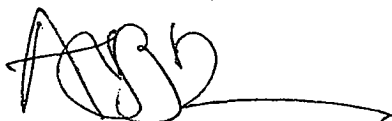
The notes form part of these financial statements

FAVERSHAM HOUSE LIMITED (REGISTERED NUMBER: 00692570)

BALANCE SHEET
31 MAY 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Intangible assets	7	452,866	519,304
Tangible assets	8	28,122	78,521
		<u>480,988</u>	<u>597,825</u>
CURRENT ASSETS			
Stocks	9	635	491
Debtors	10	4,362,569	3,848,973
Cash at bank and in hand		877,889	861,836
		<u>5,241,093</u>	<u>4,711,300</u>
CREDITORS			
Amounts falling due within one year	11	(2,591,933)	(2,268,466)
NET CURRENT ASSETS		<u>2,649,160</u>	<u>2,442,834</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,130,148</u>	<u>3,040,659</u>
CAPITAL AND RESERVES			
Called up share capital	14	104,660	104,660
Capital redemption reserve	15	10	10
Retained earnings	15	3,025,478	2,935,989
SHAREHOLDERS' FUNDS		<u>3,130,148</u>	<u>3,040,659</u>

The financial statements were approved by the Board of Directors on 28.2.2019 and were signed on its behalf by:



A J B Barnes - Director

The notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2018**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 June 2016	104,660	2,923,327	10	3,027,997
Changes in equity				
Total comprehensive income	-	12,662	-	12,662
Balance at 31 May 2017	104,660	2,935,989	10	3,040,659
Changes in equity				
Total comprehensive income	-	89,489	-	89,489
Balance at 31 May 2018	104,660	3,025,478	10	3,130,148

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018**

1. ACCOUNTING POLICIES

General information

Faversham House Limited is a limited liability company registered in England and Wales. The registered office is Windsor Court, Wood Street, East Grinstead, West Sussex, RU19 1UZ.

The principal activities of the company are publications and trade exhibition organisation in the water, energy, sustainability and visual communications markets.

Basis of preparation

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.

The financial statements are presented in sterling (£) which is also the functional currency for the company.

Going concern

After reviewing the company's forecasts and projections and taking into account the economic conditions and possible changes in trading performance, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a continuing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key judgements and sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Impairment review

The intangibles assets are assessed for impairment by considering an appropriate multiple of turnover based on the previous sale of titles.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2018

Turnover

Turnover for the year represents the invoiced amount of goods and services provided excluding VAT and trade discounts and are recognised as follows.

Circulation and advertising revenue relating to magazines, is recognised on the date that the publication goes on sale.

Subscription revenues are shown as deferred income and released to the profit and loss account over the life of the subscription.

Online advertising, online access and subscriptions are recognised evenly over the period of delivery of the contracted service.

To the extent that events and exhibition costs are expected to be recoverable, event and exhibition income and direct costs arising in the year, relating to future events, are deferred until those events have taken place.

Bad debt provisions

The company makes provisions against trade debtors where their recovery is in doubt on a systematic basis.

Provisions

Provisions are recognised when the company has a present obligation, either legal or constructive, as a result of a past event and it is probable that the company will be required to settle the obligation and a reliable estimate can be made.

Where the effect of the time value of money is material, the obligation is recognised at the present value adopting a pre-tax discount rate. The unwinding of the discount is treated as a finance cost in the income statement in the period in which it arises.

Goodwill and intangible assets

Purchased goodwill, publishing rights, titles and exhibitions have been capitalised and amortised through the profit and loss account over their estimated useful economic lives based on the nature, age and stability of the industry in which the business operates and viewed by the directors as being a period not exceeding 20 years. The net book amounts of intangible assets are reviewed by the directors at the end of the first full financial year after acquisition and thereafter on a regular basis, and provision is made for impairment in their values where appropriate.

Impairment is measured by comparing the carrying value of the asset with the higher of the net realisable value and the value in use. The value in use is measured with reference to discounted cash flows based on future revenue and the company's weighted average cost of capital. Any impairment charge is recognised in the profit and loss account for the period in which it arises.

Intangible assets comprise publishing rights and titles, databases, exhibition rights and other intangible assets.

On the acquisition of a business or intangible asset, the purchase consideration is allocated between underlying net tangible and intangible assets on a fair value basis, with any excess purchase consideration representing goodwill.

Internally developed goodwill and intangible assets are not capitalised.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2018

1. **ACCOUNTING POLICIES - continued**

Tangible fixed assets

Property, Plant and Equipment is measured at cost less accumulated depreciation and accumulated impairment losses.

At each reporting date, property, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment is recognised immediately in profit or loss.

Depreciation has been computed to write off the cost of the property, plant and equipment over their useful expected lives using the following rates:

Short leasehold	-	Over the term of the lease
Fixtures and fittings	-	15% on cost
Motor vehicles	-	25% on reducing balance
Computer equipment	-	33% straight line

Stocks

Stock is valued at the lower of cost and net realisable value. Cost represents purchase cost and is determined using first in, first out basis.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against future taxable profits or against the reversal of deferred tax liabilities.

Deferred tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2018

1. ACCOUNTING POLICIES - continued**Employee benefits**

Short term employee benefits, including holiday entitlement and other non-monetary benefits, and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

The company recognises an accrual for accumulated annual leave accrued by employees as a result of services rendered in the current period for which employees can carry forward and use within the next year. The accrual is measured at the salary cost of the respective employee in relation to the period of absence.

Trade and other receivables

Trade and other receivables are measured at transaction price less any impairment unless the arrangement constitutes a financing transaction in which case the transaction is measured at the present value of the future receipts discounted at the prevailing market rate of interest. Loans are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method less any impairment.

Trade and other payables

Trade and other payables are measured at their transaction price unless the arrangement constitutes a financing transaction in which case the transaction is measured at present value of future payments discounted at prevailing market rate of interest. Other financial liabilities are initially measured at fair value net of their transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2018 £	2017 £
Publishing and events	6,045,088	4,983,311
Exhibitions	2,697,049	2,630,995
	<u>8,742,137</u>	<u>7,614,306</u>

An analysis of turnover by geographical market is given below:

	2018 £	2017 £
United Kingdom	8,320,355	7,122,114
Rest of the world	157,063	256,360
Europe other than UK	264,719	235,832
	<u>8,742,137</u>	<u>7,614,306</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2018

3. EMPLOYEES AND DIRECTORS

	2018	2017
	£	£
Wages and salaries	3,427,308	3,033,313
Social security costs	345,892	288,086
Other pension costs	77,121	76,886
	<u>3,850,321</u>	<u>3,398,285</u>

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

	2018	2017
Management	9	8
Support Services	17	8
Content	15	20
Sales & Marketing	34	34
Directors	5	5
	<u>80</u>	<u>75</u>

4. DIRECTORS' EMOLUMENTS

	2018	2017
	£	£
Directors' remuneration	485,183	347,786
Directors' pension contributions to money purchase schemes	32,630	31,007
	<u>517,813</u>	<u>378,793</u>

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

Money purchase schemes	<u>6</u>	<u>3</u>
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Information regarding the highest paid director is as follows:

	2018	2017
	£	£
Emoluments etc	116,518	100,871
Pension contributions to money purchase schemes	14,400	14,400
	<u>130,918</u>	<u>115,271</u>

Key management personnel is regarded as comprising the board of directors and the total remuneration of key management personnel is disclosed above.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2018

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2018	2017
	£	£
Hire of plant and machinery	45,783	45,123
Other operating leases	97,692	84,377
Depreciation - owned assets	61,190	67,972
Goodwill amortisation	36,672	36,680
Other intangibles amortisation	29,766	29,763
Auditors' remuneration	10,660	10,350
Foreign exchange differences	5,945	(639)
	<u> </u>	<u> </u>

Pensions paid to former directors during the year amounted to £14,473 (2017 - £11,851).

6. TAXATION**Analysis of the tax charge**

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

	2018	2017
	£	£
Current tax:		
UK corporation tax	295	-
Deferred tax	24,180	16,646
Tax on profit	<u>24,475</u>	<u>16,646</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:

	2018	2017
	£	£
Profit before tax	<u>113,964</u>	<u>29,308</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.833%)	21,653	5,813
Effects of:		
Expenses not deductible for tax purposes	-	2,125
Depreciation in excess of capital allowances	8,989	22,722
Utilisation of tax losses	(2,592)	(13,939)
Relief for qualifying charitable donations	-	(4)
Group relief not paid for	(3,575)	(71)
Total tax charge	<u>24,475</u>	<u>16,646</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2018

7. INTANGIBLE FIXED ASSETS

	Goodwill £	Other intangibles £	Totals £
COST			
At 1 June 2017 and 31 May 2018	<u>855,230</u>	<u>1,388,411</u>	<u>2,243,641</u>
AMORTISATION			
At 1 June 2017	<u>530,745</u>	<u>1,193,592</u>	<u>1,724,337</u>
Amortisation for year	<u>36,672</u>	<u>29,766</u>	<u>66,438</u>
At 31 May 2018	<u>567,417</u>	<u>1,223,358</u>	<u>1,790,775</u>
NET BOOK VALUE			
At 31 May 2018	<u>287,813</u>	<u>165,053</u>	<u>452,866</u>
At 31 May 2017	<u>324,485</u>	<u>194,819</u>	<u>519,304</u>

Included in intangible fixed assets is the rights to the International Water and Effluent Treatment exhibition which has a carrying value of £49,520 and the attached goodwill of £241,041. The remaining amortisation period is 7 years 5 months.

The rights to Utility Week have a carrying value of £68,528 and the attached goodwill of £46,093. The remaining amortisation period is over 11 years 10 months.

The goodwill is being amortised over a total period of 20 years in line with the intangibles since they are directly linked.

8. TANGIBLE FIXED ASSETS

	Short leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 June 2017	<u>221,627</u>	<u>98,044</u>	<u>74,057</u>	<u>393,728</u>
Additions	<u>-</u>	<u>245</u>	<u>10,546</u>	<u>10,791</u>
Disposals	<u>-</u>	<u>(8,376)</u>	<u>(39,843)</u>	<u>(48,219)</u>
At 31 May 2018	<u>221,627</u>	<u>89,913</u>	<u>44,760</u>	<u>356,300</u>
DEPRECIATION				
At 1 June 2017	<u>184,494</u>	<u>71,627</u>	<u>59,086</u>	<u>315,207</u>
Charge for year	<u>37,133</u>	<u>13,295</u>	<u>10,762</u>	<u>61,190</u>
Eliminated on disposal	<u>-</u>	<u>(8,376)</u>	<u>(39,843)</u>	<u>(48,219)</u>
At 31 May 2018	<u>221,627</u>	<u>76,546</u>	<u>30,005</u>	<u>328,178</u>
NET BOOK VALUE				
At 31 May 2018	<u>-</u>	<u>13,367</u>	<u>14,755</u>	<u>28,122</u>
At 31 May 2017	<u>37,133</u>	<u>26,417</u>	<u>14,971</u>	<u>78,521</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2018

9. STOCKS

	2018	2017
	£	£
Stocks	<u>635</u>	<u>491</u>

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade debtors	1,198,905	805,359
Amounts owed by group undertakings	2,633,805	2,611,320
Other debtors	2,027	5,645
Deferred tax asset	12,331	36,511
Prepayments and accrued income	515,501	390,138
	<u>4,362,569</u>	<u>3,848,973</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	1,058,110	628,865
Corporation tax	295	-
Other taxes and social security	112,090	97,073
VAT	104,191	141,587
Accruals and deferred income	1,317,247	1,400,941
	<u>2,591,933</u>	<u>2,268,466</u>

12. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018	2017
	£	£
Within one year	159,271	149,764
Between one and five years	403,205	57,055
	<u>562,476</u>	<u>206,819</u>

13. DEFERRED TAX

	£
Balance at 1 June 2017	(36,511)
Accelerated capital allowances	24,180
Balance at 31 May 2018	<u>(12,331)</u>

The amount of the net reversal of deferred tax expected to occur next year is £703 (2017: £8,470) relating to the utilisation of trading losses.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2018

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2018	2017
			£	£
1,046,600	Ordinary	10p	104,660	104,660

15. RESERVES

	Retained earnings	Capital redemption reserve	Totals
	£	£	£
At 1 June 2017	2,935,989	10	2,935,999
Profit for the year	89,489		89,489
At 31 May 2018	3,025,478	10	3,025,488

16. ULTIMATE PARENT COMPANY

The company is controlled by Faversham House Holdings Limited, a company registered in England and Wales. The consolidated financial statements of Faversham House Holdings Limited, the ultimate parent company, are available to the public and may be obtained from Companies House.

17. CAPITAL COMMITMENTS

	2018	2017
	£	£
Contracted but not provided for in the financial statements	-	60,000

18. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption available in FRS102 whereby it has not disclosed transactions with the ultimate parent company.

Included in amounts owed by group undertakings is £2,633,805 (2017 - £2,611,320) owed by the parent company Faversham House Holdings Limited.

19. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is A J B Barnes, a director.