

Company Registration No. 01708566 (England and Wales)

**NEWMARKET PROMOTIONS
LIMITED**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 2019**

NEWMARKET PROMOTIONS LIMITED

COMPANY INFORMATION

Directors T P Frei
J C Griffin
S C Hibbs
A J McWalter
M T R Vincent
Mr N Alobaidi (Appointed 3 February 2020)

Company number 01708566

Registered office Cantium House
Railway Approach
Wallington
SM6 0BP

Auditor Landau Morley LLP
325-327 Oldfield Lane North
Greenford
Middlesex
UB6 0FX

NEWMARKET PROMOTIONS LIMITED

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NEWMARKET PROMOTIONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

The principal activity of the group during the year was that of holiday tour operators and there are no current plans for diversifying the activities or for major organisational change.

The business saw sales of holiday packages in continuing business decline in 2019 due to weaker cruise (River & Ocean) performance this was partially offset by the growing demand for the group's air products where long haul grew by over 10% and now represents 25% of the overall business.

Profit before tax for the underlying business declined mainly due to the collapse of Thomas Cook which had been the largest customer in the Travel Agent distribution channel and adversely affected Newmarket Group by £900k.

The directors, while satisfied with the 2019 result, are determined to build on the strong platform that has been established and develop new products that supplement the group's niche distribution channels.

The main risks and uncertainties that will affect the performance of the group are external with the uncertainty created by COVID-19, threat of terrorist attack, general economic conditions and the uncertainty created by BREXIT being the predominant concerns. The group has endeavoured to mitigate these risks by creating a wide portfolio of product offerings aimed at differing market segments and using differing distribution channels. This ensures that if particular holiday types or distribution outlets are suffering, there are others available that will not be susceptible to the same degree.

In addition, the UK travel industry is highly competitive and industry margins are consequently tight. The group continues to meet this risk by an innovative and structured approach to product development and distribution, such that many of the group's packages are not readily available from other businesses. The group's profitability is also influenced by the GBP exchange rate environment, particularly in relation to EUR and US\$. The group mitigates this risk by hedging its currency exposure.

At the year ended 31 December 2019, the group's financial position is strong. The group's staff and management are committed and expert. The group's suppliers are long-standing and loyal. On these foundations the directors believe there is considerable scope for further development of the business.

On behalf of the board

M T R Vincent
Director
18 June 2020

NEWMARKET PROMOTIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the group continued to be that of holiday tour operators.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

T P Frei
J C Griffin
S C Hibbs
A J McWalter
M T R Vincent
Mr N Alobaidi (Appointed 3 February 2020)

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £1,000,000. The directors do not recommend payment of a further dividend.

Employee involvement

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance.

Future developments

In the years ahead the directors believe that there is considerable scope for the development of the existing activities of the group. There are no current plans for the diversification of activities.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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 group and company, 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

NEWMARKET PROMOTIONS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

M T R Vincent

Director

18 June 2020

NEWMARKET PROMOTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NEWMARKET PROMOTIONS LIMITED

Opinion

We have audited the financial statements of Newmarket Promotions Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the group income statement, the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 the parent company's affairs as at 31 December 2019 and of the group's 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 *Auditor's 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 group's or the parent 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 included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

NEWMARKET PROMOTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF NEWMARKET PROMOTIONS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

NEWMARKET PROMOTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF NEWMARKET PROMOTIONS LIMITED

Use of our report

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

**Bhupendra Thakrar FCA (Senior Statutory Auditor)
for and on behalf of Landau Morley LLP**

19 June 2020

**Chartered Accountants
Statutory Auditor**

325-327 Oldfield Lane North
Greenford
Middlesex
UB6 0FX

NEWMARKET PROMOTIONS LIMITED

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Continuing operations £	Discontinued operations £	31 December 2019 £	Continuing operations £	Discontinued operations £	31 December 2018 £
Turnover	3	66,652,964	-	66,652,964	69,883,746	16,615,507	86,499,253
Cost of sales		(52,687,733)	-	(52,687,733)	(54,430,068)	(13,821,180)	(68,251,248)
Gross profit		13,965,231	-	13,965,231	15,453,678	2,794,327	18,248,005
Administrative expenses		(13,914,669)	-	(13,914,669)	(14,052,824)	(3,830,896)	(17,883,720)
Other operating income		57,722	-	57,722	54,860	-	54,860
Operating profit	4	108,284	-	108,284	1,455,714	(1,036,569)	419,145
Interest receivable and similar income	8	294,244	-	294,244	312,008	-	312,008
Interest payable and similar expenses	9	(2,100)	-	(2,100)	-	-	-
Profit/(loss) on disposal of operations		-	-	-	-	1,120,279	1,120,279
Profit before taxation		400,428	-	400,428	1,767,722	83,710	1,851,432
Tax on profit	10	(119,364)	-	(119,364)	(114,675)	-	(114,675)
Profit for the financial year	22	281,064	-	281,064	1,653,047	83,710	1,736,757

Profit for the financial year is all attributable to the owners of the parent company.

NEWMARKET PROMOTIONS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	£	£
Profit for the year	281,064	1,736,757
Other comprehensive income		
Cash flow hedges gain arising in the year	29,639	83,538
Total comprehensive income for the year	<u>310,703</u>	<u>1,820,295</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

NEWMARKET PROMOTIONS LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	12	1,794,257		1,561,313	
Tangible assets	13	503,016		655,347	
Investments	14	2,621,548		2,621,548	
		<u>4,918,821</u>		<u>4,838,208</u>	
Current assets					
Debtors	17	8,432,497		9,393,282	
Cash at bank and in hand		12,597,514		14,048,464	
		<u>21,030,011</u>		<u>23,441,746</u>	
Creditors: amounts falling due within one year	18	(13,481,522)		(15,065,219)	
		<u>7,548,489</u>		<u>8,376,527</u>	
Net current assets					
		7,548,489		8,376,527	
Total assets less current liabilities		<u>12,467,310</u>		<u>13,214,735</u>	
Provisions for liabilities	19	(123,369)		(181,497)	
		<u>12,343,941</u>		<u>13,033,238</u>	
Net assets		<u>12,343,941</u>		<u>13,033,238</u>	
Capital and reserves					
Called up share capital	21	50,000		50,000	
Hedging reserve	22	73,262		43,623	
Profit and loss reserves	22	12,220,679		12,939,615	
		<u>12,343,941</u>		<u>13,033,238</u>	
Total equity		<u>12,343,941</u>		<u>13,033,238</u>	

The financial statements were approved by the board of directors and authorised for issue on 18 June 2020 and are signed on its behalf by:

M T R Vincent
Director

NEWMARKET PROMOTIONS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13		503,016		655,347
Investments	14		2,641,548		2,641,548
			<u>3,144,564</u>		<u>3,296,895</u>
Current assets					
Debtors	17	8,048,906		3,536,632	
Cash at bank and in hand		<u>1,682,968</u>		<u>1,959,885</u>	
			9,731,874		5,496,517
Creditors: amounts falling due within one year	18	<u>(6,777,474)</u>		<u>(1,860,200)</u>	
Net current assets			<u>2,954,400</u>		<u>3,636,317</u>
Total assets less current liabilities			<u>6,098,964</u>		<u>6,933,212</u>
Capital and reserves					
Called up share capital	21		50,000		50,000
Profit and loss reserves	22		<u>6,048,964</u>		<u>6,883,212</u>
Total equity			<u>6,098,964</u>		<u>6,933,212</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £165,752 (2018 - £1,409,915 profit).

The financial statements were approved by the board of directors and authorised for issue on 18 June 2020 and are signed on its behalf by:

M T R Vincent
Director

Company Registration No. 01708566

NEWMARKET PROMOTIONS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Hedging reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2018		50,000	(39,915)	11,702,858	11,712,943
Year ended 31 December 2018:					
Profit for the year		-	-	1,736,757	1,736,757
Other comprehensive income:					
Cash flow hedges gains/(losses) arising in the year		-	83,538	-	83,538
Total comprehensive income for the year		-	83,538	1,736,757	1,820,295
Dividends	11	-	-	(500,000)	(500,000)
Balance at 31 December 2018		50,000	43,623	12,939,615	13,033,238
Year ended 31 December 2019:					
Profit for the year		-	-	281,064	281,064
Other comprehensive income:					
Cash flow hedges gains/(losses) arising in the year		-	29,639	-	29,639
Total comprehensive income for the year		-	29,639	281,064	310,703
Dividends	11	-	-	(1,000,000)	(1,000,000)
Balance at 31 December 2019		50,000	73,262	12,220,679	12,343,941

NEWMARKET PROMOTIONS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2018		50,000	5,973,297	6,023,297
Year ended 31 December 2018:				
Profit and total comprehensive income for the year		-	1,409,915	1,409,915
Dividends	11	-	(500,000)	(500,000)
Balance at 31 December 2018		50,000	6,883,212	6,933,212
Year ended 31 December 2019:				
Profit and total comprehensive income for the year		-	165,752	165,752
Dividends	11	-	(1,000,000)	(1,000,000)
Balance at 31 December 2019		50,000	6,048,964	6,098,964

NEWMARKET PROMOTIONS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019		2018	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	26		(145,326)		(28,549)
Interest paid			(2,100)		-
Taxes refunded/(paid)			122,115		(125,293)
Net cash outflow from operating activities			(25,311)		(153,842)
Investing activities					
Proceeds of disposal of business			-		1,120,279
Purchase of intangible assets		(609,369)		(649,756)	
Purchase of tangible fixed assets		(182,751)		(72,656)	
Proceeds on disposal of tangible fixed assets		72,237		21,020	
Interest received		125,466		112,238	
Other investment income received		168,778		199,770	
Net cash (used in)/generated from investing activities			(425,639)		730,895
Financing activities					
Dividends paid to equity shareholders		(1,000,000)		(500,000)	
Net cash used in financing activities			(1,000,000)		(500,000)
Net (decrease)/increase in cash and cash equivalents			(1,450,950)		77,053
Cash and cash equivalents at beginning of year			14,048,464		13,971,411
Cash and cash equivalents at end of year			12,597,514		14,048,464

NEWMARKET PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Newmarket Promotions Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Cantium House, Railway Approach, Wallington, SM6 0BP.

The group consists of Newmarket Promotions Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The consolidated financial statements incorporate those of Newmarket Promotions Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

As usual the Board have completed an assessment of the risks and the level of uncertainty facing Newmarket Group including COVID-19 which has increased the level of uncertainty facing the business at the time of preparing the financial statements for issue. Despite January being a strong booking month for Newmarket with performance ahead of budget; due to COVID-19 the board is forecasting a loss for 2020. The board has looked at a range of scenarios from tours and cruises restarting in September 2020 to restarting in April 2021; in each scenario the business has sufficient cash to continue due to the strong financial position that the company has built up over years of consistent profitable trading combined with zero debt, strong treasury management and a clear hedging policy.

Newmarket Group is aware of the various government schemes and has used the government furlough scheme to mitigate staff costs and retain expertise in the business. New product is being developed and COVID-19 local country compliance is being put in place through joint work with suppliers.

At the time of writing, core destination markets start to open their borders to tourists and that Newmarket is built on a balanced portfolio both at a destination market level and a distribution level. Finally, Newmarket has negotiated reductions with both product and overhead suppliers; as well as changing the employee structure to enable flexibility and ensure that the company bounces back on both a booking and departure basis during the second half of 2020 and the whole of 2021.

NEWMARKET PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.3 Turnover

Turnover represents the aggregate value receivable, net of discounts, from inclusive tours, commissions and other travel services excluding VAT. Turnover is recognised at the point of date of departure. Where payments are received from customers in advance of departure, the amounts are recorded as deferred income and included as part of creditors due within the year.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Intangible fixed assets other than goodwill

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	Over 6 years
Web development costs	Over 3 years

1.6 Tangible fixed assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold buildings / improvements	10% on cost
Fixtures / Computers / Equipment	15% on reducing balance / 33% on cost
Motor vehicles	25% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

NEWMARKET PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.7 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Other fixed asset investments are measured at fair value with changes in fair value being recognised through profit or loss.

1.8 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

NEWMARKET PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

NEWMARKET PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Hedge accounting

The company designates certain hedging instruments, including derivatives, embedded derivatives and non-derivatives, as either fair value hedges or cash flow hedges.

At the inception of the hedge relationship, the company documents the relationship between the hedging instrument and the hedged item along with risk management objectives and strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income.

The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line in this item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in the profit or loss in the same line as of the income statement as the recognised hedged item. However when the forecast transaction that is hedged results in the recognition of a non-financial asset or liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability concerned.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

NEWMARKET PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions, apart from hedged currencies for TOMS related transactions which are recorded at the budget rate. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Judgements and key estimates include depreciation of tangible fixed assets, amortisation of intangible fixed assets and valuation of fixed asset investments.

3 Turnover and other revenue

	2019	2018
	£	£
Turnover analysed by class of business		
Rendering of services	66,652,964	86,499,253

NEWMARKET PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Turnover and other revenue (Continued)

	2019 £	2018 £
Other significant revenue		
Interest income	125,466	112,238
Other income	57,722	-
	<u> </u>	<u> </u>

The whole of turnover and profit before tax is attributable to the one principal activity being holiday tour operators.

All turnover arose within the United Kingdom.

4 Operating profit

	2019 £	2018 £
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Operating profit for the year is stated after charging/(crediting):

Exchange gains	(194,323)	(581,946)
Depreciation of owned tangible fixed assets	147,423	168,702
Loss/(profit) on disposal of tangible fixed assets	115,422	(5,602)
Amortisation of intangible assets	376,425	282,337
Operating lease charges	527,663	440,797
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2019 £	2018 £
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Fees payable to the company's auditor and associates:

For audit services		
Audit of the financial statements of the group and company	15,263	15,000
	<u> </u>	<u> </u>
For other services		
All other non-audit services	28,176	28,558
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
141	238	141	238
<u> </u>	<u> </u>	<u> </u>	<u> </u>

NEWMARKET PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group	2018	Company	2018
	2019	2018	2019	2018
	£	£	£	£
Wages and salaries	5,059,088	7,668,349	5,059,088	7,668,349
Social security costs	555,808	806,070	555,808	806,070
Pension costs	188,706	207,801	188,706	207,801
	<u>5,803,602</u>	<u>8,682,220</u>	<u>5,803,602</u>	<u>8,682,220</u>

7 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	761,929	768,104
Company pension contributions to defined contribution schemes	33,834	30,000
	<u>795,763</u>	<u>798,104</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019	2018
	£	£
Remuneration for qualifying services	282,628	317,007
Company pension contributions to defined contribution schemes	10,000	10,000
	<u>292,628</u>	<u>327,007</u>

8 Interest receivable and similar income

	2019	2018
	£	£
Interest income		
Interest on bank deposits	125,466	112,238
Income from fixed asset investments		
Income from other fixed asset investments	168,778	199,770
Total income	<u>294,244</u>	<u>312,008</u>

NEWMARKET PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

9 Interest payable and similar expenses

	2019	2018
	£	£
Interest on bank overdrafts and loans	112	-
Other interest	1,988	-
Total finance costs	<u>2,100</u>	<u>-</u>

10 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	167,717	375,307
Adjustments in respect of prior periods	-	(424,129)
Total current tax	<u>167,717</u>	<u>(48,822)</u>
Deferred tax		
Origination and reversal of timing differences	(48,353)	163,497
Total tax charge	<u>119,364</u>	<u>114,675</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019	2018
	£	£
Profit before taxation	<u>400,428</u>	<u>1,851,432</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	76,081	351,772
Tax effect of expenses that are not deductible in determining taxable profit	9,440	11,573
Tax effect of utilisation of tax losses not previously recognised	(11,586)	-
Adjustments in respect of prior years	-	(231,459)
Permanent capital allowances in excess of depreciation	22,261	-
Other permanent differences	-	(17,212)
Deferred tax movement	23,168	-
Rounding on tax charge	-	1
Taxation charge	<u>119,364</u>	<u>114,675</u>

NEWMARKET PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

11 Dividends

	2019 £	2018 £
Final paid	1,000,000	500,000

12 Intangible fixed assets

Group	Software £	Web development costs £	Total £
Cost			
At 1 January 2019	1,708,780	532,069	2,240,849
Additions	590,252	19,117	609,369
Disposals	-	(96,533)	(96,533)
At 31 December 2019	2,299,032	454,653	2,753,685
Amortisation and impairment			
At 1 January 2019	221,065	458,471	679,536
Amortisation charged for the year	310,305	66,120	376,425
Disposals	-	(96,533)	(96,533)
At 31 December 2019	531,370	428,058	959,428
Carrying amount			
At 31 December 2019	1,767,662	26,595	1,794,257
At 31 December 2018	1,487,715	73,598	1,561,313

The company had no intangible fixed assets at 31 December 2019 or 31 December 2018.

NEWMARKET PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

13 Tangible fixed assets

Group	Leasehold buildings / improvements £	Fixtures / Computers / Equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2019	557,643	3,073,419	459,763	4,090,825
Additions	-	17,721	165,030	182,751
Disposals	(234,171)	(2,876,218)	(192,638)	(3,303,027)
At 31 December 2019	323,472	214,922	432,155	970,549
Depreciation and impairment				
At 1 January 2019	211,439	2,975,837	248,202	3,435,478
Depreciation charged in the year	55,765	28,437	63,221	147,423
Eliminated in respect of disposals	(112,207)	(2,876,218)	(126,943)	(3,115,368)
At 31 December 2019	154,997	128,056	184,480	467,533
Carrying amount				
At 31 December 2019	168,475	86,866	247,675	503,016
At 31 December 2018	346,204	97,582	211,561	655,347
Company				
	Leasehold buildings / improvements £	Fixtures / Computers / Equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2019	557,643	3,073,419	459,763	4,090,825
Additions	-	17,721	165,030	182,751
Disposals	(234,171)	(2,876,218)	(192,638)	(3,303,027)
At 31 December 2019	323,472	214,922	432,155	970,549
Depreciation and impairment				
At 1 January 2019	211,439	2,975,837	248,202	3,435,478
Depreciation charged in the year	55,765	28,437	63,221	147,423
Eliminated in respect of disposals	(112,207)	(2,876,218)	(126,943)	(3,115,368)
At 31 December 2019	154,997	128,056	184,480	467,533
Carrying amount				
At 31 December 2019	168,475	86,866	247,675	503,016
At 31 December 2018	346,204	97,582	211,561	655,347

NEWMARKET PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	15	-	-	20,000	20,000
Unlisted investments		2,621,548	2,621,548	2,621,548	2,621,548
		<u>2,621,548</u>	<u>2,621,548</u>	<u>2,641,548</u>	<u>2,641,548</u>

Movements in fixed asset investments Group

	Investments other than loans £
Cost or valuation	
At 1 January 2019 and 31 December 2019	2,621,548
Carrying amount	
At 31 December 2019	2,621,548
At 31 December 2018	<u>2,621,548</u>

Movements in fixed asset investments Company

	Shares in group undertakings £	Other investments other than loans £	Total £
Cost or valuation			
At 1 January 2019 and 31 December 2019	20,000	2,621,548	2,641,548
Carrying amount			
At 31 December 2019	20,000	2,621,548	2,641,548
At 31 December 2018	<u>20,000</u>	<u>2,621,548</u>	<u>2,641,548</u>

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Newmarket Holidays Limited	United Kingdom	Holiday Tour Operator	Ordinary	100.00	0
Newmarket Transport Limited	United Kingdom	Transportation	Ordinary	0	100.00

NEWMARKET PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

15 Subsidiaries (Continued)

The above subsidiaries' registered office is at Cantium House, Railway Approach, Wallington, SM6 0BP.

16 Financial instruments

	Group	2018
	2019	2018
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	4,641,353	5,372,792
Equity instruments measured at cost less impairment	2,621,548	2,621,548
Instruments measured at fair value through profit or loss	73,262	43,623
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
Measured at amortised cost	13,168,986	14,538,676
	<u> </u>	<u> </u>

Details of financial instruments are provided at group level only because, as permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments.

17 Debtors

	Group	2018	Company	2018
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	58,951	48,133	40	8,898
Corporation tax recoverable	-	320,999	-	-
Amounts owed by group undertakings	-	-	7,593,572	2,729,184
Derivative financial instruments	73,262	43,623	-	-
Other debtors	4,862,518	5,387,597	384,669	520,780
Prepayments and accrued income	3,369,541	3,514,930	2,400	199,770
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	8,364,272	9,315,282	7,980,681	3,458,632
Deferred tax asset (note 19)	68,225	78,000	68,225	78,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	8,432,497	9,393,282	8,048,906	3,536,632
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NEWMARKET PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

18 Creditors: amounts falling due within one year

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Trade creditors	2,181,650	3,529,364	249,367	255,753
Amounts owed to group undertakings	-	-	5,814,300	-
Corporation tax payable	167,717	198,884	80,310	198,884
Other taxation and social security	144,819	327,659	144,819	327,659
Other creditors	10,145,569	9,287,940	1,077	42
Accruals and deferred income	841,767	1,721,372	487,601	1,077,862
	<u>13,481,522</u>	<u>15,065,219</u>	<u>6,777,474</u>	<u>1,860,200</u>

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2019	Liabilities 2018	Assets 2019	Assets 2018
Group	£	£	£	£
Accelerated allowances	<u>123,369</u>	<u>181,497</u>	<u>68,225</u>	<u>78,000</u>
	Liabilities 2019	Liabilities 2018	Assets 2019	Assets 2018
Company	£	£	£	£
Accelerated allowances	<u>-</u>	<u>-</u>	<u>68,225</u>	<u>78,000</u>
			Group 2019	Company 2019
Movements in the year:			£	£
Liability/(Asset) at 1 January 2019			103,497	(78,000)
(Credit)/charge to profit or loss			(48,353)	9,775
Liability/(Asset) at 31 December 2019			<u>55,144</u>	<u>(68,225)</u>

NEWMARKET PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

20 Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	188,706	207,801

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

21 Share capital

	Group and company	
	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000

22 Reserves

Profit and loss reserves

This reserve records retained earnings and accumulated losses.

Hedging reserve

This reserve relates to the amount of gain or loss recognised on forward contracts and derivatives that are cash flow hedges for committed foreign exchange transactions occurring in the 12 months post year end.

23 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Within one year	230,347	126,136	230,347	126,136
Between two and five years	786,515	-	786,515	-
In over five years	24,524	1,567,897	24,524	1,567,897
	<u>1,041,386</u>	<u>1,694,033</u>	<u>1,041,386</u>	<u>1,694,033</u>

NEWMARKET PROMOTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

24 Events after the reporting date

Since 31 December 2019, the spread of the global pandemic COVID-19 has impacted the world in an unprecedented way and measures taken to contain the transmission of the virus including travel bans, quarantines, social distancing and closures of non-essential services have directly impacted Newmarket's main trade as tour operators and travel agents.

In the directors judgement, due to COVID-19 the directors have decided to write down investments by £2,621,548 in May 2020.

The Company does not expect material potential losses from pre year end supplier deposits for tours and travel cancelled due to COVID-19.

25 Directors' transactions

At the year end, there is a creditor balance of £1,077 (2018 - £42) owed to J C Griffin.

During this year and the previous year dividends were paid to the directors.

26 Cash absorbed by group operations

	2019 £	2018 £
Profit for the year after tax	281,064	1,736,756
Adjustments for:		
Taxation charged	119,364	114,675
Finance costs	2,100	-
Investment income	(294,244)	(312,008)
Loss/(gain) on disposal of tangible fixed assets	115,422	(5,602)
Gain on disposal of business	-	(1,120,279)
Amortisation and impairment of intangible assets	376,425	282,337
Depreciation and impairment of tangible fixed assets	147,423	168,702
Movements in working capital:		
Decrease in debtors	659,650	1,245,224
Decrease in creditors	(1,552,530)	(2,138,354)
Cash absorbed by operations	<u>(145,326)</u>	<u>(28,549)</u>

27 Analysis of changes in net funds - group

	1 January 2019 £	Cash flows 31 December 2019 £	£
Cash at bank and in hand	14,048,464	(1,450,950)	12,597,514

