10 April 2019

Porta Communications Plc
("Porta" or "the Company" or "the Group")

Final Results for the year ended 31 December 2018 and Notice of AGM

Porta Communications Plc (AIM: PTCM), the international communications and marketing group, today announces its final audited results for the year ended 31 December 2018. A summary of the results is set out below.

Financial

- Revenue was £35.9m (2017: £40.3m)
- Gross profit was £31.2m (2017: £34.2m)
- Reported EBITDA was £0.4m (2017: £2.2m)
- Adjusted EBITDA[1] was £1.9m (2017: £2.8m)
- Loss before tax on continuing operations of £4.1m (2017: £3.0m)
- Loss per share of 0.9p (2017: loss of 1.4p)
- Net debt of £10.0m (2017: £8.4m)
- Further annualised net cost savings of approximately £1.7m were implemented in the UK
- 53% of revenue was from non-UK clients

[1]Adjusted EBITDA excludes acquisition and reorganisation costs, non-recurring property costs, exceptional legal and consultancy costs, share based payments, security impairment, revaluation of contingent consideration and provision of vendor loan guarantee.

Operational

- Strong financial performances from Newgate Australia, Newgate Singapore, Newgate Hong Kong and Redleaf Communications - Porta acquired further interests in all of these companies during the year
- Shanghai office opened
- Divestment of Capital Access and cancellation of guarantee up to £1.0m
- Emma Kane and Brian Tyson appointed as Joint Group CEOs on 27 April 2018
- Redleaf Communications and Publicasity merged into Newgate Communications UK on 1 November 2018

Post Balance Sheet Events

- The Group's performance in the first two months of the year has been in line with the Board's expectation and was better than the prior year equivalent; however, given the current political environment, there is no guarantee that this trend will continue
- To support the Group's funding going forwards, on 10 April 2019 the Company:
  - Refinanced the 2017 Retro Grand Limited convertible loan with a new convertible loan from Retro Grand Limited and wrote off the default interest of £0.5m on the former loan;
  - Entered into a convertible loan of up to £1.0m with SEC S.p.A ("SEC"). Draw down of the loan is conditional, among other things, upon shareholder approval of certain resolutions being proposed at a general meeting to be held on 26 April 2019;
  - Entered into an agreement with Hawk Investment Holdings Limited to provide a facility of £1.0m in the event that the SEC Loan Agreement lapses due to its conditions not being met; and
  - Announced that it has entered into discussions with SEC to examine the potential of an all-share merger to combine Porta and SEC into a larger entity with a scale and capacity across an enlarged international network.

John Foley, Chairman, commented:
"In April 2018, the Board took decisive action to appoint two of its most successful business operators, Emma Kane and Brian Tyson, as Joint Group Chief Executives. The 2018 results reflect the move to focus on delivering sustainable growth and putting in systems and processes to streamline activities, improve forecasting and minimise wastage.

With the funding secured to support the Group's working capital needs, we now have the opportunity to examine a potential merger with our strategic investor, SEC, on which we will keep shareholders updated. We are pleased with the positive position the Group is now in and excited about the opportunities we believe we now have. We look forward to the future with renewed energy and confidence."

Posting of Annual Report and Notice of Annual General Meeting
The Company's Annual General Meeting will be held at the offices of Porta Communications Plc, Sky Light City Tower, 50 Basinghall Street, London, EC2V 5DE, at 2 p.m. on 29 May 2019. The Annual Report containing the Notice of the Annual General Meeting will be posted to shareholders by 26 April 2019 and will be available on the Company's website from today.

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Enquiries to:

Porta Communications Plc
Brian Tyson, Joint CEO
Emma Kane, Joint CEO
Rhydian Bankes, CFO
www.portacomms.com
+44 (0) 20 7680 6500

Newgate Communications (Media Enquiries)
Bob Huxford
Adam Lloyd
+44 (0) 20 7680 6550
porta@newgatecomms.com

Grant Thornton UK LLP (Nominated Adviser)
Samantha Harrison
Ben Roberts
Seamus Fricker
+44 (0) 20 7383 5100

N+1 Singer (Broker)
Mark Taylor
Lauren Kettle
+44 (0) 20 7496 3000

Notes to Editors:

- Porta is a fully integrated communications and marketing group, operating locally, nationally and internationally, with specialisms including financial, corporate and consumer public relations, public affairs and research and multi-capability marketing, brand and creative communications
- The Group has offices in Abu Dhabi, Beijing, Brisbane, Bristol, Canberra, Cardiff, Edinburgh, Hong Kong, Leeds, London, Manchester, Melbourne, Perth, Shanghai, Singapore and Sydney
- Further information on Porta Communications is available at www.portacomms.com
- Further information on Newgate Communications is available at www.newgatecomms.com

Chairman's Statement
For the year ended 31 December 2018

Introduction
2018 was a pivotal point in the transformation of the Group.

During the year, we simplified the business, reduced its exposure to risk, and drove operational efficiencies and performance in order to deliver powerful, sustainable, positive results to shareholders.

In April 2018, the Board took decisive action to appoint two of its most successful business operators, Emma Kane and Brian Tyson, as Joint Group Chief Executives; at the same time, Emma Kane was also appointed Chief Executive of Newgate Communications Limited in the UK. This news was very well received internally and externally and I am pleased to report that they are successfully leading the overhaul of the Group culturally, operationally and financially.

Financial and Operational Overview
Transformation is not achieved overnight and the 2018 results reflect the move to focus on delivering sustainable growth and putting in systems and processes to streamline activities, improve forecasting and minimise wastage.

- Revenue was £35.9m (2017: £40.3m)
- Gross profit decreased by 8.8% to £31.2m (2017: £34.2m)
- Adjusted EBITDA decreased by 32.1% to £1.9m (2017: £2.8m)
- Reported EBITDA decreased by 81.8% to £0.4m (2017: £2.2m)
- The loss before taxation was £4.1m (2017: £3.0m)

The new Joint Group CEOs immediately focused on establishing a cohesive and aligned management team both at the Group and company operational levels. The first step was presenting and seeking endorsement for the strategic plan for the Group. In June 2018, the inaugural international summit was held in London, and the operational and strategic alignment commenced.

The UK business restructuring that began in 2017 was required as there had been little integration of acquired businesses. This, coupled with a top-heavy cost base, had resulted in a reliance on securing large one-off projects to cover costs; in 2017, two projects alone had delivered £1.7m of gross profit. I am pleased to report that this restructuring is now drawing to a close, with the full effect of the net annualised £3.6m of savings delivered only truly expected to become clear at a reported EBITDA level in 2019.

The APAC businesses continue to develop and gain a strong foothold in the region delivering a combined EBITDA of £1.7m in the year. Likewise, prior to its integration into the Newgate operating company in the UK, Redleaf was delivering EBITDA margins of 19.6% and a reported EBITDA of £713k for the first 10 months of 2018.

Group operational cash flow was positive in the year, delivering a £0.7m inflow in stark contrast to the £1.1m outflow in 2017, reflecting the stronger operational control at the company level, which continues to be a focus across the Group.

During the year, the Company finalised the installation of a consistent Group-wide accounting and job costing platform from which the profitability taskforce has performed a full review over job costing throughout the international network. I am also pleased to report that the Group consolidation and reporting platform, Oracle's FCCS, is now in full use for all month end and statutory financial reporting, delivering a robust, efficient and controlled tool for the management of the Group numbers.

Strategy
The new leadership team put in place a detailed strategic plan, developed in conjunction with the senior leadership team from across the Group. It is focused on driving growth and profitability, developed against a strong understanding of the Group's Purpose, Values and Vision. The plan revolves around:

- Operating seamlessly as an integrated, strategic communications business locally, nationally and internationally;

- Maximising the Group's productivity and profitability;
- Building a motivated, talented team that is passionate about being the best; and
- Focusing our resources on delivering the optimum result for our clients, our shareholders and our employees.

Three core priority focus areas were identified in order to deliver this plan and drive the implementation from across the Newgate international footprint:

- Building critical mass by integrating our UK businesses, investing in our teams, focusing on core sectors, to focus on successful organic growth and establishing additional business offerings and affiliates in key strategic locations locally and internationally;
- Rolling out and developing new products and services to complement our integrated model such as social market research from Australia and insight and digital from the UK;
- Driving cross-selling and collaboration opportunities including the proposed establishment of a global crisis communications product taking advantage of our network and geographical spread and crisis expertise to provide 24/7 crisis support to organisations anywhere around the world; and
- Setting up inter-office taskforces to drive best practice in financial management and profitability, culture and talent development, and to build brand equity and familiarity/favourability in Newgate.

Progress of the business plan against objectives and KPIs, is monitored and evaluated by the Board on an ongoing basis.

Acquisitions & Disposals
During the year, Porta acquired the remaining 19% of Redleaf Communications, and a further 4.43% of Newgate Australia, 20% of Newgate Hong Kong and 6% of Newgate Singapore.

On 11 December 2018, the Group entered into an agreement with Industrial Lending 1 ('IL1') to dispose of its entire 39.5% holding in Capital Access Holdings Limited ('Capital Access'), which was loss making at the time, to IL1. Porta's guarantee of up to £1.0m to IL1 in respect of Capital Access was extinguished when Porta disposed of its full shareholding.

Restructuring
In November 2018, the three UK limited companies of Newgate, Redleaf and Publicasity were merged into one – Newgate Communications Limited. This has simplified the Group's structure and facilitates building one brand that provides seamless communications across the international footprint. The Group's consumer-focused communications business, Publicasity, will continue to operate under that brand for pure consumer briefs.

Markets and the Environment
The Board does not underestimate the potential impact on our business of events such as Brexit and the disruption caused by elections in Australia. However, the Board closely monitors risk and is reassured by the fact that no more than 5% of revenue is represented by one client. Our activities are also spread across approximately ten core industry sectors.

Board Changes
On the 27 April 2018, Emma Kane and Brian Tyson were appointed Joint Group Chief Executives and Emma Kane joined the Board. On the same date, Steffan Williams, who was previously Group Chief Executive, left the Company and ceased to be a Director of the Company on 4 May 2018.

People
I would like to take this opportunity to thank the 271 people across our Group who have shown such passion, dedication and excellence during the year under review. We are proud of our team, its diversity, and the results they have achieved. Our culture and our people are at the heart of everything we do and we are committed to investing in them to ensure that they are able to remain best in class and feel that they are building meaningful careers.

Corporate Governance
The Board is of the opinion that the measures of governance in place within the Group are appropriate for its size.

Post Balance Sheet Events

On 10 April 2019 the Company:

- Refinanced the 2017 Retro Grand Limited convertible loan with a new convertible loan from Retro Grand Limited and wrote off the default interest of £0.5m on the former loan;
- Entered into a convertible loan of up to £1.0m with SEC S.p.A ("SEC"). Draw down of the loan is conditional, among other things, upon shareholder approval of certain resolutions being proposed at a general meeting to be held on 26 April 2019;
- Entered into an agreement with Hawk Investment Holdings Limited to provide a facility of £1.0m in the event that the SEC Loan Agreement lapses due to its conditions not being met; and
- Announced that it has entered into preliminary discussions with SEC to examine the potential of an all-share merger to combine Porta and SEC into a larger entity with a scale and capacity across an enlarged international network.

Outlook

The restructured UK business has performed in line with the Board's expectations in the first two months of 2019 and the Group's performance was ahead of the equivalent period in 2018. However, there can be no certainty that this trend will continue as our major markets of the UK and Australia both face some immediate political uncertainty which could affect demand for our services during 2019. It is the Board's belief that we now have a business which is better able to operationally withstand such external pressures.

Operationally and structurally the Group is greatly improved, and, with the funding secured to support the Group's working capital needs, we now have the opportunity to examine a potential merger with our strategic investor, SEC, on which we will keep shareholders updated. We are pleased with the positive position the Group is now in and excited about the opportunities we believe we now have. We look forward to the future with renewed energy and confidence.

John Foley

Chairman
10 April 2019

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2018

	Notes	**Year ended 31 December 2018 £**	Year ended 31 December 2017 £
Continuing operations			
Revenue	2,3	**35,853,310**	40,281,716
Cost of sales		**(4,676,749)**	(6,073,588)
Gross profit		**31,176,561**	34,208,128
Operating and administrative expenses		**(29,072,549)**	(31,390,473)
Impairment loss on trade receivables and contract assets	18	**(233,613)**	-
Adjusted EBITDA		**1,870,399**	2,817,655
Restructuring costs, acquisition costs and share based payments	1	**(1,390,902)**	(631,422)
Impairments	1	**(882,811)**	(511,098)
Loss on sale of fixed assets		**(24,859)**	-
Amortisation and depreciation	4	**(2,448,743)**	(2,326,643)
Operating loss		**(2,876,916)**	(651,508)
Finance expense	6	**(1,248,759)**	(1,547,846)
Finance income	6	**40,394**	8,825
Share of profit in associate	12	**-**	31,544
Impairment of associate		**(18,191)**	(863,812)
Loss before taxation on continuing operations		**(4,103,472)**	(3,022,797)
Tax credit/(charge)	7	**171,105**	(1,460,634)
Loss for the year on continuing operations		**(3,932,367)**	(4,483,431)
(Loss)/profit for the year attributable to:			
Owners of the Company		**(4,479,083)**	(5,438,690)
Non-controlling interests		**546,716**	955,259
		(3,932,367)	(4,483,431)
Other comprehensive income from continuing operations			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign subsidiaries		**41,628**	(122,659)
Total other comprehensive income, net of tax		**41,628**	(122,659)
Total comprehensive income for the year		**(3,890,739)**	(4,606,090)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(4,441,651)**	(5,515,740)
Non-controlling interests		**550,912**	909,650
		(3,890,739)	(4,606,090)
Loss per share - basic and diluted			
On continuing operations	13	**(0.9p)**	(1.4p)

There were no discontinued operations in the year.

The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018 and the impact on comparative information can be found in note 27. The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2018

	Notes	**2018** £	2017 £
Non-current assets			
Intangible assets	15	**8,188,863**	10,766,349
Property, plant and equipment	16	**909,996**	1,074,766
Deferred tax assets	7	**623,953**	621,234
Other non-current assets	18	**1,038,783**	923,775
Other investments		**8,500**	8,500
Total non-current assets		**10,770,095**	13,394,624
Current assets			
Work in progress		**-**	792,144
Contract assets	3	**728,988**	-
Contract cost assets	3	**305,587**	-
Trade and other receivables	18	**6,172,306**	8,680,195
Cash and cash equivalents	8	**2,590,111**	3,530,007
Total current assets		**9,796,992**	13,002,346
Current liabilities			
Trade and other payables	19	**(5,349,693)**	(6,839,696)
Contract liabilities	3	**(659,244)**	-
Current tax liabilities		**(197,767)**	(335,809)
Provisions	20	**-**	(513,807)
Loans and borrowings	23	**(8,868,959)**	(8,408,231)
Total current liabilities		**(15,075,663)**	(16,097,543)
Net current liabilities		**(5,278,671)**	(3,095,197)
Non-current liabilities			
Trade and other payables	19	**(792,681)**	(921,689)
Deferred tax liabilities	7	**(401,016)**	(966,448)
Loans and borrowings	23	**(3,750,557)**	(3,489,030)
Total non-current liabilities		**(4,944,254)**	(5,377,167)
Net assets		**547,170**	4,922,260
Equity			
Share capital	21	**30,831,164**	30,335,273
Share premium	21	**10,350,497**	9,640,914
Retained losses		**(41,658,899)**	(36,693,569)
Translation reserve		**123,705**	86,273
Other reserves		**494,573**	684,430
Total equity shareholders' funds		**141,040**	4,053,321
Non-controlling interests		**406,130**	868,939
Total equity		**547,170**	4,922,260

The financial statements were approved by the Board of Directors and authorised for issue on 10 April 2019.

Emma Kane
Rhydian Bankes
Directors
Porta Communications Plc (company registration number: 05353387)

The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018 and the impact on comparative information can be found in note 27. The accompanying notes are an integral part of these consolidated financial statements.

Company Statement of Financial Position

As at 31 December 2018

	Notes	2018 £	2017 £
Non-current assets			
Intangible assets	15	**170,038**	220,086
Property, plant and equipment	16	**217,444**	360,931
Deferred tax assets	7	**8,587**	203,634
Investment in subsidiaries	17	**15,130,339**	14,096,707
Other non-current assets	18	**923,775**	923,775
Trade and other receivables due from related parties	26	**9,713,631**	11,288,067
Total non-current assets		**26,163,814**	27,093,200
Current assets			
Trade and other receivables	18	**191,071**	540,581
Cash and cash equivalents	8	**367,881**	1,525,873
Total current assets		**558,952**	2,066,454
Current liabilities			
Trade and other payables	19	**(1,513,384)**	(1,287,425)
Loans and borrowings	23	**(8,847,576)**	(8,375,257)
Total current liabilities		**(10,360,960)**	(9,662,682)
Net current liabilities		**(9,802,008)**	(7,596,228)
Non-current liabilities			
Trade and other payables	19	**(593,633)**	(921,689)
Deferred tax liabilities	7	**(14,668)**	(36,986)
Loans and borrowings	23	**(3,750,557)**	(3,489,030)
Trade and other payables due to related parties	26	**(627,837)**	(2,506,230)
Total non-current liabilities		**(4,986,695)**	(6,953,935)
Net assets		**11,375,111**	12,543,037
Equity			
Share capital	21	**30,831,164**	30,335,273
Share premium	21	**10,350,497**	9,640,914
Retained losses		**(30,301,123)**	(28,198,926)
Other reserves		**494,573**	765,776
Total equity shareholders' funds		**11,375,111**	12,543,037

As permitted under Section 408 of the Companies Act 2006, the Statement of Comprehensive Income for the Company is not presented as part of these financial statements. The Company's loss for the year, after tax, was £2,233,250 (2017: £4,490,656).

The financial statements were approved by the Board of Directors and authorised for issue on 10 April 2019.

Emma Kane
Rhydian Bankes
Directors
Porta Communications Plc (company registration number: 05353387)

The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018 and the impact on comparative information can be found in note 27. The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2018

	Notes	**Year ended 31 December 2018 £**	Year ended 31 December 2017 £
Cash flows from operating activities			
Loss before taxation on continuing activities		**(4,103,472)**	(3,022,797)
Adjusted for:			
Depreciation and amortisation	4	**2,448,743**	2,326,643
Impairment of goodwill and other intangibles	15	**842,811**	488,227
Impairment of associate	12	**18,191**	863,812
Loss on disposal of property, plant and equipment		**24,857**	-
Share of profit in associates	12	**-**	(31,544)
Profit on disposal of associates	12	**-**	(11,000)
Finance expense	6	**1,248,759**	1,547,846
Finance income	6	**(40,394)**	(8,825)
Unrealised foreign exchange gain		**-**	(69,952)
Equity settled share based payments	22	**(117,731)**	120,736
Non-cash rents received		**(273,000)**	(252,000)
Provisions utilised		**-**	(212,498)
Revaluation of the Redleaf Polhill contingent consideration		**-**	(28,296)
Changes in working capital:			
Decrease in work in progress		**-**	529,441
Decrease in contract assets		**535,741**	-
Increase in contract cost assets		**(50,966)**	-
Decrease/(Increase) in trade and other receivables		**1,399,021**	(1,146,693)
Decrease in trade and other payables		**(719,468)**	(1,381,444)
Decrease in contract liabilities		**(15,064)**	-
Tax paid		**(533,214)**	(858,634)
Net cash inflow/(outflow) from operating activities		**664,814**	(1,146,978)
Cash flows from investing activities			
Acquisition of intangible assets		**(63,126)**	(140,378)
Acquisition of property, plant and equipment		**(402,156)**	(396,849)
Acquisition of subsidiaries, net of cash acquired		**(529,543)**	(425,017)
Proceeds from sale of associates		**-**	11,000
Net cash outflow from investing activities		**(994,825)**	(951,244)
Cash flows from financing activities			
Proceeds from the issue of Ordinary shares (net of issue costs)		**-**	2,978,000
Proceeds from loans and borrowings		**800,000**	3,093,484
Repayment of loans and borrowings		**(892,541)**	(100,000)
Payment of transaction costs relating to loans and borrowings		**-**	(305,988)
Repayment of leases		**(127,198)**	(129,240)
Dividends paid to non-controlling interests		**(166,162)**	(1,386,065)
Interest received		**40,394**	8,825
Interest paid		**(274,873)**	(360,683)
Net cash (absorbed)/generated from financing activities		**(620,380)**	3,798,333
Net cash (decrease)/increase in cash and cash equivalents		**(950,391)**	1,700,111
Cash and cash equivalents at 1 January		**3,530,007**	1,854,553

Effect of exchange rate changes	**10,495**	(24,657)
Cash and cash equivalents at 31 December	**2,590,111**	3,530,007

The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018 and the impact on comparative information can be found in note 27. The accompanying notes are an integral part of these consolidated financial statements.

Company Statement of Cash Flows

For the year ended 31 December 2018

	Notes	**Year ended 31 December 2018 £**	Year ended 31 December 2017 £
Cash flows from operating activities			
Loss before taxation on continuing activities		**(2,060,521)**	(3,296,446)
Adjusted for:			
Depreciation and amortisation		**273,985**	233,863
Impairment of subsidiaries	17	**-**	349,999
Impairment of associate	12	**18,191**	863,811
Loss on disposal of property, plant and equipment		**2,686**	-
Finance expense		**1,145,307**	1,294,105
Finance income		**(6,881)**	(2,454)
Foreign exchange loss		**50,192**	17,926
Intercompany interest charge		**(13,861)**	81,264
Equity settled share based payments		**(120,581)**	106,174
Non-cash rents received		**(273,000)**	(252,000)
Provisions utilised		**-**	(71,902)
Changes in working capital:			
Decrease in trade and other receivables		**349,510**	660,246
Increase in amounts receivable from subsidiary companies		**(31,586)**	(3,270,303)
Increase in trade and other payables		**139,355**	2,122,980
Net cash outflow from operating activities		**(527,204)**	(1,162,737)
Cash flows from investing activities			
Acquisition of intangible assets		**(56,331)**	(115,725)
Acquisition of property, plant and equipment		**(4,832)**	(6,903)
Acquisition of subsidiaries, net of cash acquired		**(529,300)**	(425,017)
Dividends received from subsidiary companies		**390,072**	892,818
Net cash (outflow)/inflow from investing activities		**(200,391)**	345,173
Cash flows from financing activities			
Proceeds from the issue of Ordinary shares (net of issue costs)		**-**	2,978,000
Proceeds from loans and borrowings		**800,000**	-
Repayment of loans and borrowings		**(892,541)**	(100,000)
Payment of transaction costs relating to loans and borrowings		**-**	(233,137)
Repayment of leases		**(114,409)**	(121,116)
Interest received		**6,881**	2,454
Interest paid		**(230,328)**	(284,196)
Net cash (absorbed)/generated from financing activities		**(430,397)**	2,242,005
Net cash (decrease)/increase in cash and cash equivalents		**(1,157,992)**	1,424,441
Cash and cash equivalents at 1 January		**1,525,873**	101,432
Cash and cash equivalents at 31 December		**367,881**	1,525,873

The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018 and the impact on comparative information can be found in note 27. The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	Share capital £	Share premium £	Retained losses £	Translation reserve £	Other reserves £	Written put/call options over NCI £	Total equity shareholders' funds £	Non-controlling interests £	Total equity £
Balance at 1 January 2018	**30,335,273**	**9,640,914**	**(36,693,569)**	**86,273**	**1,346,014**	**(661,584)**	**4,053,321**	**868,939**	**4,922,260**
Total comprehensive income									
Loss for the year	-	-	(4,479,083)	-	-	-	(4,479,083)	546,716	(3,932,367)
Other comprehensive income	-	-	-	37,432	-	-	37,432	4,196	41,628
Total comprehensive income	**-**	**-**	**(4,479,083)**	**37,432**	**-**	**-**	**(4,441,651)**	**550,912**	**(3,890,739)**
Transactions with owners									
Issue of Ordinary shares									
in relation to business combinations	456,345	649,868	-	-	-	-	1,106,213	-	1,106,213
Issue of Ordinary shares									
in settlement of other costs	39,546	59,715	-	-	-	-	99,261	-	99,261
Dividends declared									
to non-controlling interests	-	-	-	-	-	-	-	(460,314)	(460,314)
Share based payments	-	-	-	-	(117,731)	-	(117,731)	-	(117,731)
Transfer between reserves	-	-	15,172	-	(15,172)	-	-	-	-
Acquisition of non-controlling interest									
without a change in control	-	-	(501,419)	-	(718,538)	661,584	(558,373)	(553,407)	(1,111,780)
Total transactions with owners	**495,891**	**709,583**	**(486,247)**	**-**	**(851,441)**	**661,584**	**529,370**	**(1,013,721)**	**(484,351)**
Balance at 31 December 2018	**30,831,164**	**10,350,497**	**(41,658,899)**	**123,705**	**494,573**	**-**	**141,040**	**406,130**	**547,170**

	Share capital £	Share premium £	Retained losses £	Translation reserve £	Other reserves £	Written put/call options over NCI £	Total equity shareholders' funds £	Non-controlling interests £	Total equity £
Balance at 1 January 2017	28,860,412	5,826,561	(30,402,996)	163,323	1,324,583	(1,207,752)	4,564,131	1,642,728	6,206,859
Total comprehensive income									
Loss for the year	-	-	(5,438,690)	-	-	-	(5,438,690)	955,259	(4,483,431)
Other comprehensive income	-	-	-	(77,050)	-	-	(77,050)	(45,609)	(122,659)
Total comprehensive income	-	-	(5,438,690)	(77,050)	-	-	(5,515,740)	909,650	(4,606,090)
Transactions with owners									
Proceeds from shares issued	857,143	2,142,857	-	-	-	-	3,000,000	-	3,000,000
Issue of Ordinary shares in settlement of loans	333,093	926,307	-	-	-	-	1,259,400	-	1,259,400
Issue of Ordinary shares in relation to business combinations	187,838	514,556	-	-	-	-	702,394	-	702,394
Issue of Ordinary shares in settlement of other costs	96,787	252,633	-	-	-	-	349,420	-	349,420
Issue costs	-	(22,000)	-	-	-	-	(22,000)	-	(22,000)
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	(1,386,065)	(1,386,065)
Share based payments - expense in year	-	-	-	-	120,736	-	120,736	-	120,736
Share based payments - lapsed options	-	-	142,200	-	(142,200)	-	-	-	-
Transfer between reserves	-	-	(164,045)	-	164,045	-	-	-	-
Acquisition of non-controlling interest without a change in control	-	-	(830,038)	-	(121,150)	546,168	(405,020)	(297,374)	(702,394)
Total transactions with owners	1,474,861	3,814,353	(851,883)	-	21,431	546,168	5,004,930	(1,683,439)	3,321,491
Balance at 31 December 2017	30,335,273	9,640,914	(36,693,569)	86,273	1,346,014	(661,584)	4,053,321	868,939	4,922,260

The accompanying notes are an integral part of these consolidated financial statements.

Company Statement of Changes in Equity

For the year ended 31 December 2018

	Share capital £	Share premium £	Retained losses £	Other reserves £	Total equity shareholders' funds £
Balance at 1 January 2017	28,860,412	5,826,561	(23,544,225)	623,195	11,765,943
Total comprehensive income					
Loss for the year	-	-	(4,490,656)	-	(4,490,656)
Total comprehensive income	-	-	(4,490,656)	-	(4,490,656)
Proceeds from shares issued	857,143	2,142,857	-	-	3,000,000
Issue of Ordinary shares in settlement of loans	333,093	926,307	-	-	1,259,400
Issue of Ordinary shares in relation to business combinations	187,838	514,556	-	-	702,394
Issue of Ordinary shares in settlement of other costs	96,787	252,633	-	-	349,420
Issue costs	-	(22,000)	-	-	(22,000)
Share based payments - expense in year	-	-	-	120,736	120,736
Share based payments - lapsed options	-	-	-	(142,200)	(142,200)
Transfer between reserves	-	-	(164,045)	164,045	-
Total transactions recognised directly in equity	1,474,861	3,814,353	(164,045)	142,581	5,267,750
Balance at 31 December 2017	**30,335,273**	**9,640,914**	**(28,198,926)**	**765,776**	**12,543,037**
Total comprehensive income					
Loss for the year	-	-	(2,233,250)	-	(2,233,250)
Total comprehensive income	**-**	**-**	**(2,233,250)**	**-**	**(2,233,250)**
Issue of Ordinary shares in relation to business combinations	456,345	649,868	-	-	1,106,213
Issue of Ordinary shares in settlement of other costs	39,546	59,715	-	-	99,261
Share based payments	-	-	-	(140,150)	(140,150)
Transfer between reserves	-	-	131,053	(131,053)	-
Total transactions recognised directly in equity	**495,891**	**709,583**	**131,053**	**(271,203)**	**1,065,324**
Balance at 31 December 2018	**30,831,164**	**10,350,497**	**(30,301,123)**	**494,573**	**11,375,111**

The accompanying notes are an integral part of these consolidated financial statements

Notes to the Financial Statements

For the year ended 31 December 2018

1. Accounting policies

The financial information presented herein does not constitute full statutory accounts under section 434 of the Companies Act 2006. The Group's Independent Auditor's report on these accounts was unmodified, did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006.

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

The financial statements are presented in Pounds Sterling which is the Company's functional currency.

Consistent with previous years, adjusted EBITDA is included as a key metric for understanding the Group's performance. Adjusted EBITDA is the results of the Group before start-up losses, acquisition costs, restructuring costs, non-recurring property costs, legal and other consultancy costs, share based payment expense and security impairment. Impairments of goodwill and other intangibles are deducted after EBITDA.

	Notes	**Year ended 31 December 2018 £**	Year ended 31 December 2017 £
Impairments:			
Security impairment		**40,000**	22,871
Impairment of goodwill and other intangibles	15	**842,811**	488,227
		882,811	511,098
Restructuring and acquisition costs:			
Reorganisation costs		**1,205,589**	607,367
Non-recurring property costs		**73,078**	-
Legal and other consultancy costs		**229,966**	3,517
Revaluation of contingent consideration		**-**	(28,296)
Provision for vendor loan guarantee		**-**	(71,902)
		1,508,633	510,686
Share based payment expense	22	**(117,731)**	120,736
		1,390,902	631,422

(a) Basis of preparation of the financial statements

The Consolidated and Company financial statements of Porta Communications Plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, IFRIC Interpretations and parts of the Companies Act 2006 applicable to Companies reporting under IFRS.

The Consolidated and Company financial statements have been prepared under the historical cost convention, except for financial instruments that have been measured at fair value.

The financial statements have been prepared on a going concern basis in accordance with IFRS and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated and parent Company financial statements are disclosed under accounting policy (x).

New and amended standards adopted by the Group

The Group has applied the following standards, amendment and interpretation for the first time for their annual reporting period commencing 1 January 2018:

- IFRS 15 Revenue from Contracts with Customers – replacing IAS 18 Revenue Recognition. The Group has amended its accounting policies following the adoption of IFRS 15 and has provided additional disclosures, as required, which can be found in note 3. The impact of adopting IFRS 15 has been further explained in note 27.

- IFRS 9 Financial Instruments – replacing IAS 39 Financial Instruments: Recognition and Measurement. The Group has amended its accounting policies and reclassified financial assets and liabilities following the adoption of IFRS 9. The impact of adopting IFRS 9 has been further explained in note 27.
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions - the Group has no cash-settled share based payments nor share-based payment transactions settled net of withholding tax. Therefore, these amendments do not have any impact on the Group's Consolidated financial statements.
- Interpretation 22 Foreign Currency Transactions and Advance consideration - this interpretation does not have a material impact on the Group's Consolidated financial statements.

The adoption of the above did not have any impact on the amounts recognised in prior periods.

Standards, interpretations and amendments to published standards that are not yet effective and have not been adopted early by the Group

Certain new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these Consolidated financial statements. Those which are/may be relevant to the Group and are expected to have a significant effect on the Consolidated financial statements of the Group are set out below.

- IFRS 16 Leases requires that operating leases be capitalised and an asset and a financial liability recognised in respect of those leases.

  As a result of the Group's diverse geographic business portfolio, the Group has a significant number of leases which are currently being assessed individually against the requirements of the standard. Therefore the Group is yet to assess the full impact of IFRS 16 on the Consolidated financial statements, however the Group expects EBITDA to increase since the amortisation of the right-of-use assets and interest on the lease liability are excluded from this metric. Operating cash outflows are expected to decrease, and financing cash outflows increase, since the repayment of the principal portion of lease liabilities will be classified as cash flows from financing activities.

  The standard will be applied from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(b) Basis of consolidation

The Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2018 and present comparative information for the year ended 31 December 2017.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Profit or loss and each component of other comprehensive income ('OCI') are attributed to the equity holders of the parent of the Group and to non-controlling interests. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary
- derecognises the carrying amount of any non-controlling interests
- derecognises the cumulative translation differences recorded in equity
- recognises the fair value of the consideration received
- recognises the fair value of any investment retained
- recognises any surplus or deficit in the Consolidated Statement of Comprehensive Income
- reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may require that the amounts previously recognised in other comprehensive income be reclassified to profit or loss.

(c) Going concern

The Group's forecast and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current and future known finance facilities, as detailed further in note 28 subsequent events. Further, the Directors have sought and received assurance from the Group's major lenders that they will continue to provide financial support beyond the expiry of the existing loan facilities sufficient to enable the Board to conclude that the Group and the Company are going concerns.

Therefore, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Company and the Group continue to adopt the going concern basis in preparing the Consolidated financial statements.

(d) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at the date of acquisition and the amount of any non-controlling interest in the acquired entity. Non-controlling interests ('NCI') may be initially measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Acquisition costs incurred are expensed and included in administrative expenses except for legal costs in relation to the issue of equity instruments, in connection with an acquisition, which are capitalised and net off against share premium.

When the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Any subsequent changes to the fair value of the contingent consideration are adjusted against the cost of the acquisition if they occur within the measurement period of 12 months following the date of acquisition. Any subsequent changes to the fair value of the contingent consideration after the measurement period are recognised in the Consolidated Statement of Comprehensive Income. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

When the Group enters into options and forward contracts over shares relating to NCIs at the same time as the business combination, the NCI is recognised to the extent the risk and rewards of ownership of those shares remain with them. Irrespective of whether the NCI is recognised, a financial liability (redemption liability) is recorded to reflect the forward or put option. All subsequent changes to the liability are recognised in profit or loss. Where the risks and rewards of ownership remain with the NCIs, the recognised financial liability is a reduction in the controlling interest equity. The NCI is then recognised and is allocated its share of profits and losses accordingly. Where significant risks and rewards of ownership reside with the NCIs, the difference between the financial liability and the NCI balance is debited to controlling interest equity if the liability is greater than the carrying value of the NCI, otherwise the difference is attributed to NCI. Dividends paid to the NCIs that do not reduce the contracted purchase price are deducted from the NCI carrying value. Profits and losses are allocated to NCI to the extent it is necessary to cover the dividend payment so that NCI does not become negative. In those situations, when forward or put options state that dividend payments reduce the contracted future purchase price, then the dividend amount is deducted from the redemption liability.

Transactions with NCIs that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains and losses on disposal of NCIs are also recorded in equity.

(e) Foreign currency translation

Amounts included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The Consolidated financial statements are presented in Pounds Sterling, the Company's functional and presentation currency. Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from settlement of such transactions, and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the Consolidated Statement of Comprehensive Income except when deferred in equity as qualifying cash flow and net investment hedges.

The results and financial position of all Group companies that have a functional currency other than sterling are translated as follows:

- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction date, in which case income and expenses are translated at the date of the transaction);

- assets and liabilities are translated at the closing exchange rate at the Consolidated Statement of Financial Position date; and
- all resulting exchange differences are recognised as other comprehensive income which is a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and from borrowings, are taken to equity. When a foreign operation is sold such exchange differences are recognised in the Consolidated Statement of Comprehensive Income as part of the gain or loss on sale. Goodwill and fair value adjustments on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate. Exchange differences arising are recognised in other comprehensive income.

(f) Revenue from contracts with customers

The Group has initially applied IFRS 15 from 1 January 2018. The effect of initially applying IFRS 15 is described in note 27.

Revenue is measured based on the consideration specified in a contract with a customer and represents the fees, commissions and disbursements, net of discounts, derived from services provided to a customer.

Where a contract contains an element of variable consideration, on a contract by contract basis, the amount to be included in the transaction price and recognised in revenue is estimated. Variable consideration typically relates to success fees which are awarded upon achievement of certain performance criteria or milestones. Variable consideration is included in revenue as services are performed only to the extent that it is highly probable that the amount will not be subject to significant reversal when the uncertainty is resolved.

A performance obligation is a distinct service or distinct bundle of services. Many customer contracts include a single performance obligation. However, where a contract has multiple performance obligations, management allocate a proportion of the total transaction price to each obligation. The standalone selling price for each obligation will be determined based on the amount of input expected to be performed to complete each obligation relative to the total expected inputs to satisfy the contract.

Revenue, in relation to each performance obligation, is recognised over time as the services are rendered because there is a continuous transfer of control to the customer. The customer typically controls the work in progress as evidenced by the Group's enforceable right to payment for work completed to date to deliver services that do not have an alternative use to the Group. Revenue is recognised based on the extent of progress towards completion of performance obligations. Progress towards completion is measured using a number of different methods which best depict the transfer of services including recoverable hours performed.

Estimates of revenue and the extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenue are reflected in the Consolidated Statement of Comprehensive Income in the period in which the circumstances that give rise to the revision become known by management. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of expenses incurred which are recoverable.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and provision for any impairment. Depreciation is calculated to write down the cost of all tangible fixed assets to estimated residual value over their expected useful lives as follows:

Office improvements	5 years, straight line (for leases see accounting policy (u))
Fittings and equipment	5 years, straight line
Computer equipment	3 years, straight line
Motor vehicles	5 years, straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Consolidated Statement of Financial Position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the Consolidated Statement of Comprehensive Income.

(h) Intangible assets

Intangible assets comprise goodwill, certain corporate brand names and customer relationships acquired in business combinations, website development costs, software and other licences.

Goodwill represents the excess of fair value attributed to investments in businesses or subsidiary undertakings over the fair value of the underlying net assets, including intangible assets, at the date of their acquisition. Goodwill on acquisition of an entity is included in intangible assets. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill has an indefinite useful life and therefore not amortised. Impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the net present value of future cash flows derived from the underlying assets using a projection period of up to five years for each cash-generating unit. After the projection period a steady growth rate representing an appropriate long-term growth rate for the industry is applied. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Corporate brand names and customer relationships acquired as part of acquisitions of businesses are capitalised separately from goodwill as intangible assets if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group.

Expenditure on website development, software and licences is initially stated at cost.

Amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset, other than goodwill, on a straight-line basis over the estimated life of the asset. Estimated life and estimated residual value are calculated on an asset by asset basis having regard to the nature of the asset, and the cash flows generated, or to be generated, by the asset historically and projected.

Amortisation is calculated to write down the cost of these assets to their estimated residual value over their expected useful lives as follows:

Brands	10 years, straight line
Customer relationships	5 years, straight line
Websites, software and licences	3 years, straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Consolidated Statement of Financial Position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the Consolidated Statement of Comprehensive Income.

(i) Impairment of non-current assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is based on the present value of the future cash flows relating to the asset, and is determined over periods which are deemed to appropriately reflect the minimum expected period that the cash generating unit will operate for. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cashflows (cash generating units). Any impairment loss is immediately recognised as an expense in the Consolidated Statement of Comprehensive Income.

(j) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations may include abandoned or closed operations which will not meet the held for sale criteria as they are not recovered principally through sale and therefore balance sheet presentation requirements will not be applicable to them.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Consolidated Statement of Comprehensive Income.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

(k) Investments

Fixed asset investments in subsidiaries are shown in the Company Statement of Financial Position at cost less any provision for impairment.

Investments in associate entities over which the Group has significant influence are accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control and/or joint control over those policies.

Under the equity method, the investment in an associate is initially recognised at cost and is adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in the profit or loss, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income.

Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the Consolidated Statement of Comprehensive Income, outside operating profit, and represents profit or loss after tax and non-controlling interest in the subsidiaries of the associates. Where the Group's share of losses equals or exceeds its interest in the entity the Group does not recognise further losses.

At each reporting date, the Group determines whether it is necessary to recognise an impairment loss of its investment in its associates through examination of any objective evidence. The Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value. The impairment of associate is shown on the face of the Consolidated Statement of Comprehensive Income outside operating profit.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investments at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(l) Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they originate. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018

Financial assets are classified on initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

Financial assets at amortised cost - these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at FVTPL - these assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. The Group made this election for the quoted equity shares held at year end.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Financial assets – Policy applicable before 1 January 2018

The Group classified its financial assets into one of the following categories:

- loans and receivables - measured at amortised cost using the effective interest method;
- held to maturity - measured at amortised cost using the effective interest method;
- available for sale - measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve.

When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss; and

- at fair value through profit or loss - measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss.

Impairment of financial assets

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 18 for further details.

Previously, up until 31 December 2017, the Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

(m) Contract assets, contract cost assets and contract liabilities

The timing of revenue recognition, invoicing and cash collections result in trade receivables (accounting policy (n)), contract assets and contract liabilities in the Consolidated Statement of Financial Position.

Contract assets, also known as unbilled receivables, relate to the Group's conditional right to consideration for performance completed under a contract. Performance measurement is explained in accounting policy (f). Revenue in respect of this unbilled work is therefore included as a contract asset at the end of the period. The Group's right to consideration is usually conditional upon completion of further performance obligations or the raising of an invoice. The contract assets are transferred to receivables when the right to consideration becomes unconditional.

Contract cost assets comprise of costs incurred to fulfil a contract and costs incurred to obtain a contract. Costs incurred to fulfil a contract are recognised as an asset where the costs relate directly to a contract, are incremental and are expected to be recovered. These costs include outlays incurred on behalf of a customer and are recognised as an asset when the third-party costs are incurred. The asset is amortised when the cost is billed to the customer, consistent with the pattern of the recognition of the associated revenue. A provision is made for irrecoverable costs where it is probable that such costs will not be recovered from future billing.

Contract liabilities consist of income billed in advance of the performance of services and are recognised as revenue as the contract obligations are performed.

Amounts are billed in accordance with agreed-upon contractual terms, either at periodic intervals (e.g. monthly) or upon achievement of contractual milestones. Billing can either occur subsequent to revenue recognition, resulting in contract assets or payments can be received in advance from customers, before revenue is recognised, resulting in contract liabilities. On occasion advanced payments from customers are received upon contract execution and then upon achievement of contractual milestones.

(n) Trade receivables

Trade receivables relate to contracts with customers and are recognised when the right to consideration is unconditional except for the passage of time. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. See accounting policy (l) for details on the impairment methodology. Any change in the provision for impairment of trade receivables and contract assets (see accounting policy (m)) are presented as net impairment losses within operating profit. Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written off are credited against the same line item.

(o) Cash and cash equivalents

In the Consolidated Statement of Cash Flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the Consolidated Statement of Financial Position, bank overdrafts and loans repayable within one year are shown within loans and borrowings in current liabilities.

(p) Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(q) Borrowings and compound instruments

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the Consolidated Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs. In cases where these costs are settled at the time of the borrowing maturity and was added to the principal subject to an additional interest charge, this fee is capitalised as prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings issued to the Group that can be converted into share capital at the option of the issuer, and where the number of shares to be issued does not vary with changes in their fair value are classified by the Group as compound financial instruments. The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to a liability and an equity component in proportion to the initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Borrowings that can be converted into share capital at the option of the issuer but where the number of shares to be issued can vary fail the fixed test under IAS 32. As such this form of debt isn't accounted for as a compound instrument and as such no equity element arises.

(r) Taxation including deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income except where it relates to items recognised directly in equity.

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date in the countries where the Group operates and generates taxable income.

Deferred tax
Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred tax assets are recognised to the extent that the Group believes it is probable that future taxable profit will be available against which temporary timing differences and carry forward of unused tax credits/losses can be utilised. The Group's assessment of the recoverability of deferred tax assets is based on forecasts of the future profitability of the Group and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

(s) Share capital and share premium

Ordinary shares are classified as equity. Share premium represents the amounts received in excess of the nominal value of the Ordinary shares less costs of the shares issued and is classified as equity.

(t) Share based payments

The Group makes equity-settled payments to its employees. Equity-settled share based awards are measured at fair value at the date of grant using an options pricing methodology and expensed over the vesting period of the award. At each Consolidated Statement of Financial Position date, the Group reviews its estimate of the number of options that are expected to vest.

Shares issued to vendors in respect of the acquisition of interests in subsidiary undertakings are accounted for in accordance with accounting policy (d) above.

Equity-settled share based payments may also be made in settlement of professional costs in relation to costs incurred in the issue of new shares and in acquisition of subsidiary companies. In these cases, the payments are measured at fair value of services provided which will normally equate to the invoiced fees where those services are provided at arms' length in the normal course of trade. In the case of payments made for the issue of new shares, the fair value is charged against the share premium account or other reserves; charges in respect of other professional fees are expensed within the Consolidated Statement of Comprehensive Income for the year.

(u) Leasing commitments

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases (net of any incentives received) are charged as operating costs to the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term. Rental incomes under operating leases which are sublet are recognised over the lease term on a straight-line basis over the lease term.

Leases where significant risks and benefits incidental to ownership of the leased item have been transferred to the Group are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Consolidated Statement of Comprehensive Income.

Each leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of estimated useful life of the asset and the lease term.

(v) Finance costs

Finance costs, including interest, finance charges in respect of finance leases, bank charges and the unwinding of the discount on deferred consideration, are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred using the effective interest rate method.

(w) Pensions and similar obligations

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis in respect of defined contribution plans. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Payments to a defined contribution pension plan were charged as an expense to the Consolidated Statement of Comprehensive Income, as incurred, when the related employee service is rendered. The Group has no further legal or constructive payment obligations once the contributions have been made.

(x) Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Areas subject to estimation uncertainty and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are combined and discussed below.

- **Impairment of goodwill and other intangible assets**

The carrying value of goodwill, customer relationships and brands are subject to an impairment review both annually and when there are indications that the carrying value may not be recoverable, in accordance with accounting policies (h) and (i) stated above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations which require the use of estimates. See note 15 for further details.

- **Recoverability of investments and debts due from subsidiaries and related parties**

Whether the carrying value of the Company's investment in subsidiaries, balances due from those subsidiaries and balances due from related parties is recoverable or impaired requires judgments and estimates relating to the prospects of those subsidiaries. The Directors assess the recoverability of these balances at each year end. See notes 17 and 26 for further details.

- **Revenue recognition**

Where contracts are not complete at the period end, revenue is recognised based on the extent of progress towards completion of performance obligations. Contracts are reviewed on an individual basis with the involvement of the specific staff servicing each contract. The key elements of a contract, along with the number of recoverable hours worked on a contract, are ascertained by discussions with the account manager and by reviewing staff timesheets. See accounting policy (f) for further details.

- **Customer contracts containing variable consideration**

An estimate of variable consideration is included in the transaction price of a contract and is recognised in revenue. Contracts are reviewed on an individual basis with the involvement of the specific staff servicing each contract. An estimate is calculated based on the likelihood of obtaining the variable consideration taking into account macroeconomic factors, staff experience and the progression of a contract. The estimate will be constrained when it is highly probable that it will be reversed in the future. Therefore, the probability of the occurrence or non-occurrence of a future event is assessed by management periodically. See accounting policy (f) for further details.

- **Deferred tax assets with respect to unused tax losses**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group have assessed the likelihood of carried forward losses to be utilised and as a result have recognised deferred tax assets for £2,280,000 (2017: £2,200,000) of tax losses carried forward. The Group also has approximately £13,000,000 (2017: £10,900,000) of unrecognised tax losses carried forward. The majority of the unrecognised tax losses relate to Porta, the parent company, which has a history of losses and does not have a policy in place for charging its UK subsidiaries for any losses utilised via group relief.

If the Group was able to recognise deferred tax assets with respect to all tax losses carried forward, profit and equity would increase by £2,460,000 (2017: £2,100,000). See note 7 for further details.

(y) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers (the Group's Joint Chief Executive Officers), who are responsible for allocating resources and assessing performance of the operating segments.

2. Segmental reporting

Business segments

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services and are managed separately because they require different resources and strategies. For each of the strategic divisions, the Group's Joint Chief Executive Officers review internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- communications includes public relations, public affairs and research consultancy, and other corporate communication services;
- marketing & advertising includes creative advertising, marketing and corporate branding services; and
- head office, which is not an operating segment, includes services provided by the Group's corporate function, including group treasury and finance and management services.

The accounting policies of the reportable segments are the same as the Group's accounting policies, which are described in note 1.

Inter-segment pricing is determined on an arm's length basis. Adjusted EBITDA is the measure reported to and used by the Joint Chief Executive Officers when assessing performance. All assets and liabilities are allocated to reportable segments. Goodwill is allocated to segments as described in note 15.

31 December 2018	Communications	Marketing & Advertising	Head Office	Total
	£	£	£	£

Total revenue	33,053,531	3,563,006	895,326	**37,511,863**
Less: Inter-segment revenue	(679,603)	(83,624)	(895,326)	**(1,658,553)**
Reportable segment revenue	32,373,928	3,479,382	-	**35,853,310**
Reportable segment gross profit	28,488,321	2,688,240	-	**31,176,561**
Adjusted EBITDA	2,644,394	58,883	(832,878)	**1,870,399**
Depreciation, amortisation and impairments	(2,866,143)	(151,426)	(313,985)	**(3,331,554)**
Operating profit	(1,487,755)	(103,333)	(1,285,828)	**(2,876,916)**
Finance income	33,513	-	6,881	**40,394**
Finance expense	(6,093)	(60,515)	(1,182,151)	**(1,248,759)**
Tax (expense)/credit	310,646	33,188	(172,729)	**171,105**

31 December 2017	Communications	Marketing & Advertising	Head Office	Total
	£	£	£	£
Total revenue	36,469,657	3,985,820	696,238	41,151,715
Less: Inter-segment revenue	(84,548)	(89,213)	(696,238)	(869,999)
Reportable segment revenue	36,385,109	3,896,607	-	40,281,716
Reportable segment gross profit	31,448,311	2,762,388	(2,571)	34,208,128
Adjusted EBITDA	4,551,252	390,747	(2,124,344)	2,817,655
Depreciation, amortisation and impairments	(2,390,370)	(190,637)	(256,734)	(2,837,741)
Reportable segment results	1,892,908	194,676	(2,739,092)	(651,508)
Finance income	6,371	-	2,454	8,825
Finance expense	(218,135)	(16,564)	(1,313,147)	(1,547,846)
Tax (expense)/credit	(452,056)	185,632	(1,194,210)	(1,460,634)

31 December 2018	**Communications**	**Marketing & Advertising**	**Head Office**	**Total**
	£	**£**	**£**	**£**
Reportable segment assets	16,991,117	1,672,454	1,903,516	**20,567,087**
Capital expenditure	445,549	11,269	83,136	**539,954**
Reportable segment liabilities	(5,026,659)	(336,483)	(14,656,775)	**(20,019,917)**

31 December 2017	Communications	Marketing & Advertising	Head Office	Total
	£	£	£	£
Reportable segment assets	20,121,204	2,494,876	3,780,890	26,396,970
Capital expenditure	420,567	10,309	17,979	448,855
Reportable segment liabilities	(6,003,475)	(1,360,849)	(14,110,386)	(21,474,710)

Geographical segments

The analysis of results and assets by geographic region, based on the location of the operating company is as follows:

31 December 2018	**EMEA[1]**	**Asia-Pacific**	**Total**
	£	**£**	**£**
Reportable segment revenue	19,184,187	16,669,123	**35,853,310**
Reportable segment gross profit	16,192,406	14,984,155	**31,176,561**
Adjusted EBITDA	135,551	1,734,848	**1,870,399**
Profit/(Loss) on continuing operations before tax	(5,628,845)	1,525,373	**(4,103,472)**

31 December 2017	EMEA[1]	Asia-Pacific	Total
	£	£	£
Reportable segment revenue	23,218,054	17,063,662	40,281,716
Reportable segment gross profit	18,863,864	15,344,264	34,208,128
Adjusted EBITDA	328,683	2,488,972	2,817,655

Profit/(Loss) on continuing operations before tax	(5,443,101)	2,420,304	(3,022,797)

[1] The EMEA region includes the UK, in prior years this was separately reported.

The split of client based revenue as a percentage of Group revenue for the year was as follows:

Client based revenue	**2018**	2017
United Kingdom	**47%**	55%
Australia	**35%**	36%
Hong Kong and Greater China	**6%**	2%
Singapore	**5%**	3%
Rest of Europe	**3%**	2%
Middle East	**2%**	0%
USA	**1%**	1%
Other	**1%**	1%

No individual client sales were greater than 10% of Group revenue (2017: None).

31 December 2018	**EMEA[1]**	**Asia-Pacific**	**Total**
	£	**£**	**£**
Non-current assets	8,852,343	1,917,752	**10,770,095**
Current assets	4,877,167	4,919,825	**9,796,992**
Current liabilities	(12,795,570)	(2,280,093)	**(15,075,663)**
Non-current liabilities	(4,584,766)	(359,488)	**(4,944,254)**
	(3,650,826)	**4,197,996**	**547,170**

31 December 2017	EMEA[1]	Asia-Pacific	Total
	£	£	£
Non-current assets	11,765,978	1,628,646	13,394,624
Current assets	8,278,708	4,723,638	13,002,346
Current liabilities	(13,331,153)	(2,766,390)	(16,097,543)
Non-current liabilities	(5,197,356)	(179,811)	(5,377,167)
	1,516,177	3,406,083	4,922,260

[1] The EMEA region includes the UK, in prior years this was separately reported.

3. Revenue from contracts with customers

The Group has initially applied IFRS 15 at 1 January 2018 using the cumulative effect method, under which comparative information is not restated. The Group has therefore not presented the below disclosures for 31 December 2017. The effect of initially applying IFRS 15 on the Group's revenue from contracts with customers is described in note 27.

(a) Disaggregation of revenue from contracts with customers

The Group generates revenue from the transfer of services by the following contract types and in the following geographic regions:

31 December 2018	**Communications**	**Marketing & Advertising**	**Total**
	£	**£**	**£**
Type of contract			
Project revenue	15,631,146	2,727,344	**18,358,490**
Retainer revenue	12,240,817	644,856	**12,885,673**
Recharged costs	4,499,273	106,182	**4,605,455**
Other revenue	2,692	1,000	**3,692**
	32,373,928	**3,479,382**	**35,853,310**

31 December 2018	Communications	Marketing & Advertising	Total
	£	£	£
Primary geographical market			
United Kingdom	13,943,453	3,350,194	**17,293,647**
Australia	12,404,293	-	**12,404,293**
Hong Kong and Greater China	2,173,396	31,939	**2,205,335**
Singapore	1,725,017	-	**1,725,017**
Rest of Europe	940,787	44,556	**985,343**
Middle East	607,516	-	**607,516**
USA	376,933	46,859	**423,792**
Other	202,533	5,834	**208,367**
	32,373,928	**3,479,382**	**35,853,310**

The Group disaggregates revenue from contracts with customers by contract type and primary geographical market for each of its reporting segments as the Group believes it best depicts how the nature, amount and uncertainty of its revenue and cash flows are affected by economic factors.

Retainer based contracts relate to the provision of on-going services in line with the scope of work stated in the contract and are billed periodically. There is an agreed periodic transaction price stated in the contract which is billed irrespective of the hours performed under the contract, providing that the hours performed fall within the scope of work originally agreed. Retainer contracts are typically rolling contracts with a three-month termination period.

Project based contracts relate to specific engagements which typically take less than one year to complete. For existing customers with a retainer contract in place, the provision of services over and above the regular scope of work is also considered to be a project.

The nature of services provided can vary significantly depending on the requirements of the customer. The Group provides a range of communications, marketing and advertising services specialising in corporate and financial communications, consumer PR, investor relations, public affairs, digital services, research and analytics, corporate branding and creative marketing.

(b) Contract balances

The Group has recognised the following receivables, contract assets and contract liabilities from contracts with customers:

	Notes	31 December 2018 £
Receivables, which are included within 'trade and other receivables'	18	**5,739,632**
Contract assets		**728,988**
Contract liabilities		**659,244**

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to brought-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	Year ended 31 December 2018 £
Revenue recognised in the year:	
that was included in the contract liability balance at the beginning of the year	**662,091**
from performance obligations satisfied in previous periods	**-**

(c) Assets recognised from costs to fulfil and obtain a contract

In addition to the contract balances disclosed above, the Group has also recognised an asset in relation to costs to fulfil customer contracts, this is presented within contract cost assets in the Consolidated Statement of Financial Position.

	31 December 2018 £
Current asset recognised for costs incurred to fulfil a contract	**305,587**
Contract cost assets	**305,587**

The Group recognises costs incurred in fulfilling contracts with customers that are directly associated with the contract as an asset if those costs are expected to be recoverable. These typically relate to third party costs incurred on behalf of the customer which are rechargeable to the customer. The asset is amortised when the cost is billed to the customer, consistent with the pattern of the recognition of the associated revenue.

	Year ended 31 December 2018
	£
Amortisation and impairment recognised as cost of providing services during the year	**4,309,626**

The Group applies the practical expedient in paragraph 94 of IFRS 15 and recognises the incremental costs of obtaining a contract as an expense when incurred as the amortisation of the asset that would have been recognised is one year or less.

(d) Unsatisfied performance obligations

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less or contracts billed based on time incurred. There were no contracts with customers during the year with an originally expected duration of more than one year.

4. Expenses – analysis by nature

The operating loss on continuing activities is stated after charging:

	Year ended 31 December 2018	Year ended 31 December 2017
	£	£
Employment costs (see note 5)	**22,963,701**	23,939,661
Auditor's remuneration:		
Fees payable to the Company's auditors for		
- the audit of the Group's consolidated financial statements	**49,400**	45,900
Fees payable to the Company's auditors and their associates for other services to the Group:		
- the audit of the Company's subsidiaries pursuant to legislation	**67,000**	74,000
- tax compliance services	**27,000**	32,200
- other non-audit services not covered above	**42,045**	54,083
Legal and other professional consultancy costs	**439,132**	482,119
Operating lease expense	**1,994,118**	1,972,050
Amortisation of acquired intangible assets	**1,725,516**	1,832,625
Amortisation of other intangible assets	**124,698**	92,870
Impairment charges	**882,811**	511,098
Depreciation	**598,529**	401,148
And after crediting:		
Rental income in respect of sub-leases	**312,625**	375,481

The amount shown for fees payable to the Company's auditors for the audit of the Group's consolidated financial statements includes £22,000 (2017: £22,000) in respect of the Company's own audit.

5. Employment benefit expense

Employment costs relating to continuing activities during the year were as follows:

Group	**Year ended 31 December 2018**	Year ended 31 December 2017
	£	£
Wages, salaries and non-executive fees	**19,816,184**	20,306,480
Pension costs	**1,008,861**	1,070,160
Share based payments	**(117,731)**	120,736
Social security costs	**1,858,798**	1,991,889
Other employment related welfare costs	**397,589**	450,396

	22,963,701	23,939,661

Wages and salaries above termination benefits of £792,652 (2017: £344,429).

Company	**Year ended 31 December 2018 £**	Year ended 31 December 2017 £
Wages, salaries and non-executive fees	**971,084**	1,079,229
Pension costs	**41,628**	76,656
Share based payments	**(120,581)**	106,174
Social security costs	**120,551**	129,815
Other employment related welfare costs	**45,116**	50,024
	1,057,798	1,441,898

Wages and salaries above includes termination benefits of £112,505 (2017: £223,601).

The average monthly number of employees during the year, including Executive Directors, was as follows:

Group	**Year ended 31 December 2018 Number**	Year ended 31 December 2017 Number
Sales	**208**	204
Management	**22**	26
Administration	**41**	43
	271	273

Company	**Year ended 31 December 2018 Number**	Year ended 31 December 2017 Number
Management	**2**	3
Administration	**8**	9
	10	12

Directors' remuneration

The remuneration of the Directors for the year amounted to £1,374,854 (2017: £1,154,403). The remuneration of the highest paid Director was £343,650 (2017: £372,560). No bonuses were paid to directors for the year ended 31 December 2018 (2017: £nil).

In addition to these amounts, £120,951 was credited to the Consolidated Statement of Comprehensive Income in relation to share options held by Directors during the year (2017: charge of £105,224). The credit in the year is due to the reversal of previously recognised cost through the Statement of Comprehensive Income as a result of options forfeited before vesting. Further details of share based payments are given in note 22.

All of the above remuneration is accounted for within continuing operations.

Further details of Directors’ remuneration are set out in the Report of the Remuneration and Nomination Committee which are incorporated into these notes by way of reference.

Retirement benefits

The Company provides for retirement benefits for Executive Directors and employees through contributions to a defined contribution plan.

6. Finance expense and finance income

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Interest on financial liabilities measured at amortised cost	**1,191,083**	1,197,871

Clydesdale arrangement fees and Leumi termination fees	**-**	305,988
Net foreign exchange loss	**57,676**	43,987
Finance expense	**1,248,759**	1,547,846

Interest income on bank deposits	**5,879**	8,825
Other interest income	**34,515**	-
Finance income	**40,394**	8,825

7. Income taxes

Group	**Year ended 31 December 2018 £**	Year ended 31 December 2017 £
UK: Current tax charge	**(1,223)**	(125,522)
UK: Deferred tax credit/(charge)	**564,895**	(667,470)
Total UK tax credit/(charge)	**563,672**	(792,992)
Overseas: Current tax charge	**(395,738)**	(768,533)
Overseas: Deferred tax credit	**3,171**	100,891
Total overseas tax charge	**(392,567)**	(667,642)
Total income tax credit/(charge) for the year	**171,105**	(1,460,634)

The tax assessed for the year differs from the standard rate of corporation tax in the UK at 19% (2017: 19.25%) for the reasons set out in the following table:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Loss before taxation on continuing activities	**(4,103,472)**	(3,022,797)
Income tax expense computed at the statutory tax rate on loss before taxation on all activities	**779,660**	581,888
Adjustments in respect of deferred and current income tax of prior years	**18,702**	(39,413)
Expenses not deductible for tax purposes	**(125,713)**	(558,237)
Income not chargeable to taxation	**907**	20,844
Overseas profits taxed at differing rates	**(50,383)**	(198,231)
Unrecognised tax losses brought forward now utilised	**-**	42,244
Tax losses not relieved not recognised	**(450,640)**	(1,251,755)
Change in recognised temporary differences	**(9,306)**	(20,000)
Changes in tax rate in respect of deferred taxation	**7,878**	(37,974)
Total tax credit/(charge) for the year	**171,105**	(1,460,634)

Unrecognised deferred tax assets

The Group has tax losses of approximately £13,000,000 (2017: £10,900,000) available to be utilised against future taxable profits in their relevant countries of operations.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

31 December 2018	**Assets £**	**Liabilities £**	**Net £**
Intangible assets	-	(225,904)	**(225,904)**
Fixed assets	23,658	(20,626)	**3,032**
Current assets	-	(154,486)	**(154,486)**

Current liabilities	166,656	-	**166,656**
Tax loss carry-forward	433,639	-	**433,639**
Net tax assets	**623,953**	**(401,016)**	**222,937**

Movements in the deferred tax balances during the year were as follows:

31 December 2018	**Balance at 1 January 2018**	**Recognised in profit or loss[1]**	**Exchange differences**	**Balance at 31 December 2018**
	£	**£**	**£**	**£**
Intangible assets	(723,283)	497,379	-	**(225,904)**
Fixed assets	(61,788)	65,039	(219)	**3,032**
Current assets	(174,152)	12,420	7,246	**(154,486)**
Current liabilities	179,984	(6,386)	(6,942)	**166,656**
Tax loss carry-forward	434,025	(386)	-	**433,639**
Net tax assets	**(345,214)**	**568,066**	**85**	**222,937**

[1] The deferred tax balance relates to continuing operations.

31 December 2017	Assets	Liabilities	Net
	£	£	£
Intangible assets	-	(723,283)	(723,283)
Fixed assets	7,225	(69,013)	(61,788)
Current assets	-	(174,152)	(174,152)
Current liabilities	179,984	-	179,984
Tax loss carry-forward	434,025	-	434,025
Net tax liabilities	621,234	(966,448)	(345,214)

Movements in the deferred tax balances during the prior year were as follows:

31 December 2017	Balance at 1 January 2017	Recognised in profit or loss[1]	Exchange differences	Balance at 31 December 2017
	£	£	£	£
Intangible assets	(1,101,239)	377,956	-	(723,283)
Fixed assets	(37,672)	(23,944)	(172)	(61,788)
Current assets	-	(174,152)	-	(174,152)
Current liabilities	77,482	102,502	-	179,984
Tax loss carry-forward	1,282,966	(848,941)	-	434,025
Net tax liabilities	221,537	(566,579)	(172)	(345,214)

[1] The deferred tax balance relates to continuing operations.

Company

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

31 December 2018	**Assets**	**Liabilities**	**Net**
	£	**£**	**£**
Fixed assets	-	(14,668)	**(14,668)**
Current liabilities	8,587	-	**8,587**
Tax loss carry-forward	-	-	**-**
Net tax liabilities	**8,587**	**(14,668)**	**(6,081)**

31 December 2017	Assets	Liabilities	Net
	£	£	£
Fixed assets	-	(36,986)	(36,986)
Current liabilities	8,824	-	8,824

Tax loss carry-forward	194,810	-	194,810
Net tax assets	203,634	(36,986)	166,648

8. Financial Risk Management

The Group's and Company's financial assets and financial liabilities, as defined by IAS 32, are categorised as follows:

Group

	Notes	**31 December 2018** £	Restated 31 December 2017 £
Financial assets - designated at fair value through OCI			
Quoted equity shares		**8,500**	8,500
Financial assets - held at amortised cost			
Non-current assets		**1,038,628**	923,775
Contract assets	3	**728,988**	-
Trade receivables	18	**5,739,632**	6,881,200
Other debtors	18	**48,585**	1,202,691
Cash and cash equivalents		**2,590,111**	3,530,007
		10,154,444	12,546,173
Financial liabilities – held at amortised cost			
Trade payables	19	**(1,272,398)**	(1,666,747)
Current and non-current other liabilities		**(3,482,281)**	(3,871,516)
Loans and borrowings	23	**(9,629,516)**	(8,803,777)
Bank overdrafts	23	**(2,990,000)**	(3,093,484)
Financial liabilities – held at fair value through profit or loss			
Provisions	20	**-**	(513,807)
		(17,374,195)	(17,949,331)

Company

	Notes	**31 December 2018** £	Restated 31 December 2017 £
Financial assets - held at amortised cost			
Non-current assets		**10,637,405**	12,211,842
Trade receivables	18	**14,785**	43,251
Other debtors	18	**20,870**	96,402
Cash and cash equivalents		**367,881**	1,525,873
		11,040,941	13,877,368
Financial liabilities – held at amortised cost			
Trade payables	19	**(430,898)**	(335,056)
Current and non-current other liabilities		**(1,729,117)**	(4,025,634)
Loans and borrowings	23	**(9,608,133)**	(8,770,803)
Bank overdrafts	23	**(2,990,000)**	(3,093,484)
		(14,758,148)	(16,224,977)

The Group has made an irrevocable election to classify the above quoted equity shares (in Kalina Power Ltd), previously classified as available-for-sale, as financial assets at fair value through other comprehensive income (FVOCI). This investment is not held for trading and changes in the fair value of this equity investment are not indicative of the Group's performance. Therefore, to present the changes in the fair value of the investment in OCI results in more relevant information being provided to users of the accounts. On disposal of this equity investment, any related balance within the FVOCI reserve is reclassified to retained earnings.

The quoted equity shares are categorised as a Level 1 investment for the purpose of the IFRS 13 fair value hierarchy and are valued using quoted prices in active markets for these investments at the reporting date. The value of quoted shares at 31 December 2018 is not materially different from original cost and hence no OCI movement arises.

Management have assessed that the fair value of cash and short term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate to their carrying amounts as those items have short term maturities.

The fair value of other financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Long-term fixed rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors and the individual creditworthiness of the counterparty. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2018, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

Financial risk management

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Board of Directors. The Board is responsible for the identification of the major business risks faced by the Group and for determining the appropriate courses of action to manage those risks. The most important types of risk are credit risk, liquidity risk, and market risk. Market risk includes currency risk, interest rate and other price risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligation and arises principally from the Group's trade receivables.

Management consider all relevant facts and circumstances, including past experiences with a customer or customer class when assessing the credit risk of clients. Customers are also assessed in terms of their size and reputation and where there is potential concern surrounding recoverability from a specific client, management will request funds upfront. Credit verification procedures may also be carried out where necessary. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. Management addresses the Group's exposure to credit risk throughout the duration of customer contracts by employing advance payment terms or the right to cease transferring further goods or services.

See accounting policy (l) for details on the impairment methodology of trade receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed above.

Details of exposure to trade receivables is given in note 18.

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due.

The Group financed its operations during the year from reserves. Operating companies' cash requirements are monitored on a rolling working capital forecast basis and funded, where necessary, from Group funds.

Market risk

(a) Currency translation risk

The Group's subsidiaries operate in Europe, Australia, Singapore, Hong Kong and Abu Dhabi and revenues and expenses are denominated in Pound Sterling (GBP), Euro (EUR), Australian Dollar (AUD), Singapore Dollar (SGD), Hong Kong Dollar (HKD), United Arab Emirates Dirham (AED) and United States Dollar (USD). The Group's Sterling (GBP) Consolidated Statement of Financial Position is not protected from movements in the exchange rate between these currencies and Sterling. The overall exposure to foreign currency risk is considered by management to be low.

The following table demonstrates the sensitivity to reasonably possible change in significant currencies to the Group such as EUR, AUD, SGD, HKD, AED and USD to GBP exchange rates, with all other variables held constant. The impact on the Group profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group exposure to possible changes in all other foreign exchange currencies is not deemed material.

	2018		2017	
Effect on profit/(loss) before tax	**+5%**	**-5%**	+5%	-5%
	£	**£**	£	£
Euro	**17,658**	**(17,658)**	8,135	(8,135)
Australian Dollar	**56,590**	**(56,590)**	143,165	(143,165)
Singapore Dollar	**24,058**	**(24,058)**	20,041	(20,041)
Hong Kong Dollar	**(18,658)**	**18,658**	8,193	(8,193)
UAE Dirham	**5,171**	**(5,171)**	-	-
US Dollar	**49,206**	**(49,206)**	-	-

	2018		2017	
Effect on equity	**+5%**	**-5%**	+5%	-5%
	£	**£**	£	£
Euro	**933**	**(933)**	327	(327)
Australian Dollar	**120,046**	**(120,046)**	69,093	(69,093)
Singapore Dollar	**23,453**	**(23,453)**	29,685	(29,685)
Hong Kong Dollar	**10,964**	**(10,964)**	10,530	(10,530)
UAE Dirham	**7,857**	**(7,857)**	-	-
US Dollar	**9,289**	**(9,289)**	-	-

(b) Interest rate risk

The interest rate risk profile of the Group's cash and cash equivalents is shown below. The Group's other financial assets were not exposed to interest rate risk.

Cash and cash equivalents	**31 December 2018**	31 December 2017
	£	£
Floating rate	**-**	-
Fixed rate	**340,621**	322,914
Non-interest bearing	**2,249,490**	3,207,093
	2,590,111	3,530,007

The fixed rate cash deposits mature on various dates within one year of the year end and bear interest at 1.8% per annum (2017: 1.5% per annum). The fixed rate cash deposits above are restricted cash amounts and are included within cash and cash equivalents disclosed above and in the Consolidated Statement of Cash Flows. These deposits are subject to restrictions and are therefore not available for general use by the Group.

The Group's cash and cash equivalents of £2,590,111 comprises of cash at hand and in bank of £2,249,490 and short-term bank deposits of £340,621. The Company's cash and cash equivalents of £367,811 comprises of only cash at hand and in bank. Bank overdrafts are disclosed in note 23.

The interest rate risk profile of the Group's financial liabilities was as follows:

Loans and borrowings	**31 December 2018**	31 December 2017
	£	£
Fixed rate convertible loans	**(5,824,955)**	(5,184,550)
Fixed rate loans and borrowings	**(3,804,561)**	(3,619,227)
Variable rate loans and borrowings[1]	**(2,990,000)**	(3,093,484)
	(12,619,516)	(11,897,261)

[1] Revolving credit facility with a margin of 3.85% over a 3 month LIBOR.

Fixed rate interest bearing loans and borrowings, excluding finance leases, are subject to various interest rates. Further details of loans and interest rates are given in note 23 and further details of finance lease arrangements in note 24.

Sensitivity Analysis

The Group has assessed the impact of the LIBOR rate changing on the interest payable with respect to the Clydesdale revolving credit facility and deemed it to be immaterial. The Group does not account for any fixed rate financial liabilities at fair value through profit or loss, therefore a change in interest rates at the end of the period would not affect profit or loss or equity.

Maturity profile of financial liabilities	31 December 2018	Restated 31 December 2017
	£	£
Due in six months or less	**12,573,602**	13,296,455
Due between six months and 1 year	**257,355**	242,156
Due between 1 year and 2 years	**248,944**	288,444
Due between 2 and 5 years	**4,294,294**	4,122,276
Due in 5 years or more	**-**	-
	17,374,195	17,949,331

9. Capital risk management

The capital structure of the Group comprises the equity attributable to equity holders of the parent company, which includes issued share capital, reserves and retained earnings. Quantitative data on these is set out in the Consolidated and Company Statement of Changes in Equity.

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

Consistent with other companies in the industry, the Group monitors its capital structure on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the Consolidated Statement of Financial Position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Consolidated Statement of Financial Position plus net debt.

	Notes	31 December 2018	31 December 2017
		£	£
Total borrowings	23	**12,619,516**	11,897,261
Less: cash and cash equivalents		**(2,590,111)**	(3,530,007)
Net debt		**10,029,405**	8,367,254
Total equity		**547,170**	4,922,260
Total capital		**10,576,575**	13,289,514
Gearing ratio		**94.8%**	63.0%

The increase in the gearing ratio during 2018 resulted mainly from the funding of losses.

Under the terms of the Clydesdale Revolving Credit Facility, the Group is required to comply with the following covenants:

- the adjusted leverage must not exceed the ratio of 2.25:1;
- the security group leverage must not exceed the ratio of 2:1;
- the interest cover must not be less than the ratio of 10:1; and
- the capital expenditure of the Group must not exceed 120% of the amount set out in the Group's management forecasts.

The group has complied with the covenants throughout the reporting period.

Net debt reconciliation

The below table sets out the movements in net debt in the year:

	Cash	Finance leases due within 1 year	Finance leases due after 1 year	Borrowings due within 1 year	Borrowings due after 1 year	Total
	£	£	£	£	£	£
At 1 January 2018	**3,530,007**	**(110,012)**	**(25,874)**	**(8,298,219)**	**(3,463,156)**	**(8,367,254)**
Net cash flows	(950,391)	127,198	-	194,789	-	**(628,404)**
Acquisitions - finance leases	-	(6,140)	(15,833)	-	-	**(21,973)**

Foreign exchange adjustments	10,495	-	-	(1,198)	-	**9,297**
Other non-cash movements	-	(43,667)	31,359	(731,710)	(277,053)	**(1,021,071)**
At 31 December 2018	**2,590,111**	**(32,621)**	**(10,348)**	**(8,836,338)**	**(3,740,209)**	**(10,029,405)**

The below table sets out the movements in net debt in the prior year:

	Cash £	Finance leases due within 1 year £	Finance leases due after 1 year £	Borrowings due within 1 year £	Borrowings due after 1 year £	Total £
At 1 January 2017	1,854,553	(113,901)	(114,967)	(6,140,869)	(3,136,324)	(7,651,508)
Net cash flows	1,700,111	129,240	-	(2,709,239)	-	(879,888)
Acquisitions - finance leases	-	(3,843)	(7,233)	-	-	(11,076)
Foreign exchange adjustments	(24,657)	-	-	1,895	-	(22,762)
Other non-cash movements	-	(121,508)	96,326	549,994	(326,832)	197,980
At 31 December 2017	3,530,007	(110,012)	(25,874)	(8,298,219)	(3,463,156)	(8,367,254)

10. Acquisitions of subsidiaries

Acquisition of additional interest in a subsidiary

During the year the group acquired additional interests in the following subsidiaries. The effect of changes in the ownership interest on the equity attributable to owners of the company during the year is summarised as follows:

For the year ended 31 December 2018

Company	**Date of acquisition**	**% acquired in year**	**% owned at year end**	**Consideration**	**Carrying amount of NCI acquired**	**Excess of consideration paid recognised in equity**
Redleaf Polhill Limited	19/06/2018	19%	100%	1,053,050	461,139	591,911
Newgate Communications Pty Ltd	19/06/2018	4.43%	66.72%	338,252	8,179	330,073
Newgate Communications (HK) Limited	19/06/2018	20%	80%	244,304	50,753	193,551
Newgate Communications (Singapore) Pte. Ltd	30/10/2018	6%	51%	71,111	25,836	45,275
Porta Communications Midco Holdings Limited[1]	07/12/2018	0%	100%	150	7,500	(7,350)
				1,706,867	**553,407**	**1,153,460**

[1] Porta held 100% of Porta Communications Midco Holdings Limited by virtue of owning all of the Ordinary Shares. During the year 1,500 A Ordinary shares were transferred to Porta from former employees. See note 26 for further details.

For the year ended 31 December 2017

Company	Date of acquisition	% acquired in year	% owned at year end	Consideration	Carrying amount of NCI acquired	Excess of consideration paid recognised in equity
Redleaf Polhill Limited	13/06/2017	15%	81%	850,037	375,952	474,085
Newgate Communications Pty Ltd[1]	03/08/2017	4.43%	62.29%	277,375	(78,578)	355,953
				1,127,412	297,374	830,038

[1] An adjustment of £90,662 was made to the carrying amount acquired of Newgate Communications Pty Ltd. (Australia) in 2017 with respect to prior year's dividends calculated at 57.86% rather than 51%.

11. Non-controlling interests

During the year ended 31 December 2018 the Group had two subsidiaries with material non-controlling interests: Redleaf Polhill Limited and Newgate Communications Pty Limited. On 9 June 2018, Porta acquired a further 19% interest in Redleaf Polhill Limited and so now owns 100% of the company. Summarised financial information including related consolidation adjustments before intragroup eliminations in respect of Newgate Communications Pty Limited is presented in the table below.

	Newgate Communications Pty. Ltd	
	31 December 2018	31 December 2017
	£	£
Current assets	**3,608,093**	3,412,549
Current liabilities	**(2,501,642)**	(3,243,109)
Net current assets	**1,106,451**	169,440
Non-current assets	**667,706**	393,754
Non-current liabilities	**(1,218,894)**	(8,189)
Net non-current (liabilities)/assets	**(551,188)**	385,565
Net assets	**555,263**	555,005
Non-controlling interests	**184,874**	209,292
Group ownership	**66.72%**	62.29%
NCI %	**33.28%**	37.71%

	Year ended	Year ended
	31 December 2018	31 December 2017
	£	£
Revenue	**12,267,976**	14,105,654
Profit for the year	**586,891**	1,357,556
Other comprehensive income	**(8,670)**	(15,774)
Total comprehensive income	**578,221**	1,341,782
Attributable to non-controlling interests	**204,623**	558,242
Dividends declared to non-controlling interests	**212,204**	1,050,970

	£	£
Cashflows from operating activities	**530,282**	1,603,197
Cashflows from investing activities	**(242,028)**	(1,004,125)
Cashflows from financing activities	**32,522**	-
Payment of dividend to parent Company	**(71,584)**	(550,923)
Net increase in cash and cash equivalents	**249,192**	48,149

Further information about the non-controlling interests of other subsidiaries is given in note 17.

12. Investment in associate

On 16 January 2018, Capital Access Holdings Limited ("Capital Access") issued a further 200 Ordinary shares reducing the Group's ownership to 39.5%. The Group disposed of its entire 39.5% interest in Capital Access, waived outstanding Group net debts with Capital Access (totalling approximately £43,000) and extended the service agreement by three months, on 11 December 2018 and in exchange was relieved of its guarantee obligations under the original acquisition agreement. See note 20 which contains further details surrounding this extinguished contingent liability relating to Capital Access.

The following tables summarise the financial information of the Group's investment in Capital Access.

Group

	Year ended	Year ended
	31 December 2018	31 December 2017
	£	£

Revenue	**1,003,189**	1,519,092
Cost of sales	**(57,404)**	(69,770)
Administration expenses	**(1,345,786)**	(1,595,064)
Net finance expense	**-**	(173,445)
Loss for the year	**(400,001)**	(319,187)
Other comprehensive income	**-**	-
Total comprehensive income	**(400,001)**	(319,187)

Group ownership	**0%**	43.9%
Loss attributable to the Group	**(150,112)**	(119,784)

	31 December 2018	31 December 2017
	£	£
Carrying value of the investment at 1 January	**-**	787,946
Acquired during the year	**18,191**	44,322
Share of profit in associate during the year	**-**	31,544
Impairment	**(18,191)**	(863,812)
Carrying value of the investment at 31 December	**-**	-

Company

	31 December 2018	31 December 2017
	£	£
Carrying value of the investment at 1 January	**-**	819,489
Acquired during the year	**18,191**	44,322
Impairment	**(18,191)**	(863,811)
Carrying value of the investment at 31 December	**-**	-

13. Loss per share

The loss per share has been calculated using the weighted average number of shares in issue during the relevant financial year. The weighted number of Ordinary shares in issue and the loss, being the loss after tax, used in these calculations are as follows:

	Year ended	Year ended
	31 December 2018	31 December 2017
	Number	Number
Weighted average number of shares (Ordinary and dilutive)	**484,106,427**	378,394,062

	£	£
Loss on continuing activities after tax	**(4,479,083)**	(5,438,690)
Profit on discontinued activities after tax	**-**	-
Loss on continuing and discontinued activities after tax	**(4,479,083)**	(5,438,690)

No share options or warrants outstanding at 31 December 2018 or 31 December 2017 were dilutive and all such potential Ordinary shares are therefore excluded from the weighted average number of Ordinary shares for the purposes of calculating diluted earnings per share.

14. Loss accounted for in the parent company

As permitted under Section 408 of the Companies Act 2006, the Statement of Comprehensive Income for the Company is not presented as part of these financial statements. The Company's loss for the year, after tax, was £2,233,250 (2017: £4,490,656).

15. Intangible assets

Group

Cost	Goodwill £	Customer relationships £	Brands £	Websites, software and licences £	Total £
At 1 January 2017	8,240,898	9,380,000	3,187,000	451,268	21,259,166
Additions in the year	-	-	-	140,378	140,378
Disposals in the year	-	(250,000)	-	(63,395)	(313,395)
Translation differences	(57,908)	-	-	(116)	(58,024)
At 31 December 2017	**8,182,990**	**9,130,000**	**3,187,000**	**528,135**	**21,028,125**
Additions in the year	-	-	-	68,815	**68,815**
Disposals in the year	(346,858)	-	-	(80,237)	**(427,095)**
Translation differences	48,966	-	-	384	**49,350**
At 31 December 2018	**7,885,098**	**9,130,000**	**3,187,000**	**517,097**	**20,719,195**

Amortisation and impairment	**£**	**£**	**£**	**£**	**£**
At 1 January 2017	(935,559)	(5,251,978)	(1,725,073)	(248,924)	(8,161,534)
Charge for the year	-	(1,609,675)	(222,950)	(92,870)	(1,925,495)
Impairment	(488,227)	-	-	-	(488,227)
Eliminated on disposal	-	250,000	-	63,395	313,395
Translation differences	-	-	-	85	85
At 31 December 2017	**(1,423,786)**	**(6,611,653)**	**(1,948,023)**	**(278,314)**	**(10,261,776)**
Charge for the year	-	(1,544,012)	(181,504)	(124,698)	**(1,850,214)**
Impairment	-	-	(842,811)	-	**(842,811)**
Eliminated on disposal	346,858	-	-	77,860	**424,718**
Translation differences	-	-	-	(249)	**(249)**
At 31 December 2018	**(1,076,928)**	**(8,155,665)**	**(2,972,338)**	**(325,401)**	**(12,530,332)**

Net book value	**£**	**£**	**£**	**£**	**£**
At 1 January 2017	7,305,339	4,128,022	1,461,927	202,344	13,097,632
At 31 December 2017	6,759,204	2,518,347	1,238,977	249,821	10,766,349
At 31 December 2018	**6,808,170**	**974,335**	**214,662**	**191,696**	**8,188,863**

The average remaining amortisation period at 31 December 2018 is approximately 5 years for brands (2017: 6 years) and less than 1 year for customer relationships (2017: 1 year).

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, the aggregate carrying amount of goodwill is allocated to each cash-generating unit (CGU) as follows:

Reporting Segment		**31 December 2018** **£**	31 December 2017 £
Communications	ICAS Limited (trading as Publicasity)	**-**	188,789
Communications	Newgate Communications Limited	**5,140,264**	3,545,117
Communications	Newgate Communications (HK) Limited	**545,076**	515,570
Communications	Newgate Communications (Singapore) Pte. Ltd	**523,286**	503,826
Communications	Redleaf Polhill Limited	**-**	1,406,358
Marketing	21:12 Communications Limited	**599,544**	599,544
		6,808,170	6,759,204

ICAS Limited and Redleaf Polhill Limited ceased trading on 31 October 2018. A transfer of trade and assets to Newgate Communications Limited occurred on 1 November 2018.

The recoverable amount of the cash generating units has been determined on a value-in-use basis, calculated by discounting future cash flows which are expected to be generated from the continuing use of each cash-generating unit.

Key assumptions used in the calculation of recoverable amounts are discount rates, terminal value growth rates, and forecast EBITDA. The EBITDA forecasts are based on one year forecasts approved by the Board and based on management's estimate of the business within the cash-generating unit, for five years thereafter based on an average growth projection, and a long-term growth rate into perpetuity. For all cash-generating units the resulting cash flows have been discounted using a pre-tax weighted average cost of capital of 15% (2017: 10%) and a terminal growth rate of 2.5% (2017: 2.5%) has been applied in perpetuity. The discount rate was based on the risk-free rate obtained from UK Government Gilts, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk specific to the Group.

Porta performs annual impairment reviews over its subsidiaries and, as a result of the performance in 2018 and forecasts for 2019 onwards, Porta has determined there to be no impairment necessary to any cash-generating units.

Company

Cost	**Websites, software and licences £**	**Total £**
At 1 January 2017	346,559	346,559
Additions in the year	115,725	115,725
Disposals in the year	(13,946)	(13,946)
At 31 December 2017	**448,338**	**448,338**
Additions in the year	56,331	**56,331**
Disposals in the year	(55,405)	**(55,405)**
At 31 December 2018	**449,264**	**449,264**

Amortisation	**£**	**£**
At 1 January 2017	(167,712)	(167,712)
Charge for the year	(74,486)	(74,486)
Eliminated on disposal	13,946	13,946
At 31 December 2017	**(228,252)**	**(228,252)**
Charge for the year	(106,646)	**(106,646)**
Eliminated on disposal	55,672	**55,672**
At 31 December 2018	**(279,226)**	**(279,226)**

Net book value	**£**	**£**
At 1 January 2017	178,847	178,847
At 31 December 2017	220,086	220,086
At 31 December 2018	**170,038**	**170,038**

16. Property, plant and equipment

Group

Cost	**Office improvements £**	**Fittings and equipment £**	**Computer equipment £**	**Motor Vehicles £**	**Total £**
At 1 January 2017	1,091,575	608,792	574,113	58,728	2,333,208
Additions in the year	277,939	47,357	123,559	-	448,855
Transfers between categories	(316,748)	(15,404)	332,152	-	-
Disposals in the year	-	(5,533)	(335,937)	-	(341,470)
Translation differences	(9,879)	(2,746)	(5,062)	-	(17,687)
At 31 December 2017	**1,042,887**	**632,466**	**688,825**	**58,728**	**2,422,906**
Additions in the year	310,360	67,639	93,140	-	**471,139**
Transfers between categories	231,737	(172,069)	(59,668)	-	**-**
Disposals in the year	(100,983)	(126,957)	(17,720)	(58,728)	**(304,388)**
Translation differences	(15,104)	(3,524)	(5,443)	-	**(24,071)**
At 31 December 2018	**1,468,897**	**397,555**	**699,134**	**-**	**2,565,586**

Depreciation	**£**	**£**	**£**	**£**	**£**
At 1 January 2017	(571,710)	(334,190)	(360,266)	(31,750)	(1,297,916)
Charge for the year	(194,986)	(98,435)	(98,382)	(9,345)	(401,148)

Transfers between categories	312,846	(3,891)	(308,955)	-	-
Eliminated on disposal	-	5,533	335,937	-	341,470
Translation differences	4,148	2,055	3,251	-	9,454
At 31 December 2017	**(449,702)**	**(428,928)**	**(428,415)**	**(41,095)**	**(1,348,140)**
Charge for the year	(245,520)	(136,678)	(202,107)	(14,224)	**(598,529)**
Transfers between categories	(231,737)	155,292	76,445	-	**-**
Eliminated on disposal	98,370	111,018	16,146	55,318	**280,852**
Translation differences	4,726	2,489	3,011	1	**10,227**
At 31 December 2018	**(823,863)**	**(296,807)**	**(534,920)**	**-**	**(1,655,590)**

Net book value	**£**	**£**	**£**	**£**	**£**
At 1 January 2017	519,865	274,602	213,847	26,978	1,035,292
At 31 December 2017	593,185	203,538	260,410	17,633	1,074,766
At 31 December 2018	**645,034**	**100,748**	**164,214**	**-**	**909,996**

The net book value of assets held under finance leases as at 31 December 2018 was £64,543 (2017: £148,920).

Company

Cost	**Office improvements £**	**Fittings and equipment £**	**Computer equipment £**	**Motor Vehicles £**	**Total £**
At 1 January 2017	739,652	149,535	124,365	24,000	1,037,552
Additions in the year	13,076	3,384	1,519	-	17,979
Disposals in the year	-	(1,178)	(32,525)	-	(33,703)
Transfers from group companies	-	-	403	-	403
At 31 December 2017	**752,728**	**151,741**	**93,762**	**24,000**	**1,022,231**
Additions in the year	-	24,373	2,432	-	**26,805**
Transfers between categories	-	(31,961)	31,961	-	**-**
Disposals in the year	(3,547)	(16,554)	(7,643)	(24,000)	**(51,744)**
At 31 December 2018	**749,181**	**127,599**	**120,512**	**-**	**997,292**

Depreciation	**£**	**£**	**£**	**£**	**£**
At 1 January 2017	(305,529)	(92,756)	(122,141)	(15,200)	(535,626)
Charge for the year	(117,795)	(18,592)	(18,190)	(4,800)	(159,377)
Transfers between categories	(21,113)	-	21,113	-	-
Eliminated on disposal	-	1,178	32,525	-	33,703
At 31 December 2017	**(444,437)**	**(110,170)**	**(86,693)**	**(20,000)**	**(661,300)**
Charge for the year	(120,360)	(19,597)	(23,382)	(4,000)	**(167,339)**
Transfers between categories	-	15,184	(15,184)	-	**-**
Eliminated on disposal	2,069	15,125	7,597	24,000	**48,791**
At 31 December 2018	**(562,728)**	**(99,458)**	**(117,662)**	**-**	**(779,848)**

Net book value	**£**	**£**	**£**	**£**	**£**
At 1 January 2017	434,123	56,779	2,224	8,800	501,926
At 31 December 2017	308,291	41,571	7,069	4,000	360,931
At 31 December 2018	**186,453**	**28,141**	**2,850**	**-**	**217,444**

The net book value of assets held under finance leases as at 31 December 2018 was £64,543 (2017: £135,286).

17. Investment in subsidiaries

Company

Cost	**£**
At 1 January 2017	17,663,908

Additions during the year	1,127,412
Share based payments to subsidiary company employees	(127,638)
Transfers to group companies	(277,376)
At 31 December 2017	**18,386,306**
Additions during the year	**1,053,200**
Share based payments to subsidiary company employees	**(19,568)**
At 31 December 2018	**19,419,938**

Provision for impairment	**£**
At 1 January 2017	(3,939,600)
Impairment in the year	(349,999)
At 31 December 2017	**(4,289,599)**
At 31 December 2018	**(4,289,599)**

Net book value	**£**
At 1 January 2017	13,724,308
At 31 December 2017	14,096,707
At 31 December 2018	**15,130,339**

Additions during the year were as follows:

Company	Notes	**£**
Redleaf Polhill Limited	10	1,053,050
Porta Communications Midco Holdings Limited	10	150
		1,053,200

The final 19% interest in Redleaf Polhill Limited was purchased for a total consideration of £1,047,800. The above figure of £1,053,050 includes stamp duty of £5,250.

During the year 1,500 Ordinary shares in Porta Communications Midco Holdings Limited were purchased for a cash consideration of £150. Further details of this transaction can be found in note 26.

No intangibles were recognised as a result of the above acquisitions.

No impairments were deemed necessary as a result of the annual impairment reviews performed by Porta.

At 31 December 2018, the Company indirectly held all of the following interest in subsidiaries through other group companies, all of which have reporting dates of 31 December and are all incorporated in England and Wales, unless otherwise stated:

Name	**Address of the registered office**	**Share capital held**	**Percentage held**	**Principal activity during year**
13 Communications Limited	Sky Light City Tower, 50 Basinghall Street, London, EC2V 5DE	Ordinary	100%	Dormant
21:12 Communications Limited	Sky Light City Tower, 50 Basinghall Street, London, EC2V 5DE	A Ordinary B Ordinary	100% 35%	Marketing and Advertising agency
Clare Consultancy Limited	Sky Light City Tower, 50 Basinghall Street, London, EC2V 5DE	Ordinary	100%	Public Relations & Public Affairs consultancy[1]
EngageComm Pty Limited (incorporated in Australia)	c/o Bell Partners, 40 Lime Street, King Street Wharf, Sydney NSW 2000, Australia	Ordinary	51%	Public Relations & Public Affairs consultancy
ICAS Limited	Sky Light City Tower, 50 Basinghall Street, London, EC2V 5DE	Ordinary	100%	Public Relations consultancy[2]
Newgate Brussels SPRL (incorporated in Belgium)	69-71 Avenue Adolphe Lacomble, 1030 Bruxelles, BE 0841.262.588	Ordinary	100%	Non-trading

Newgate Communications Limited	Sky Light City Tower, 50 Basinghall Street, London, EC2V 5DE	Ordinary	100%	Public Relations, Public Affairs & Research consultancy
Newgate Communications (Beijing) Limited (incorporated in China)	Room 2467, No. 77 Jlanguo Road, Chaoyang District, Beijing, China	Ordinary	80%	Public Relations & Public Affairs consultancy
Newgate Communications FZ-LLC (incorporated in the United Arab Emirates)	Two Four 54, Park Rotana Building, 9th floor, office number 905B, Khalifa Park area, Media Zone Authority P.O. Box: 769255 Abu Dhabi, UAE	Ordinary	76%	Public Relations consultancy
Newgate Communications Germany GmbH (incorporated in Germany)	Alstertwiete 3, 20099 Hamburg	Ordinary	100%	Non-trading
Newgate Communications Pty Limited (incorporated in Australia)	Level 18, 167 Macquarie Street, Sydney, NSW 2000, Australia	Ordinary	66.72%	Public Relations, Public Affairs & Research consultancy
Newgate Communications (HK) Limited (incorporated in Hong Hong)	802 Winsome House, 73 Wyndham Street, Central, Hong Kong	Ordinary	80%	Public Relations & Public Affairs consultancy
Newgate Communications (Singapore) Pte. Ltd (incorporated in Singapore)	24 Raffles Place, #16-05 Clifford Centre, Singapore 048621.	Ordinary	51%	Public Relations & Public Affairs consultancy
Newgate Media Holdings Limited	Sky Light City Tower, 50 Basinghall Street, London, EC2V 5DE	Ordinary	100%	Intermediate holding company
Newgate PR Holdings Limited	Sky Light City Tower, 50 Basinghall Street, London, EC2V 5DE	Ordinary	100%	Intermediate holding company
Newgate Public Affairs Limited	Sky Light City Tower, 50 Basinghall Street, London, EC2V 5DE	Ordinary	100%	Dormant
Newgate Public Relations Limited	Sky Light City Tower, 50 Basinghall Street, London, EC2V 5DE	Ordinary	100%	Dormant
Newgate Sponsorship Limited	Sky Light City Tower, 50 Basinghall Street, London, EC2V 5DE	Ordinary	85%	Non-trading
Porta Australia Holdings Pty Limited (incorporated in Australia)	c/o Bell Partners, 40 Lime Street, King Street Wharf, Sydney NSW 2000, Australia	Ordinary	51%	Intermediate holding company
Porta Communications Midco Holdings Limited	Sky Light City Tower, 50 Basinghall Street, London, EC2V 5DE	Ordinary*	100%	Intermediate holding company
PPS (Local and Regional) Limited	Sky Light City Tower, 50 Basinghall Street, London, EC2V 5DE	Ordinary	100%	Dormant
Redleaf Polhill Limited	Sky Light City Tower, 50 Basinghall Street, London, EC2V 5DE	Ordinary	100%	Public Relations consultancy[3]
Springall Gbr (incorporated in Germany)	Alstertwiete 3, 20099 Hamburg	Ordinary	100%	Dormant
Velvet Consultancy Limited	Sky Light City Tower, 50 Basinghall Street, London, EC2V 5DE	Ordinary	100%	Dormant

*Directly held

1. Clare Consultancy Limited ceased trading on 28 September 2018. On the 8 March 2019 the Company name was changed to Impact PR Limited.
2. ICAS Limited ceased trading on 31 October 2018. A transfer of trade and assets to Newgate Communications Limited occurred on 1 November 2018, at net book value.
3. Redleaf Polhill Limited ceased trading on 31 October 2018. A transfer of trade and assets to Newgate Communications Limited occurred on 1 November 2018, at net book value.

Audit exemptions:

The following Group entities are exempt from audit by virtue of Section 479A of the Companies Act 2006:

13 Communications Limited
Clare Consultancy Limited

Newgate Media Holdings

	Limited Newgate PR Holdings Limited Porta Communications Midco Holdings Limited	Newgate Public Affairs Limited Newgate Public Relations Limited Newgate Sponsorship Limited PPS (Local and Regional) Limited
Preparation & filing exemptions:	The following Group entity is exempt from preparing/filing individual accounts by virtue of Sections 394A or 448A of the Companies Act 2006: Velvet Consultancy Limited	
Statutory guarantees:	Porta Communications Plc has provided statutory guarantees to the following entities in accordance with Section 479C of the Companies Act 2006:	
	13 Communications Limited Clare Consultancy Limited Newgate Media Holdings Limited Newgate PR Holdings Limited Porta Communications Midco Holdings Limited	Newgate Public Affairs Limited Newgate Public Relations Limited Newgate Sponsorship Limited PPS (Local and Regional) Limited
	Porta Communications Plc has provided a statutory guarantee to the following entity in accordance with Section 394C of the Companies Act 2006: Velvet Consultancy Limited	

18. Trade and other receivables

Group

Current assets	**31 December 2018**	31 December 2017
	£	£
Trade receivables	**5,849,048**	6,962,920
Less: provision for impairment	**(109,416)**	(81,720)
	5,739,632	6,881,200
Other debtors	**48,585**	475,747
Accrued Income[1]	**-**	727,207
Prepayments	**384,089**	596,041
	6,172,306	8,680,195

[1] The Group has initially applied IFRS 15 at 1 January 2018 using the cumulative effect method, under which comparative information is not restated. The effect of initially applying IFRS 15 on the Group's financial statements is described in note 27

A summary of trade receivables, excluding impaired balances, categorised by due date for payment is as follows:

	31 December 2018	31 December 2017
	£	£
Neither past due nor impaired	**2,317,621**	3,496,817
Past due but not impaired:		
Past due up to 3 months	**2,529,122**	2,523,931
Past due more than 3 months not more than 6 months	**265,517**	699,128
Past due more than 6 months not more than 1 year	**356,764**	119,179
Past due more than 1 year	**270,608**	42,145
	5,739,632	6,881,200

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	31 December 2018	31 December 2017
	£	£
Balance at 1 January	**81,720**	54,230
Amounts written off during the year	**(85,622)**	(89,837)
Provision made during the year	**154,708**	117,327
Amounts recovered during the year	**(41,225)**	-
Translation differences	**(165)**	-
Balance at 31 December	**109,416**	81,720

The Group applies the IFRS 9 simplified impairment approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others: the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a significant period past its due date. Impairment losses on trade receivables and contract assets recognised in the Consolidated Statement of Comprehensive Income during the year was £233,613 (2017: £117,327). Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. The concentration of credit risk is limited due to the client base being large and unrelated. Further information about the credit exposure of trade receivables is disclosed in note 8.

Non-current assets	**31 December 2018**	31 December 2017
	£	£
Other debtors	**41,837**	-
Rental deposits	**996,946**	923,775
	1,038,783	923,775

Company

Current assets	**31 December 2018**	31 December 2017
	£	£
Trade receivables	**14,785**	43,251
Less: provision for impairment	**-**	-
	14,785	43,251
Other debtors	**20,870**	96,402
Prepayments	**155,416**	400,928
	191,071	540,581

Non-current assets	**31 December 2018**	31 December 2017
	£	£
Rental deposit	**923,775**	923,775
	923,775	923,775

19. Trade and other payables

Group

Current liabilities	**31 December 2018**	31 December 2017
	£	£
Trade payables	**1,272,398**	1,552,515
Taxes and social security costs	**1,390,117**	1,554,172
Income received in advance[1]	**-**	674,308
Other payables	**856,473**	809,177
Accrued expenses	**1,830,705**	2,249,524
	5,349,693	6,839,696

[1] The Group has initially applied IFRS 15 at 1 January 2018 using the cumulative effect method, under which comparative information is not restated. The effect of initially applying IFRS 15 on the Group's financial statements is described in note 27.

Non-current liabilities	**31 December 2018**	31 December 2017
	£	£
Trade payables	**-**	114,232
Other payables	**-**	20,792
Accrued expenses	**792,681**	786,665
	792,681	921,689

Company

Current liabilities	**31 December 2018**	31 December 2017
	£	£
Trade payables owing to third parties	**424,257**	204,704
Trade payables owing to related parties (note 26)	**6,641**	16,120
	430,898	220,824
Taxes and social security costs	**574,838**	354,654
Other payables	**63,887**	290,029
Accrued expenses	**443,761**	421,918
	1,513,384	1,287,425

Non-current liabilities	**31 December 2018**	31 December 2017
	£	£
Trade payables	**-**	114,232
Other payables	**-**	20,792
Accrued expenses	**593,633**	786,665
	593,633	921,689

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

20. Provisions

Group

Current liabilities	**31 December 2018**	31 December 2017
	£	£
At 1 January	**513,807**	-
Utilised in the year	**(523,900)**	-
Charged/(released) in the year:		
Amortisation of put/call agreement	**10,093**	-
Transferred from long term provisions	**-**	513,807
At 31 December	**-**	513,807

The acquisition of Redleaf in 2014 (see note 10 in the financial statements of the Group for the year ended 31 December 2014) involved the grant of put and call options relating to the purchase by the Company of the remaining 49% of the issued share capital of Redleaf, which are exercisable in three tranches following the end of each of the three full financial years beginning 31 December 2015 on similar terms to the initial acquisition. Any additional consideration payable under the put and call options will be satisfied 50% in cash and 50% in Ordinary shares.

The final tranche of 19% of the issued share capital of Redleaf was acquired by Porta in June 2018 and as a result the provision has been fully utilised in the year. No further amounts are due with respect to this acquisition.

Contingent liabilities

Group and Company

In the prior year, a contingent liability was disclosed with respect to a £1,000,000 guarantee which Porta had against lender debt, to be satisfied in 10p Porta shares if called upon. This guarantee was on behalf of Capital Access, under the original acquisition agreement with the company. The obligation was extinguished on 11 December 2018 when Porta disposed of its full shareholding in Capital Access.

21. Share capital and Reserves

Group and Company

Share capital

Allotted, called up and fully paid

31 December 2018	**Number**	**£**
Ordinary shares of 1p each	506,525,115	5,065,252
Deferred shares of 0.9p each	2,862,879,050	25,765,912
	3,369,404,165	**30,831,164**

31 December 2017	Number	£
Ordinary shares of 1p each	456,936,050	4,569,361
Deferred shares of 0.9p each	2,862,879,050	25,765,912
	3,319,815,100	30,335,273

The movement in Ordinary and Deferred shares for the year reconciles as follows:

	Number	**Ordinary shares £**	**Deferred shares £**	**Total £**
At 1 January 2017	3,172,329,057	3,094,500	25,765,912	28,860,412
New issues during the year	147,486,043	1,474,861	-	1,474,861
At 31 December 2017	**3,319,815,100**	**4,569,361**	**25,765,912**	**30,335,273**
New issues during the year	49,589,065	495,891	-	**495,891**
At 31 December 2018	**3,369,404,165**	**5,065,252**	**25,765,912**	**30,831,164**

On 30 April 2018, 3,954,619 Ordinary shares of 1p each were issued to two former employees of PPS (Local and Regional) Limited to satisfy conditions existing when the subsidiary was acquired by the Group in November 2014. No further amounts are due with respect to this acquisition.

On 19 June 2018, Porta issued the following:

- 23,493,273 Ordinary shares of 1p each, which was 50% of the total consideration of £1,047,800, to acquire the final 19% interest in Redleaf Polhill Limited, with the balance satisfied in cash in line with the original agreement;
- 12,861,278 Ordinary shares of 1p each to acquire an additional 4.428% interest in Newgate Communications Pty Limited; and
- 9,279,895 Ordinary shares of 1p each to acquire an additional 20% interest in Newgate Communications (HK) Limited.

Further details can be found in note 10.

Deferred shares

There has been no change in the rights relating to the Deferred shares during the year. The special rights, privileges, restrictions and limitations attached to the Deferred shares are set out below:

a) A holder of Deferred shares shall have no right to receive notice of or to attend or vote at any General meeting of the Company.

b) A holder of Deferred shares shall have no right to receive any dividend or distribution.

c) A holder of Deferred shares shall, on a return of capital in a liquidation but not otherwise, be entitled to receive a sum equal to the amount paid up or credited on each share but only after the sum of £1,000,000 per Ordinary share has been distributed amongst the holders of the Ordinary shares.

d) The Company may redeem the Deferred shares at any time for the sum of £1 payable in aggregate to all Deferred shareholders as a class.

Share premium

	£
At 1 January 2017	5,826,561
New issues during the year	3,836,353
Issue costs	(22,000)
At 31 December 2017	**9,640,914**
New issues during the year	**709,583**
At 31 December 2018	**10,350,497**

Retained losses (Group only)

Transfers to retained losses in the year totalled £15,172. See the other reserves section below for details of the figures this comprised of.

Translation reserve (Group only)

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Other reserves

During the year, an amount of £117,731 was credited (2017: £120,736 charged) to other reserves relating to share based payments transactions (note 22). The credit in the year is mainly due to the reversal of previously recognised cost through the Statement of Comprehensive Income relating to options forfeited before vesting.

In addition, £153,472 was transferred to retained losses in relation to lapsed options in the share based payment reserve (2017: £21,845).

Other amounts totalling £138,300 have been transferred from other reserves to retained losses in the year in relation to the disposal of Summit Marketing Services Limited.

22. Share based payments

During the year, no share options were granted to staff or directors under any share option or other incentive plans (2017: none).

The fair value of services received in return for the share options granted is based on the fair value of the share options granted measured using the Black-Scholes and Binomial models.

Expected volatility is estimated by considering historical volatility over the period commensurate with the expected term. The following inputs were used in the measurement of the fair values at grant date of the share based payment plans.

Option Grant Year	**2012**	**2013**	**2015**	**2016**
Option recipient	Employees	Employees	Employees	Directors
Fair value at grant date	4.96p	9.50p	4.24p	1.83p
Share price at grant date	8.00p	14.00p	7.63p	6.25p
Exercise price	10.00p	14.00p	10.00p	22.51p
Expected volatility	76%	76%	67%	66%
Option life*	6 years	6 years	6 years	6 years
Expected dividends	0%	0%	0%	0%
Risk-free interest rate	1.1%	3.01%	2.10%	1.34%

*expected weighted average life

		2018		2017
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Balance at 1 January	**23,151,341**	**18.61p**	24,571,341	18.11p
Forfeited/lapsed during the year	**(16,360,443)**	**19.13p**	(1,420,000)	10.00p
Balance at 31 December	**6,790,898**	**17.35p**	23,151,341	18.61p

The weighted average remaining contractual lives of the outstanding options is 3.4 years and exercise prices range from 10p to 22.51p.

£117,731 relating to share based payments has been recognised as a credit in the Statement of Comprehensive Income for the year ended 31 December 2018 (2017: expense of £120,736). The credit in the year is mainly due to the reversal of previously recognised cost through the Statement of Comprehensive Income as a result of options forfeited before vesting.

Out of the 6,790,898 outstanding options, 2,812,417 options were exercisable at 31 December 2018.

23. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For information about the Group's exposure to interest rate, foreign currency and liquidity risk arising from these loans and borrowings, see note 8.

Group

Current liabilities	Note	**31 December 2018** **£**	31 December 2017 £
Convertible loan		**5,824,955**	5,184,550
Bank overdraft[1]		**2,990,000**	3,093,484
Loan		**21,383**	20,185
Obligations under finance leases	24	**32,621**	110,012
		8,868,959	8,408,231

[1] The bank overdraft is a five year £3.3m revolving credit facility with Clydesdale Bank Plc (up to June 2022). This facility includes a margin of 3.85% over a 3 month LIBOR.

Non-current liabilities	Note	**31 December 2018** **£**	31 December 2017 £
Deep discounted bond		**3,740,209**	3,463,156
Obligations under finance leases	24	**10,348**	25,874
		3,750,557	3,489,030

As of 30 June 2018, the Retro Grand convertible loan with a face value of £5,183,415 is rolling with Additional interest of 12% p.a. accruing daily on the cumulative unpaid Standard interest which is charged at 8% p.a. Default interest on the capital is also being accrued daily at 12% p.a. See note 28 for subsequent events.

Retro Grand is a Jersey registered company which is wholly owned by the Edward Trust. The Edward Trust is managed and administered by independent trustees.

Hawk Investment Holdings Limited ('Hawk Investment') is a company wholly owned by Morton PTC Limited as Trustee to the Morton Family Trust.

Terms and debt repayment schedule

				2018		2017	
	Currency	Nominal interest rate	Year of maturity	**Face Value**	**Carrying Amount**	Face Value	Carrying Amount
Deep discounted bond	GBP	8%	2021	**4,460,243**	**3,740,209**	4,460,243	3,463,156
Convertible loan	GBP	8%	2018	**5,183,415**	**5,824,955**	5,183,415	5,184,550
Loan[1]	AED	60%	2019	**18,955**	**21,383**	18,955	20,185
				9,662,613	**9,586,547**	9,662,613	8,667,891

[1] £18,955 is the sterling equivalent of the face value of the loan. The original loan in AED is AED $100,000.

Company

Current liabilities	Notes	**31 December 2018** **£**	31 December 2017 £
Convertible loan		**5,824,955**	5,184,550
Bank overdraft		**2,990,000**	3,093,484
Obligations under finance leases	24	**32,621**	97,223

		8,847,576	8,375,257

Non-current liabilities	Note	**31 December 2018**	31 December 2017
		£	£
Deep discounted bond		**3,740,209**	3,463,156
Obligations under finance leases	24	**10,348**	25,874
		3,750,557	3,489,030

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	**2018** Face Value	**2018** Carrying Amount	2017 Face Value	2017 Carrying Amount
Deep discounted bond	GBP	8%	2021	**4,460,243**	**3,740,209**	4,460,243	3,463,156
Convertible loan	GBP	8%	2018	**5,183,415**	**5,824,955**	5,183,415	5,184,550
				9,643,658	**9,565,164**	9,643,658	8,647,706

All Company loans are secured over all current and future assets of both the Company and subsidiaries within the Group. Further details concerning related party borrowings are given in note 26 and in note 28 detailing subsequent events.

24. Finance Leases

Finance lease commitments – as lessee

Group

	2018 Minimum payments	**2018** Present value of payments	2017 Minimum payments	2017 Present value of payments
	£	**£**	£	£
Within one year	**34,850**	**32,621**	120,792	110,012
Between one and five years	**11,048**	**10,348**	26,681	25,874
Total minimum lease payments	**45,898**	**42,969**	147,473	135,886
Less amount representing finance charges	**(2,929)**	**-**	(11,587)	-
Present value of minimum lease payments	**42,969**	**42,969**	135,886	135,886

Analysed as:	**£**	£
Current liability	**32,621**	110,012
Non-current liability	**10,348**	25,874
Present value of minimum lease payments	**42,969**	135,886

Company

	2018 Minimum payments	**2018** Present value of payments	2017 Minimum payments	2017 Present value of payments
	£	**£**	£	£
Within one year	**34,850**	**32,621**	108,003	97,223
Between one and five years	**11,048**	**10,348**	26,681	25,874
Total minimum lease payments	**45,898**	**42,969**	134,684	123,097
Less amount representing finance charges	**(2,929)**	**-**	(11,587)	-
Present value of minimum lease payments	**42,969**	**42,969**	123,097	123,097

Analysed as:	**£**	£
Current liability	**32,621**	97,223
Non-current liability	**10,348**	25,874
Present value of minimum lease payments	**42,969**	123,097

25. Operating leases

The Group's operating leases mainly relate to office premises. The leases of office premises typically run for periods up to 10 years. Leases for other fixed assets typically run for a period of 3 to 5 years.

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are payable as follows:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Less than one year	**1,865,823**	1,670,379
Between one and five years	**5,504,308**	5,604,824
More than five years	**83,753**	1,088,791
	7,453,884	8,363,994

The Company received a two year rent free period as a lease incentive. The total minimum lease payments are allocated over the lease term evenly and therefore the rent charge recognised in the Statement of Comprehensive Income is different to the contractually committed cash outflow.

26. Related party transactions

Key management personnel

In the opinion of the Board, only the Executive Directors of the Company are regarded as key management personnel.

Key management personnel compensation, including state taxes, comprised the following:

	Year ended 31 December 2018 £	Restated Year ended 31 December 2017 £
Short term employee benefits	**1,336,732**	1,029,514
Share-based payments	**(120,951)**	105,224
Termination benefits	**102,396**	188,768
Post-employment benefits	**50,647**	60,572
	1,368,824	1,384,078

Other related party transactions

On 31 January 2018, John Foley, the Non-Executive Chairman of the Company, purchased 4,700,000 Ordinary shares of 1p each at a price of 3.5p per share.

Fiorenzo Tagliabue, the Non-Executive Deputy Chairman, is also the CEO and founder of SEC S.p.A ("SEC"). Porta were billed £50,000 by SEC during 2017 in relation to a secondment fee for the provision of Secondee services and at the previous year end £10,000 of these fees were outstanding. In 2018 Porta paid the outstanding balance of £10,000 to SEC.

On 1 May 2018, Emma Kane, the Joint Chief Executive Officer of the Company, purchased 1,538,462 Ordinary shares of 1p each at a price of 3.25p per share.

On 19 June 2018, Porta acquired the final 19% interest in Redleaf Polhill Limited ("Redleaf") satisfied by way of 50% cash and 50% shares as per the original agreement. No further amounts are due with respect to this acquisition.

Of the 23,493,273 shares issued on 19 June 2018 to the owners of Redleaf, 21,158,042 were issued to Emma Kane and to persons closely associated ("PCAs") with her and cash paid of £471,824.

Between Emma's appointment to the Porta board and the year end, Redleaf declared and paid dividends to Emma, and PCAs with her, of £16,825. There are no outstanding dividends payable at the end of the year.

Newgate Communications Pty Limited ("Newgate Australia") declared dividends of £64,084 (A$114,265) on 19 June 2018 to Brian Tyson. As at 31 Dec 2018, dividends payable of £176,454 (A$318,491) were still owed to Brian.

On 19 June 2018, 2,088,360 shares were issued to Brian Tyson in relation to Porta's further acquisition of Newgate Australia at a cost of £54,924.

During the period, the Group was invoiced £7,268 (A$12,945) for flowers by Buds and Poppies, a florist company owned by the wife of Brian Tyson. An annual membership fee of £4,211 (A$7,500) was paid to the Committee for Sydney, of which Brian Tyson is also a director. No amounts were outstanding to either party at the year end.

At the year end, unpaid pension contributions of £24,631 (2017: £24,631) were owed to Gene Golembiewski.

During the year, Steffan Williams received £70 in consideration for his 700 A Ordinary shares in Porta Communications Midco Holdings Limited, which were transferred to Porta as a result of his departure as an employee from Porta.

The following amounts were owed to/by Directors by/to the Company at the year-end in respect of expenses incurred or advances for expenses made in relation to expenses incurred on behalf of the Group's business:

Director	**Max amount owed by Director during the year** £	**Owed by Directors/(Owed to Directors) 2018** £	Owed by Directors/(Owed to Directors) 2017 £
John Foley	**-**	**-**	-
Fiorenzo Tagliabue (and SEC S.p.A)	**-**	**(663)**	(10,703)
Emma Kane	**-**	**(6,159)**	-
Brian Tyson	**-**	**-**	-
Gene Golembiewski	**403**	**181**	(251)
Rhydian Bankes	**6**	**-**	(2)
Steffan Williams	**-**	**-**	(5,164)

All related party transactions were on normal commercial terms.

Transactions with subsidiary undertakings – Company

The parent Company incurs various expenses during the year which it recharges to subsidiary companies and certain subsidiary companies have incurred expenses or provided services during the year which have been recharged to the parent Company. A summary of these transactions during the year is as follows:

		2018		2017	
Subsidiary	**Nature of transactions**	**Charged by parent** £	**Charged to parent** £	Charged by parent £	Charged to parent £
13 Communications Limited	Expense recharges and consultancy fees	**-**	**-**	2,476	-
21:12 Communications Limited	Expense recharges and consultancy fees	**293,714**	**-**	481,438	-
	Marketing and advertising services	**-**	**18,280**	-	23,466
	Rent	**258,720**	**-**	241,850	-
	Interest	**58,910**	**-**	58,910	-
EngageComm Pty Ltd	Expense recharges and consultancy fees	**8,239**	**-**	9,386	-
ICAS Limited (t/a Publicasity)	Expense recharges and consultancy fees	**75,197**	**-**	325,831	-
	Rent	**223,300**	**-**	261,870	-
	Interest	**-**	**44,715**	-	52,398
Newgate Communications Limited	Expense recharges and consultancy fees	**863,153**	**28,286**	1,367,501	3,064
	Rent	**719,180**	**-**	568,190	-
	Interest	**59**	**10,150**	4,578	3,585
Newgate Communications FZ-LLC	Expense recharges and consultancy fees	**1,378**	**-**	1,469	-
Newgate Communications Pty Limited	Expense recharges and consultancy fees	**347,001**	**4,571**	386,368	135,046
	Interest	**13,016**	**-**	-	81,703
Newgate Communications (HK) Limited	Expense recharges and consultancy fees	**62,148**	**-**	42,853	-
Newgate Communications (Beijing) Limited	Expense recharges and consultancy fees	**72**	**-**	-	-
Newgate Communications (Singapore) Pte. Ltd	Expense recharges and consultancy fees	**48,039**	**-**	44,496	-

	Interest	**-**	**4,136**	1,058	2,304
Newgate Sponsorship Limited	Expense recharges and consultancy fees	**-**	**-**	975	-
Porta Communications Midco Holdings Limited	Group dividend	**477,947**	**-**	1,257,166	-
PPS (Local and Regional) Limited	Expense recharges and consultancy fees	**-**	**-**	24,652	-
	Rent	**-**	**-**	40,950	-
	Interest	**-**	**-**	-	5,820
Redleaf Polhill Limited	Expense recharges and consultancy fees	**122,954**	**5,489**	131,056	18,000
	Rent	**180,000**	**-**	-	-
Summit Marketing Services Limited	Expense recharges and consultancy fees	**-**	**-**	5,027	-
Newgate PR Holdings Limited	Interest	**877**	**-**	-	-
Total		**3,753,904**	**115,627**	5,258,100	325,386

The Company also undertakes various group treasury functions receiving payments from group companies, funding group companies and making payments on their behalf and the net amount outstanding to or from the parent company at the year end is as follows:

	Owed to parent/(Owed by parent)	
	2018	2017
Subsidiary	**£**	£
13 Communications Limited	**472,078**	-
21:12 Communications Limited	**3,962,214**	4,064,308
Clare Consultancy Limited	**353**	85
EngageComm Pty Limited	**138,509**	144,665
ICAS Limited (t/a Publicasity)	**-**	(2,109,959)
Newgate Brussels SPRL	**589,094**	398,766
Newgate Communications Limited	**(133,898)**	2,548,936
Newgate Communications FZ-LLC	**104,886**	108,014
Newgate Australia Pty Limited	**874,073**	891,103
Newgate Communications (HK) Limited	**9,558**	5,673
Newgate Communications (Beijing) Limited	**73**	-
Newgate Communications (Singapore) Pte. Ltd	**(483,181)**	(155,906)
Newgate Media Holdings Limited	**318,774**	576,000
Newgate PR Holdings Limited	**2,545,020**	2,307,345
Newgate Public Affairs Limited	**159,131**	(32,277)
Newgate Public Relations Limited	**521,069**	212,574
Newgate Sponsorship Limited	**18,797**	19,817
Porta Communications Midco Holdings Limited	**(10,758)**	(10,758)
Redleaf Polhill Limited	**-**	10,779
Summit Marketing Services Limited	**-**	(197,330)
Velvet Consulting Limited	**2**	2
Net amount owed to parent Company	**9,085,794**	8,781,837
Less: provision for impairment	**-**	-
Total	**9,085,794**	8,781,837
Analysed as:		
Non-current assets	**9,713,631**	11,288,067
Non-current liabilities	**(627,837)**	(2,506,230)
Total	**9,085,794**	8,781,837

The Company has given undertakings to certain subsidiary companies to provide financial support for a period of at least 12 months from the date of approval of these financial statements subject to group funding requirements.

The Board considers that the amounts disclosed in the table above will prove recoverable. However, the timing of and ultimate repayment of these sums will depend on the performance and financing arrangements of the relevant subsidiary undertakings. Currently, the Company expects the amounts to be repaid over a number of years.

27. Impact of adopting IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments

This note explains the impact of the adoption of IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments on the Group's financial statements.

(a) IFRS 15 Revenue from Contracts with Customers

Cumulative effect of initially applying IFRS 15

The Group has adopted IFRS 15 from 1 January 2018 which resulted in changes to the accounting policies and adjustments to the amounts recognised in the financial statements. The Group has applied the cumulative effect method in accordance with IFRS 15.C3(b) and has elected to apply IFRS 15 retrospectively only to contracts that were not completed at the date of initial application. The cumulative effect of the changes made to the Consolidated Statement of Financial Position as at 1 January 2018 was nil.

For additional information about the Group's accounting policies relating to revenue recognition see note 1.

Impact of adoption

The following table summarises the impact of adopting IFRS 15 on the Consolidated Statement of Financial Position as at 31 December 2018 and the Consolidated Statement of Comprehensive Income for the year ended 31 December 2018 for each of the line items affected. The impact on net assets was nil. There was no material impact on the Consolidated Statement of Cash Flows for the year ended 31 December 2018.

		2018		
		As reported	**Adjustments**	**Amounts without adoption of IFRS 15**
		£	**£**	**£**
Consolidated Statement of Comprehensive Income				
Revenue	(ii)	35,853,310	-	35,853,310
Consolidated Statement of Financial Position				
Current assets				
Work in progress	(i)	-	323,289	323,289
Contract assets	(i)	728,988	(728,988)	-
Contract cost assets	(i)	305,587	(305,587)	-
Trade and other receivables	(i)	6,172,306	711,286	6,883,592
Current liabilities				
Trade and other payables	(i)	(5,349,693)	(659,244)	(6,008,937)
Contract liabilities	(i)	(659,244)	659,244	-

Line items that were not affected by the adoption of IFRS 15 have not been included above.

(i) Presentation of assets and liabilities related to contracts with customers

From 1 January 2018, the Group has voluntarily changed the presentation of certain amounts in the Consolidated Statement of Financial Position to reflect the terminology of IFRS 15:

- Contract assets recognised in relation to customer contracts would have been previously presented as part of work in progress (£17,702) and accrued income (£711,286) within trade and other receivables;
- Contract liabilities in relation to customer contracts would have been previously included in income received in advance (£659,244) within trade and other payables; and
- Contract cost assets recognised in relation to costs incurred in fulfilling a contract would have been previously presented as part of work in progress (£305,587).

(ii) Explanation of adjustment to revenue

No adjustment was required to reported revenue as a result of the adoption of IFRS 15 for the year ended 31 December 2018. IFRS 15 only presents one potentially significant impact to the Group's revenue recognition, which is the change in accounting policy for the recognition of variable consideration. Under IAS 18, the previous accounting standard, the Group would recognise variable consideration once the outcome of the contingent event was known. Under IFRS 15, an estimated amount of variable consideration is included in the transaction price and recognised in revenue to the extent that it is highly probable that this amount would not be subject to significant reversal when the uncertainty is resolved. As at 31 December 2018, there were no incomplete contracts containing variable consideration, hence no adjustments to revenue were necessary as noted above.

(b) IFRS 9 Financial Instruments

Cumulative effect of initially applying IFRS 9

The Group has adopted IFRS 9 from 1 January 2018 which replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets.

The Group has applied IFRS 9 retrospectively in accordance with IFRS 9.7.2.1. This has resulted in changes to accounting policies, see note 1. The Group has also adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented as a separate line item in the Consolidated Statement of Comprehensive Income (CSCI). Previously, the Group's approach under IAS 39 was to include the impairment of trade receivables in operating and administrative expenses. Consequently, the Group has presented impairment losses on trade receivables and contract assets, amounting to £233,612, as a separate line item in the CSCI for the year ended 31 December 2018.

No adjustments to the opening balances of equity were required as a result of the adoption of IFRS 9. In accordance with the transitional provisions in IFRS 9.7.2.15 comparative figures have not been restated.

Changes in the classifications of financial assets and financial liabilities

The Group has made an irrevocable election to classify the above quoted equity shares (in Kalina Power Ltd), previously classified as available-for-sale, as financial assets at fair value through other comprehensive income (FVOCI). This investment is not held for trading and changes in the fair value of this equity investment are not indicative of the Group's performance. Therefore, to present the changes in the fair value of the investment in OCI results in more relevant information being provided to users of the accounts.

On the date of initial application no restatement is required to reclassify the fair value gains from the AFS reserve to FVOCI reserve, since no gains have previously been recognised in the Consolidated Statement of Comprehensive Income.

IFRS 9 largely retains the existing requirements under IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies relating to financial liabilities, see note 1.

The reclassification of financial instruments, on adoption of IFRS 9, did not result in any changes to the measurement of amounts previously recognised under IAS 39.

On the date of initial application, 1 January 2018, the Group has classified its financial instruments into the appropriate IFRS 9 categories. The financial instruments of the Group were as follows, with any reclassifications noted:

	Measurement category		**Carrying amount in £**		
	Under IAS 39	Under IFRS 9	Under IAS 39	Under IFRS 9	Difference
Non-current financial assets					
Quoted equity shares	Available for sale	FVOCI	8,500	8,500	-
Other receivables	Amortised cost	Amortised cost	923,775	923,775	-
Current financial assets					
Trade receivables	Amortised cost	Amortised cost	6,881,200	6,881,200	-
Other receivables	Amortised cost	Amortised cost	1,202,691	1,202,691	-
Cash and cash equivalents	Amortised cost	Amortised cost	3,530,007	3,530,007	-
Non-current financial liabilities					
Trade payables	Amortised cost	Amortised cost	114,232	114,232	-
Other payables	Amortised cost	Amortised cost	807,457	807,457	-
Loans and borrowings	Amortised cost	Amortised cost	3,489,030	3,489,030	-

Current financial liabilities					
Trade payables	Amortised cost	Amortised cost	1,552,515	1,552,515	-
Other payables	Amortised cost	Amortised cost	3,064,059	3,064,059	-
Bank overdrafts	Amortised cost	Amortised cost	3,093,484	3,093,484	-
Provisions	FVPL	FVPL	513,807	513,807	-
Loans and borrowings	Amortised cost	Amortised cost	5,314,747	5,314,747	-

28. Subsequent events

On 10 April 2019, the Company signed a convertible loan facility with SEC S.p.A ("SEC") (the "SEC Convertible Loan Agreement"), for a principal amount of £1.0m and carrying a 5% coupon. Draw down of the funds is conditional upon the Company receiving the requisite shareholder approval to allot ordinary shares and disapply statutory pre-emption rights from such allotment, sufficient to cover the convertible element of the loan. The resolutions will be proposed to shareholders at the General Meeting to be held at Porta offices on 26 April 2019 (note, this is not the AGM). Further details of the SEC Convertible Loan Agreement and the Notice of General Meeting are contained in the circular to shareholders dated 10 April 2019. Should the resolutions not be passed by shareholders at the General Meeting, the SEC loan will lapse.

On 10 April the Company entered into an agreement with Hawk Investment Holdings ("Hawk") (the "Hawk Facility") pursuant to which Hawk has agreed to provide the Company with a facility for £1.0m in the event that the SEC Convertible Loan Agreement lapses. Draw down of the funds is conditional upon the SEC Convertible Loan Agreement having lapsed as a result of the shareholder resolutions not being passed at a General Meeting to be held on 26 April 2019. The Hawk Facility carries a coupon of 5% and has a term of 364 days.

On 10 April, the Company refinanced the 2017 Retro Grand Limited convertible loan agreement, rolling up accrued standard and additional interest, plus the lender's costs and engagement fee, by way of a new 364-day loan of £5,670,762 carrying an annual coupon of 8.3%. As part of this agreement, Retro Grand have agreed to waive the previously accrued penalty interest of £0.5m, of which £0.3m was incurred in 2018, and as such will be written back in Porta 2019 Annual Report and Accounts.

On 10 April, the Company announced that it has entered into preliminary discussions with SEC to examine the potential of an all-share merger by way of a scheme of arrangement. Given the all-share nature of the proposal and the preliminary stage of the discussions, the structure of the proposal is currently being evaluated by the Board of Porta. The Board of Porta are committed to enhancing shareholder value which includes fully evaluating the proposal from SEC. There can be no certainty that any offer will be made or as to the terms on which any offer might be made. Porta will keep shareholders updated and further announcements will be made in due course.