

**Digital Unlimited Group Ltd  
Annual Report and Financial Statements  
for the year ended 31 March 2020**

Registered number 00210505

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# Digital Unlimited Group Ltd

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## **Digital Unlimited Group Ltd**

### **Company information**

#### **Directors**

T Hassett (appointed 13 June 2019)  
E Guest (appointed on 20 January 2020)

N Hargrave (resigned on 23 April 2019)  
K Herrick (resigned on 30 May 2019)  
I Ferguson (resigned on 18 July 2019)  
G Bicknell (appointed 18 July 2019, resigned on 20 January 2020)

#### **Registered Office**

Unlimited House  
10 Great Pulteney Street  
London  
United Kingdom  
W1F 9NB

#### **Independent Auditor**

BDO LLP  
55 Baker Street  
London  
W1U 7EU

## Digital Unlimited Group Ltd

### Strategic Report

The directors present their Strategic Report of the company for the year to 31 March 2020.

#### Principal Activity, Business Review and Strategy

Digital Unlimited Group Ltd is the consolidated parent company for the trading arm of a digital marketing services group known as the Unlimited Group. The principal activity of the Group is to deliver a range of digital and technology-based marketing solutions to blue-chip global clients.

For the year to 31 March 2020 ('FY20') the Group reports revenue from continuing operations of £50.8m (2019: £56.7m) and a headline earnings before interest and tax from continuing operations ("headline EBITDA" – see note 2 for definition) of £1.7m loss (2019: £3.4m profit).

Throughout FY20 the group has felt the impact of industry challenges exacerbated by continued Brexit uncertainties with some clients reducing current marketing investments as part of broader strategic and cost reduction initiatives. This has contributed towards a fall in revenue during the year, which combined with limited scope for short-term cost reductions has consequently had a detrimental impact on profit for the year.

During the year the Board has strengthened the key management team, appointing Tim Hassett as CEO and Edward Guest as CFO. Under this leadership, the Group has addressed its cost base, developed its new business approach, integrated acquisitions, strengthened financial controls and disciplines, and developed a strategic growth plan. This included the disposal of the group's US operations on 1 October 2019 for an initial consideration of £21,170,000 and two further contingent payments. Details of the transaction are disclosed in note 22 of the accounts.

Furthermore Sue Farr, Mark Smith and Chris Sweetland have been added to the board as non-executive directors, bringing a wealth of industry related experience to the Group. Sue Farr joined Chime Group in 2003 as Chairman of the Marketing Services Division, now the VCCP Group, and from 2017 - 2020 she was a Special Advisor to the Group. Prior to joining Chime, she held a number of senior marketing & communication positions, including Director of Marketing at the BBC, and Corporate Affairs Director at Thames Television. Mark Smith is an experienced Executive Director and Chairman, and boasts a rich background in the marketing, media, communications, travel, and e-commerce sectors. Notably, Mark spent over two decades in senior leadership roles at Chime Communications and was a key player in the evolution and growth of the business. Chris Sweetland qualified as a chartered accountant with KPMG before spending 10 years overseas in a variety of financial roles with PepsiCo Inc. In 1989 as CFO for the Central Europe Beverages Division, he was recruited by WPP. Chris retired from his role of Group Deputy Finance Director at WPP in 2016.

#### Future Outlook

Continued market headwinds in the form of the UK's future economic relationship with the European Union and the Covid-19 global pandemic pose a future challenge. However, having streamlined its cost base, simplifying the management and operational structure, and unifying divisions, the Group is well positioned to drive future growth. The Group has performed well throughout the Covid-19 pandemic including taking reactive measures to maintain profitability and strong liquidity throughout.

New business of £8.4m was won throughout FY20, totalling 16% of FY20 revenue, and comprising of clients such as Merrill Corporate, Absolut, Capita, Autohome, London and Partners, Sobi, and Cera Care. The winning of new clients has continued strongly into FY21 adding Govia Thameslink, Gamesys, TikTok, Huami, Castrol, and Porsche to name a few. We have also seen significant growth in our top 30 clients particularly BMW, Fujitsu, Canon, Sobi, and Ipsen.

Our independent client satisfaction survey continues to out-perform the market, improving year on year. The RAM score for FY20 was 8.0, increasing to 8.4 in FY21 (versus the industry average of 7.6 across the thousands of companies on the survey), with all scores across the 19 categories improving. Our ability to adapt to remote working throughout the pandemic has been strong with a remarkable score of 9.2 for 'Adapting to remote working / continuity of service'.

The year has also seen the Group nominated for a number of industry awards, including:

- The MRS awards 2020 – *Best place to work*
- AQR Awards 2020 – *Qualitative excellence awards*
- Confront AQR awards 2020 – *Judges choice (winners), and AIR project and innovation award (winners)*
- Quirk's Marketing Research and Insight Excellence Awards – *Technology impact award*
- MRG Awards 2020 – *Best international research*
- Worldwide Partners Impact Awards – *B2B (winner)*
- Creativepool Awards 2020 – *Social, Graphic, Copywriting, Integrated, Effectiveness.*
- Webby Awards 2020 – *Best Apps, Mobile, and Voice: Health, Fitness & Lifestyle (winner)*
- The Drum – *New business team of the year award (winners)*

## Digital Unlimited Group Ltd

### Strategic Report continued

#### Principal risks and uncertainties

The following are what we consider to be the key risks facing the Group, along with the associated mitigating controls which are regularly assessed and monitored by the board:

##### *Globalisation and macro-economic events affecting client decision-making process*

Globalisation and macro-economic events, such as Brexit uncertainty and the Covid-19 global pandemic have transformed client decision-making processes, reactivity and budget allocation. A volatile macro-economic environment could result in short-term and dynamic budget reallocation processes, and could result in strategic decisions being independent of performance and client satisfaction. We mitigate this through proactive client relationship management which allows the Group to better understand the client decision-making process.

##### *Loss of key clients*

Loss of key clients would lead to loss of revenues, impacting the Group's financial performance. We mitigate this through proactive account management to identify potential issues early on and an annual independent client satisfaction survey. Additionally, multi-agency or multi-department engagements help to create long-lasting client relationships, senior management engages in proactive client relationship alongside the account team and we continuously target new clients in new markets to reduce client concentration.

##### *Loss of key staff*

Loss of key staff could impair the ability to deliver projects and indirectly affect client retention and acquisition performance. In addition, creative edge and brand reputation are equally affected by the loss of key creative talent. We mitigate this through an annual staff satisfaction survey to gauge engagement and annual performance reviews. There is also succession planning in place for all key positions and client relationships are maintained as a team, to reduce the focus on individual relationships.

##### *Financial risks*

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, liquidity risk and credit risk. The Group manages these risks by financing its operations through equity, retained profits and borrowings.

The management objectives are to retain sufficient liquid funds to enable it to meet its day to day requirements, manage the Group's exposure to fluctuating interest rates, foreign currency exchange rate shifts, and match the repayment schedule of external borrowings or overdrafts with future cash flows expected to arise from the Group's trading activities.

The Group is required to meet covenant obligations set by its lenders, with any breach of these obligations leading to the risk of recall of debt. To mitigate this risk the Group operates a cash flow forecast model to determine forecast covenant headroom and determine cash flow viability.

#### Section 172 statement

From 1 January 2019 legislation was introduced requiring companies to include a statement pursuant to section 172 of the Companies Act 2006. The Board recognises the importance of the Group's wider stakeholders when performing their duties under Section 172(1) of the Companies Act and their duties to act in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term,
- b) the interests of the Group's employees,
- c) the need to foster the company's business relationships with suppliers, customers, and others,
- d) the impact of the Group's operations on the community and the environment,
- e) the desirability of the Group maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly as between members of the Group.

The Board considers that all their decisions are taken with the long-term in mind, understanding that these decisions need to safeguard the interests of the company's employees, its relationships with suppliers, customers, the communities and the environment in which it operates. It is the view of the Board that these requirements have been met.

## Digital Unlimited Group Ltd

### Strategic Report continued

Key actions undertaken by the Group include:

- **Group repositioning.** The acquisitions of Model Citizens Limited, DirectionGroup Limited, and First Base Limited in the previous financial year further bolstered the Group's capabilities, and long-term aim of becoming a fully integrated digital marketing services Group. The disposal of the Group's health marketing subsidiary, Health Unlimited LLC, in October 2019, allowed the Group to further reduce its leverage, whilst focussing on continuing to develop its UK business. The Group has recently been restructured into four divisions, strengthening our strategic position for years to come.
- **People.** The success of the Group is built by our people and their talent. Since we have moved into some of the most challenging months in recent memory as a result of the Covid-19 pandemic, we have focused on supporting our employees by focussing on engagement, inclusion, and welfare, and will continue to do so post Covid-19. During the year, the Group founded the Diversity and Inclusion committee, invested in mental health support for all employees, and is developing flexible working arrangements for the future.
- **Business relationships.** The Group relies on building and maintaining good relationships. We undergo due diligence across all supplier and customer relationships and are committed to acting ethically and with integrity in all business dealings. We regularly send out an independent client satisfaction survey to each of our clients across 19 key areas. This allows us to consistently improve and adapt our working methods to maintain our strong client satisfaction scores.
- **Business conduct and governance.** The Group has in place a number of procedures and policies to ensure all applicable laws and regulations are adhered to. Policies are reviewed regularly, including the Bribery Act, GDPR, and the whistleblowing policy, and mandatory training is provided to all employees. A risk register is also in the process of being established. During the year, the group strengthened its board of directors and implemented an audit committee to provide oversight of financial reporting and compliance.

### Key Performance Indicators

The Group's principal financial KPIs for year to 31 March 2020 are as follows:

	Financial Year ended 31 March 2020	Financial Year ended 31 March 2019
Revenue from continuing operations	£50.8m	£56.7m
Headline EBITDA* from continuing operations	(£1.7m)	£3.4m
Relationship Audits & Management (RAM) score	8.0	7.8
Operating cash flow	(£10.3m)	£6.1m

\*defined in note 2

By order of the board



Edward Guest  
CFO

24 March 2021

## **Digital Unlimited Group Ltd**

### **Directors' report**

The Directors present their report together with the audited consolidated financial statements for the year ended 31 March 2020.

#### **Principal activities**

The principal activities of the Company and the Group are stated in the Strategic Report.

#### **Dividends**

No dividends have been declared and none are recommended.

#### **Directors**

The directors who held office during the year and at the date of approval of this directors' report were as follows:

T Hassett (appointed 13 June 2019)  
E Guest (appointed on 20 January 2020)

N Hargrave (resigned on 23 April 2019)  
K Herrick (resigned on 30 May 2019)  
I Ferguson (resigned on 18 July 2019)  
G Bicknell (appointed 18 July 2019, resigned on 20 January 2020)

#### **Going concern**

In accordance with their responsibilities as directors, the directors have considered the appropriateness of the going concern basis for the preparation of the financial statements and they continue to adopt the going concern basis in preparing the financial statements.

#### **Employees**

The Group's greatest asset is its people and they are integral to the future success of the business. The Group remains committed to investing in its people and encourages professional and personal development appropriate to each individual's skills, whilst creating an environment where our employees are involved in driving the success of the Group.

Employees are consulted regarding any changes to the business that may affect them and are briefed regularly regarding market and industry developments to ensure that all relevant information affecting the Group is readily available.

The Group believes in equal opportunities for all employees and prospective employees irrespective of an individual's age, gender, disability, nationality, ethnicity or religion. The Group does not tolerate discrimination in any shape or form.

The Group applies a policy of giving full and fair consideration to applications for employment that disabled people make to the Group and ensures that there are relevant opportunities for training, career development and promotion of disabled people, and for the continuing employment and training of employees who have become disabled while employed by the Group.

#### **Future developments**

Likely future developments are discussed in the Strategic Report.

## **Digital Unlimited Group Ltd**

### **Directors' report continued**

#### **Political Donations**

The Company has not made any political donations or incurred any political expenditure in the financial year. The Company has not made any contributions to a non-EU political party during the financial year.

#### **Financial Instruments**

As the Group's business is international in nature it has some exposure to foreign currency rates and any associated movements.

#### **Directors' indemnities**

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the directors, to the extent permitted by law and the Company's articles of association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of the Company and any of its subsidiaries.

#### **Strategic report**

In accordance with S414C(11) of the Companies Act, included in the Strategic Report is the review of the business and principal risks and uncertainties. This information would have otherwise been required by Schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors' Report.

#### **Post balance sheet events**

None.

#### **Disclosure of information to auditors**

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

#### **Independent auditors**

BDO LLP have replaced KPMG LLP as auditors during the year and have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.



**Edward Guest**  
CFO

24 March 2021

## Statement of Directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

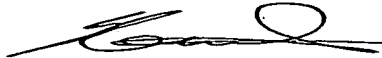
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.



**Edward Guest**  
CFO

24 March 2021

## **Independent auditor's report to the members of Digital Unlimited Group Limited**

### **Opinion**

We have audited the financial statements of Digital Unlimited Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2020 which comprise the consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows, company balance sheet, company statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice)

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2020 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Strategic Report and Directors' Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Independent auditor's report to the members of Digital Unlimited Group Limited continued**

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

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

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

### **Responsibilities of Directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Independent auditor's report to the members of Digital Unlimited Group Limited** continued

**Use of our report**

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

BDO LLP

Nicole Martin (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
24 March 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Digital Unlimited Group Ltd

### Consolidated income statement for the year ended 31 March 2020

		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinue d operations	Total
	Note	2020 £'000	2020 £'000	2020 £'000	2019 £'000	2019 £'000	2019 £'000
Turnover		64,292	6,988	71,280	76,414	13,727	90,141
Cost of sales		(13,508)	(415)	(13,923)	(19,754)	(478)	(20,232)
<b>Revenue</b>	3	<b>50,784</b>	<b>6,573</b>	<b>57,357</b>	56,660	13,249	69,909
Operating Costs		(54,978)	(5,015)	(59,993)	(59,263)	(6,823)	(66,086)
<b>Operating (loss) / profit</b>	5	<b>(4,194)</b>	<b>1,558</b>	<b>(2,636)</b>	(2,603)	6,426	3,823
Amortisation of Goodwill		(1,331)	(1,434)	(2,765)	(5,690)	(2,868)	(8,558)
Profit on disposal of subsidiary	19	18,261	-	18,261	-	-	0
Net financing expense	8	(237)	(5)	(242)	(149)	(42)	(191)
Loss from associate	12	(18)	-	(18)	(458)	-	(458)
<b>Profit / (loss) before taxation</b>		<b>12,481</b>	<b>119</b>	<b>12,600</b>	(8,900)	3,516	(5,384)
Taxation	9	683	(354)	329	1,500	(802)	698
<b>Profit / (loss) for the year</b>		<b>13,164</b>	<b>(235)</b>	<b>12,929</b>	(7,400)	2,714	(4,686)
Headline EBITDA	4	(1,650)	1,740	90	3,435	3,761	7,196

The notes on pages 18 to 36 form an integral part of these consolidated financial statements.

## Digital Unlimited Group Ltd

### Consolidated statement of comprehensive income

for the year ended 31 March 2020

	2020	2019
	£'000	£'000
<b>Profit / (loss) for the year</b>	<b>12,929</b>	<b>(4,686)</b>
<b>Other comprehensive income:</b>		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	71	262
<b>Other comprehensive income for the year, net of tax</b>	<b>71</b>	<b>262</b>
<b>Total comprehensive profit / (loss) for the year</b>	<b>13,000</b>	<b>(4,424)</b>
<i>Attributable to:</i>		
Equity holders of the parent	13,000	(4,424)
	<b>13,000</b>	<b>(4,424)</b>

The notes on pages 18 to 36 form an integral part of these consolidated financial statements.

## Digital Unlimited Group Ltd

### Consolidated balance sheet

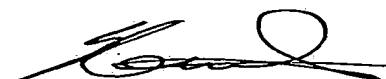
as at 31 March 2020

	Note	31 March 2020 £'000	31 March 2019 £'000
<b>Non-current assets</b>			
Goodwill	10	3,862	10,962
Property, plant and equipment	11	1,117	2,299
Investments	12	455	473
		<b>5,434</b>	<b>13,734</b>
<b>Current assets</b>			
Work in progress	13	383	622
Debtors (including those due after once year £19,091,000 (2019: £2,338,000))	14	38,310	21,687
Deferred tax asset	17	385	891
Corporation tax receivable		759	173
Cash and cash equivalents		4,349	10,109
		<b>44,186</b>	<b>33,482</b>
<b>Current liabilities</b>			
Creditors	15	(16,596)	(23,193)
Bank overdraft, loans and loan notes		-	(2,025)
		<b>(16,596)</b>	<b>(25,218)</b>
Net current assets		<b>27,590</b>	<b>8,264</b>
Total assets less current liabilities		<b>33,024</b>	<b>21,998</b>
<b>Non-current liabilities</b>			
Creditors	15	(1,186)	(1,778)
Provisions for other liabilities and charges	16	(695)	(730)
Deferred tax liabilities	17	(734)	(2,083)
		<b>(2,615)</b>	<b>(4,591)</b>
<b>Net assets</b>		<b>30,409</b>	<b>17,407</b>
<b>Equity</b>			
Called-up share capital	18	5,997	5,997
Share premium		35,943	35,943
Other reserves		30,959	30,959
Foreign currency translation reserve		3,020	2,949
Retained earnings		(45,510)	(58,439)
<b>Total equity</b>		<b>30,409</b>	<b>17,409</b>

Company registered number: **00210505**

The notes on pages 18 to 36 form an integral part of these consolidated financial statements.

The financial statements, which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Consolidated statement of changes in equity, the Consolidated statement of cash flows and the related notes, were approved by the Board on 19 March 2021 and were signed on its behalf by:



**Edward Guest**  
CFO  
24 March 2021

## Digital Unlimited Group Ltd

### Consolidated statement of changes in equity

for the year ended 31 March 2020

	Called-up share capital	Share premium	Foreign currency translatio n reserve	Other reserves	Retained earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2019 (FRS 102)	5,997	35,943	2,949	30,959	(58,439)	17,409
Profit / (Loss) for the year	-	-	-	-	12,929	12,929
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	-	71	-	-	71
<b>Total comprehensive income for the financial year</b>	-	-	71	-	12,929	13,000
<b>At 31 March 2020</b>	<b>5,997</b>	<b>35,943</b>	<b>3,020</b>	<b>30,959</b>	<b>- 45,510</b>	<b>30,409</b>

The notes on pages 18 to 36 form and integral part of these consolidated financial statements. The Directors consider that all results derive from continuing activities.

## Digital Unlimited Group Ltd

### Consolidated statement of changes in equity continued for the year ended 31 March 2019

	Called-up share capital	Share premium	Foreign currency translation reserve	Other reserves	Retained earnings	Total Equity
	£'000	£'000	£'000	£'001	£'000	£'000
At 1 April 2018	5,997	35,943	2,687	30,959	(53,733)	21,853
Profit / (Loss) for the year	-	-	-	-	(4,686)	(4,686)
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	-	262	-	-	262
<b>Total comprehensive income for the financial year</b>	-	-	262	-	(4,686)	(4,424)
Other	-	-	-	-	(20)	(20)
<b>At 31 March 2019</b>	<b>5,997</b>	<b>35,943</b>	<b>2,949</b>	<b>30,959</b>	<b>(58,439)</b>	<b>17,409</b>

The notes on pages 18 to 36 form and integral part of these consolidated financial statements. The Directors consider that all results derive from continuing activities.

## Digital Unlimited Group Ltd

### Consolidated statement of cash flows for the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Profit / (loss) for the financial year		12,929	(4,686)
Taxation	9	(329)	(698)
Profit / (loss) before taxation		12,600	(5,384)
Finance costs	8	242	191
Finance income	8	-	(4)
Investment loss	12	19	88
Profit / (loss) before finance income, finance costs and taxation		12,861	(5,109)
Depreciation of property, plant and equipment	11	1,007	1,276
Amortisation of goodwill	10	2,765	3,877
Impairment of associate investments	12	-	370
Impairment of goodwill		-	4,681
Profit on disposal of subsidiary		(18,261)	-
Disposal costs		(1,921)	-
R&D tax credit		(217)	-
Deemed remuneration credit in respect of acquisitions		(10)	-
(Increase) / decrease in inventories and work in progress	13	(60)	674
(Increase) / decrease in trade and other receivables	14	(1,321)	3,547
Decrease in trade and other payables	15	(5,165)	(3,192)
<b>Operating cash flow</b>		<b>(10,322)</b>	<b>6,124</b>
Interest paid	8	(262)	(191)
Tax paid		(896)	(1,512)
<b>Net cash inflow from operating activities</b>		<b>(11,480)</b>	<b>4,421</b>
<b>Investing activities</b>			
Purchase of subsidiary undertakings net of cash acquired		(25)	(7,756)
Net subsidiary cash acquired		-	2,190
Cash consideration received in respect of disposal of subsidiary		21,170	-
Cash disposed of		(864)	-
Purchase of property, plant and equipment	11	(249)	(932)
<b>Net cash outflow from investing activities</b>		<b>20,032</b>	<b>(6,498)</b>
<b>Financing activities</b>			
Loan repayment made to parent company		(14,299)	908
Factoring of trade receivables		-	2,025
<b>Net cash (outflow) / inflow from financing activities</b>		<b>(14,299)</b>	<b>2,933</b>
<b>(Decrease) / increase in cash and cash equivalents</b>		<b>(5,747)</b>	<b>856</b>
<b>Cash and cash equivalents at start of the financial year</b>		<b>10,109</b>	<b>9,057</b>
Effect of foreign exchange rates		(13)	196
<b>Cash and cash equivalents at end of the financial year</b>		<b>4,349</b>	<b>10,109</b>

# Digital Unlimited Group Ltd

## Notes to the consolidated financial statements

### 1. Accounting policies

#### 1.1 Basis of preparation

Digital Unlimited Group Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 00210505 and the registered address is 10 Great Pulteney Street, London, W1F 9NB.

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") and equity account the Group's interest in associates. The parent company financial statements present information about the Company as a separate entity and not about its group.

The group financial statements have been prepared and approved by the directors in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. Transition to FRS102 from IFRS occurred on 1 April 2019. The Company has elected to prepare its parent company financial statements in accordance with FRS 102; these are presented on pages 37 to 42.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these group financial statements

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

#### 1.2 Basis of consolidation

The consolidated financial statements present the results of Digital Unlimited Group Limited and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

#### **Business combinations**

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

#### **Subsidiaries**

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.

#### **Associates**

An entity is treated as an associated undertaking where the group exercises significant influence in that it has the power to participate in the operating and financial policy decisions. An entity is treated as a joint venture where the group is party to a contractual agreement with one or more parties from outside the group to undertake an economic activity that is subject to joint control.

In the consolidated accounts, interests in associated undertakings and joint ventures are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the share of the profit or loss, other comprehensive income and equity of the associate, or joint venture. The consolidated statement of comprehensive income includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. Any share of losses are only recognised to the extent that they do not reduce the investment balance below zero as the group has no obligations to make payments on behalf of the associate or joint venture, and any share of subsequent profits shall be accounted for once the unrecognised profits are equal to the unrecognised losses.

Where there are indicators of impairment, the investment as a whole is tested for impairment.

## Digital Unlimited Group Ltd

### Notes to the consolidated financial statements continued

#### 1. Accounting policies continued

##### 1.3 Turnover and other income

Turnover represents amounts received or receivable from clients for the rendering of services and is stated after deduction of trade discounts and excluding value-added tax or similar sales taxes outside the UK. Turnover includes recognition of the Group's fees and commission, plus third-party cost of services billed to clients.

Revenue comprises fees, commission, and third-party cost of services where the group acts as agent. Revenue from marketing services is recognised by reference to the stage of completion of the contract determined by the value of the services provided at the balance sheet date as a proportion of the total value of the engagement. This value is largely derived from the time value spent on an engagement and a proportion of the total expected time value to complete the engagement. Where the amount of revenue is contingent on future events, this is only recognised where the amount of revenue can be measured reliably and it is probable that the economic benefits will be received. When this cannot be estimated reliably, revenue is only recognised to the value of the expenses that it is considered probably will be recovered, with a "catch up" element of revenue recognized based on stage of completion once a reliable estimate can be made. Marketing services provided to the client which at the balance sheet date have not been billed have been recognised as revenue and are included in debtors as accrued income.

Further details on revenue recognition in terms of the nature of contractual agreements are as follows:

##### *Project fees for creative services*

Where project fees relate to bespoke assignments carried out under contractual or demonstrable terms which entitle the Group to payment for its performance to date in the event of contract termination, then fees are recognised over the period of the relevant assignments. The level of services performed is based off the total costs incurred to date as a percentage of total budgeted costs. This percentage of completion is corroborated with progress against agreed project milestones to ensure the level of work undertaken is in line with actual service delivery.

##### *Retainers*

Retainer fees relate to arrangements whereby there is an obligation to perform services to the customer on an ongoing basis over the life of the contract. The level of services performed is based on the total costs incurred to date as a proportion of the total cost committed under the retainer.

##### *Third-party cost of services*

Cost of sales comprise fees paid to external suppliers when they are engaged to perform part or all of a specific project and are charged directly to clients. Out-of-pocket costs such as travel are also recognised at the gross amount billed with a corresponding amount recorded in cost of sales.

Revenue comprises revenue less third-party cost of sales.

##### 1.4 Intangible assets

##### *Goodwill*

Goodwill represents the excess of the cost of a business combination over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. Management has estimated Goodwill to have a useful life of 10 years, the period over which it is being amortised to 'administrative expenses'.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

## Digital Unlimited Group Ltd

### Notes to the consolidated financial statements continued

#### 1. Accounting policies continued

##### 1.5 Provisions for other liabilities and charges

Provisions are recognised where there is a present obligation, arising from a past event, that has a probable future economic outflow that can be estimated reliably. The amount of each provision recognised is based on management's best estimate.

##### 1.6 Property, plant and equipment

All property, plant and equipment is stated at historical cost (or fair value on acquisition where appropriate) less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less the estimated residual value of each asset, evenly over its expected useful economic life, as follows:

Property, plant and equipment	Period of depreciation
Leasehold improvements	Period of the lease on a straight-line basis
Fixtures, fittings and equipment	Three to ten years
Software development and licences	Three to six years

Residual values and lives are reviewed, and adjusted if appropriate, at each balance sheet date.

##### *Software development and licences*

Tangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised to 'administrative expenses' on a straight line basis over their expected useful economic lives, which range from 3 to 6 years. Amortisation begins when the intangible asset is available for use, i.e. when it is in the location and condition necessary for it to be usable in the manner intended by management.

The expected useful economic life of development costs are estimated based on business plans which set out the development plan and time to market for the associated project.

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

Where group companies' websites are expected to generate future revenues in excess of the costs of developing those websites and all other capitalisation criteria are met, expenditure on the functionality of the website is capitalised and treated as an intangible fixed asset and amortised over their expected useful lives. Expenditure incurred on maintaining websites and expenditure incurred on developing websites used only for advertising and promotional purposes are written off as incurred. Development costs that are capitalised in accordance with the requirements of FRS 102 are not treated, for dividend purposes, as a realised loss.

## Digital Unlimited Group Ltd

### Notes to the consolidated financial statements continued

#### 1. Accounting policies continued

##### 1.7 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined based on the rates expected to apply at the date of reversal, using tax rates and laws that have been enacted or substantively enacted by the reporting date.

##### 1.8 Leases

All leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Where the Group has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from 'wear and tear', the provision is accrued and expensed in profit or loss as the 'wear and tear' occurs.

##### 1.9 Employee benefits

###### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

# Digital Unlimited Group Ltd

## Notes to the consolidated financial statements continued

### 1. Accounting policies continued

#### 1.10 Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Issue costs for financial instruments carried at amortised cost are offset against the proceeds of such instruments. 'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

#### 1.11 Cash and cash equivalents

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. Bank overdrafts are shown within borrowings in current liabilities on the consolidated balance sheet.

#### 1.12 Finance costs

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

#### 1.13 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

#### 1.14 Trade receivables and work in progress

Trade receivables are stated net of provisions for bad and doubtful debts. Bad debt provisions are assessed by management and provided for where the likelihood of failure to recover the debt is probable.

Work in progress includes outlays incurred on behalf of clients, including production costs, and other third-party costs that have not yet been billed.

#### 1.15 Foreign currencies

Transactions in currencies other than the functional currency of the individual Group entities are recorded at the exchange rate prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary assets and liabilities and those arising on retranslation are included within operating costs in the period in which the difference arose.

On consolidation, the assets and liabilities of the Group's operations are translated at the exchange rate prevailing on the balance sheet date. The trading results and cash flows are translated at the average exchange rate for the period. Exchange differences arising upon consolidation are taken directly to the consolidated statement of comprehensive income.

Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the exchange rate prevailing on the balance sheet date.

## Digital Unlimited Group Ltd

### Notes to the consolidated financial statements continued

#### 2. Judgements in applying accounting policies and key sources of estimation uncertainty

The Group makes a number of accounting estimates and judgements and the resulting estimates may, by definition, vary from the related actual results. The Directors have considered the critical accounting estimates and judgements used in the financial statements and have concluded that the main areas are as follows:

##### *Goodwill valuations*

The Group tests annually whether goodwill has suffered any impairment, in accordance with the Group's accounting policy. These calculations require the use of estimates in relation to future cashflows and discount factors. Management exercises judgement in defining CGUs in a way that reflects the operational model of the Group.

Where possible, impairment is assessed at the level of individual assets. When, however, this is not possible, then the Cash Generating Unit ('CGU') level is used. A CGU is the smallest identifiable asset or group of assets that generates independent cash flows. Judgement is applied to identify the Group's CGUs; however, they are typically comprised of the underlying entities (both trading subsidiaries and associates) which comprise the Group. This is on the basis that each of these entities represents a stand-alone operating business, none of which holds a cluster of assets which could constitute a CGU in their own right. Goodwill is always allocated to a CGU and never considered in isolation. External and internal factors are monitored for indicators of impairment. In terms of such indicators, management typically consider adverse changes in the economy or political situation of the geographic locale in which the underlying entity operates in addition to risk of client loss or gain and internal reporting being indicative that an entity's future economic performance is better or worse than expected. Where management have concluded that such an indication of impairment exists then the recoverable amount of the asset is assessed.

Management's approach for determining the recoverable amount of an individual asset or CGU is based on their value in use. Generally, discounted cash flow models are used to determine the recoverable amount of CGUs. The appropriate estimates and assumptions used require judgement and there is significant estimation uncertainty.

##### *Revenue recognition and percentage of completion*

In determining the level of services performed management must determine the percentage of completion, which is an estimate due to the inherent uncertainty in forecasting total budgeted hours. Management also exercises judgement around the accuracy of percentage of completion estimates through detailed discussions with those individuals directly involved in the relevant projects.

##### *Control of subsidiaries*

Management has exercised judgement in the treatment of subsidiaries in which it does not hold a 100 per cent shareholding, yet in which the Group is considered to have full control. Specifically, this applies to How Splendid Limited for which the shareholders holding the minority shareholdings are not deemed to hold any control of the entity.

There are three key consequences as a result of this judgement: any future consideration payments in respect of the acquisition are estimated by management and vested through deemed remuneration in the income statement up to

the payment date of the consideration; dividends paid to the minority shareholding are considered to be deemed remuneration; no non-controlling interest is recognised in respect of the subsidiary.

# Digital Unlimited Group Ltd

## Notes to the consolidated financial statements continued

### 2. Judgements in applying accounting policies and key sources of estimation uncertainty continued

#### *Alternative performance measures*

Headline profit before interest, tax, depreciation and amortisation (headline EBITDA) is one of the primary KPIs on which financial performance of the group is measured and monitored. This is a non-GAAP measure of performance which management considers to be both useful and necessary. It is used by management for internal performance analyses; the presentation of this measure facilitates comparability with other companies, although management's measure may not be calculated in the same way as similarly titled measures reported by other companies; and these measures are useful in connection with discussions with the investment community.

The principal of headline EBITDA is to exclude any credits or charges through profit or loss that are not reflective of the financial operating performance of the business. This allows management to better assess performance of continuing operations to manage the business going forward.

Headline EBITDA consists of reported profit before income, finance costs, taxation, depreciation, and amortisation less:

#### *Non-recurring items*

Consist of standalone non-recurrent costs that are expensed through the income statement in relation to M&A activity, start-up operations, and restructuring; as well as profit or loss on disposal of tangible assets, intangibles assets, subsidiaries and associates.

#### *Deemed remuneration credit / charge*

Deemed remuneration in respect of acquisitions is vested through the income statement up to the payment date of contingent consideration. It is considered by management to be a cost of investment and not to reflect the financial performance of operations.

#### *Amortisation and Impairment of non-current assets*

Non-current assets such as acquisition intangibles and associate investments are not deemed by management to be operational assets and therefore the amortisation and impairment of such assets are not considered to reflect operational performance. This does not include amortisation of software intangibles.

#### *Dbay advisors monitoring fee*

An annual fee is paid to the Group's shareholders, Dbay advisors in relation to the investment management of the Group. This is not considered by management to be an operating cost of the business.

#### *Foreign exchange credit / charge*

To preserve a like-for-like comparison of operation performance, foreign exchange credits / charges are excluded from Headline EBITDA.

#### *Associate profit or loss*

The exclusion of results from interests in which the shareholders do not exercise significant control.

A full reconciliation of headline EBITDA can be found in note 4.

## Digital Unlimited Group Ltd

### Notes to the consolidated financial statements continued

#### 3. Revenue

All revenue generated across the group is in respect of the provision of marketing services.

	2020	2019
	£'000	£'000
UK	40,121	47,067
Europe	8,719	10,257
Rest of the World (including US)	8,517	12,585
	<b>57,357</b>	<b>69,909</b>

Revenue generated for the year from continuing operations was £50,784,000 (2019: £69,909,000), with £6,573,000 (2019: £13,249,000) generated from discontinued operations.

#### 4. Headline earnings before interest, tax, depreciation and amortisation

Headline profit before interest and tax (headline EBITDA) is one of the primary KPIs on which financial performance of the group is measured and monitored. This is a non-GAAP measure of performance which management considers to be both useful and necessary. It is used by management for internal performance analyses; the presentation of this measure facilitates comparability with other companies, although management's measure may not be calculated in the same way as similarly titled measures reported by other companies; and these measures are useful in connection with discussions with the investment community. The full definition of Headline EBITDA can be found in note 2.

Reconciliation of profit / (loss) before finance income, finance costs and taxation to headline EBITDA:

	2020	2019
	£'000	£'000
Operating (loss) / profit	(2,636)	3,823
<i>Add:</i>		
Non-recurring items	1,774	1,597
Deemed remuneration (credit) / charge in respect of acquisitions	(10)	350
Exchange differences	(46)	151
Depreciation of tangible assets	1,008	1,275
Headline EBITDA	<b>90</b>	<b>7,196</b>

## Digital Unlimited Group Ltd

### Notes to the consolidated financial statements continued

#### 5. Operating (loss) / profit

This is arrived at after charging / (crediting):

	2020 £'000	2019 £'000
Depreciation of fixed assets	1,008	1,275
Amortisation of intangible assets including goodwill	2,765	3,877
Impairment of goodwill, intangibles, and associate investments	-	4,681
Impairment of associate investment	-	370
Operating lease expense	4,124	3,878
Exchange differences	(46)	151
Defined contribution pension cost	1,334	1,313
Fees payable to the company's auditor	188	800

The amount of exchange differences recognised in other comprehensive income arising during the year was £57,000 loss (2019: £263,000 profit).

#### 6. Staff numbers and costs

The monthly average number of employees of the Group during the year was:

	2020 Number	2019 Number
Directors	2	2
Administration	77	87
Marketing services	609	662
	688	751

The aggregate payroll costs of these persons were as follows:

	2020 £'000	2019 £'000
Wages and salaries	32,963	35,591
Social security costs	3,336	3,720
Contributions to defined contribution pension plans	1,334	1,331
	37,633	40,642

## Digital Unlimited Group Ltd

### Notes to the consolidated financial statements continued

#### 7. Directors' remuneration

Directors' remuneration is as follows:

<b>Executive Directors</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Salaries and other short-term employee benefits	476	357
Other pension costs	7	5
Aggregate emoluments	483	362

<b>Highest paid director</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Salaries and other short-term employee benefits	241	246
Other pension costs	5	-
Aggregate emoluments	246	246

#### 8. Finance income and expense

Finance income includes:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Interest income	1	4

Finance costs include:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest	243	195
	243	195

Finance costs on bank overdrafts and loans comprises interest charges, facility fees and non-utilisation fees.

## Digital Unlimited Group Ltd

### Notes to the consolidated financial statements continued

#### 9. Taxation

	2020	2019
	£'000	£'000
The tax charge comprises:		
Current tax:		
Corporation tax at 19% (2019: 19%)	(13)	184
Foreign taxation	354	706
(Over)/under-provision of corporation tax in previous year	(276)	(9)
	65	881
Deferred tax:		
Origination and reversal of temporary differences	(575)	(1,561)
Effect of tax rate change on opening balance	205	(3)
Under-provision of deferred tax in previous year	(24)	(15)
Tax charge for the year	(329)	(698)

The tax rate for the year is different from the standard rate of corporation tax in the UK, i.e. 19 per cent (2019: 19 per cent). The differences are explained below:

	2020	2019
	£'000	£'000
<b>Profit / (loss) before taxation</b>	<b>12,599</b>	<b>(5,384)</b>
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	2,394	(1,023)
Effects of:		
Expenses not deductible for tax purposes	448	899
Other permanent differences	-	30
R&D expenditure credits	(41)	(25)
Group relief claimed	(370)	(1)
Difference in foreign tax rate	58	396
Share-based payments	-	12
Adjustments in respect of prior periods	(300)	(24)
Adjustments in respect of foreign tax in prior periods	-	(127)
Income not taxable for tax purposes	(4,049)	-
Impairment of deferred assets in respect of tax losses brought forward	1,197	-
Adjustment of deferred tax to average rate	224	188
Deferred tax not recognised	112	(6)
Tax credit for the year	(329)	(698)

## Digital Unlimited Group Ltd

### Notes to the consolidated financial statements continued

#### 10. Goodwill

The goodwill relates to certain assets that cannot be separated from the acquiree, due to their nature. These items include sector knowledge, access to new markets, value of assembled workforce, and the anticipated future profitability that the Group can bring to the business. Goodwill represents the excess of the cost of acquisition over fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

	£'000
<b>Cost</b>	
At 31 March 2019	42,424
Disposal of subsidiary undertaking	(28,680)
<b>At 31 March 2020</b>	<b>13,744</b>
<b>Accumulated amortisation</b>	
At 31 March 2019	31,463
Charge for the year	2,765
Disposal of subsidiary undertaking	(24,346)
<b>At 31 March 2020</b>	<b>9,882</b>
<b>Net book value</b>	
At 1 April 2019	10,962
<b>At 31 March 2020</b>	<b>3,862</b>

Goodwill arising on consolidation is being amortised over the directors' estimate of its useful life of 10 years.

The Group regularly reviews goodwill for impairment where indicators of impairment exist. There are no indications of impairment to Goodwill.

## Digital Unlimited Group Ltd

### Notes to the consolidated financial statements continued

#### 11. Property, plant and equipment

	Software development and licences £'000	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost</b>				
At 31 March 2019	1,381	1,701	2,172	5,254
Additions	46	8	195	249
Disposals	-	-	-	-
Transfers	(26)	125	(99)	-
Disposal of subsidiary undertaking	(12)	(987)	(603)	(1,602)
<b>At 31 March 2020</b>	<b>1,389</b>	<b>847</b>	<b>1,665</b>	<b>3,901</b>
<b>Accumulated depreciation</b>				
At 31 March 2019	569	1,169	1,217	2,955
Charge for the year	302	256	450	1,008
Disposals	-	-	-	-
Foreign exchange	-	-	-	-
Disposal of subsidiary undertaking	(3)	(657)	(519)	(1,179)
<b>At 31 March 2020</b>	<b>868</b>	<b>768</b>	<b>1,148</b>	<b>2,784</b>
<b>Net book amount</b>				
At 31 March 2019	812	532	955	2,299
<b>At 31 March 2020</b>	<b>521</b>	<b>79</b>	<b>517</b>	<b>1,117</b>

#### 12. Investments

##### Associates

Set out below are the details of the associate investment held by the Group at 31 March 2020.

Name of entity	Country of incorporation	% ownership	Accounting Method
And Rising Limited	UK	27	Equity

And Rising Limited is a private company with a registered office address of: 49 Camden Road, London, England, NW1 9LS.

The group holds 2660 Ordinary shares with a nominal value of £250p per share.

	2020 £'000	2019 £'000
<b>Opening balance</b>	<b>473</b>	931
Loss	(18)	(88)
Impairment	-	(370)
<b>Closing balance</b>	<b>455</b>	473

## Digital Unlimited Group Ltd

### Notes to the consolidated financial statements continued

#### 12. Investments continued

##### Subsidiaries

Set out below are the details of subsidiaries held by the Group at 31 March 2020.

Operating company	Company number	Country of incorporation	Proportion of the Ordinary Shares and voting rights held by:	
			Direct	Indirect
Bough and Harriss	08249308	United Kingdom <sup>1</sup>		100%
Colombus Communications Limited	02980909	United Kingdom <sup>1</sup>		100%
Creston Connections Limited	03745386	United Kingdom <sup>1</sup>		100%
Creston Overseas Holdings Limited	05964051	United Kingdom <sup>1</sup>		100%
Digital Unlimited Group Limited	00210505	United Kingdom <sup>1</sup>		100%
DirectionGroup Limited	01653414	United Kingdom <sup>1</sup>		100%
First Base Communications Limited	08312020	United Kingdom <sup>1</sup>		100%
Health Unlimited Limited	03574785	United Kingdom <sup>1</sup>		100%
How Splendid Limited	04692212	United Kingdom <sup>1</sup>		75.5%
Nelson Bostock Group Limited	02143374	United Kingdom <sup>1</sup>		100%
Realise Unlimited Limited	06300211	United Kingdom <sup>1</sup>		100%
The Unlimited Group Holdings Limited	02636904	United Kingdom <sup>1</sup>		100%
Tullo Marshall Warren Limited	01332638	United Kingdom <sup>1</sup>		100%
Unlimited Group Solutions Limited	08659372	United Kingdom <sup>1</sup>		100%
Unlimited Group United Limited	09321509	United Kingdom <sup>1</sup>		100%
Walnut Unlimited Limited	01317137	United Kingdom <sup>1</sup>		100%
<b>Dormant entities</b>				
DJMPAN Unlimited Limited	06638236	United Kingdom <sup>1</sup>		100%
Emery McLaven Orr Limited	01913706	United Kingdom <sup>1</sup>		100%
ÉMO Group Limited	02592744	United Kingdom <sup>1</sup>		100%
FieldworkUK.com Limited	03543523	United Kingdom <sup>1</sup>		100%
ICM Direct Limited	03543454	United Kingdom <sup>1</sup>		100%
ICM Research Limited	02571387	United Kingdom <sup>1</sup>		100%
Liberation Communications Limited	08625899	United Kingdom <sup>1</sup>		100%
Looped LLP	OC389086	United Kingdom <sup>1</sup>		100%
Red Door Communications Group Limited	03957171	United Kingdom <sup>1</sup>		100%
ROCK Medical Communications Limited	07289529	United Kingdom <sup>1</sup>		100%
We Are Unlimited Limited	03285840	United Kingdom <sup>1</sup>		100%

<sup>1</sup> Registered address: Unlimited House, 10 Great Pulteney Street, London, W1F 9NB

A further 24.5% of How Splendid Limited was purchased on 25 July 2019 for consideration of £1,865,000.

## Digital Unlimited Group Ltd

### Notes to the consolidated financial statements continued

#### 13. Work in progress

	2020	2019
	£'000	£'000
Work in progress	383	622

#### 14. Debtors

##### Due within one year

	2020	2019
	£'000	£'000
Trade receivables	10,772	11,441
Contingent consideration receivable	3,050	-
Other receivables	265	381
Prepayments	1,658	2,410
Accrued income	3,474	5,117
	<b>19,219</b>	<b>19,349</b>

##### Due after one year

	2020	2019
	£'000	£'000
Amounts owed by parent company	16,637	2,338
Contingent consideration receivable	2,454	-
	<b>19,091</b>	<b>2,338</b>

#### 15. Creditors

	2020	2019
	£'000	£'000
<b>Current liabilities</b>		
Trade payables	3,106	6,873
Social security and other taxes	2,868	3,135
Accruals	3,288	5,168
Deferred revenue	6,204	6,631
Contingent consideration in respect of acquisitions*	672	410
Other payables	458	976
	<b>16,596</b>	<b>23,193</b>

	2020	2019
	£'000	£'000
<b>Non-current liabilities</b>		
Contingent consideration in respect of acquisitions*	1,186	1,778
	<b>1,186</b>	<b>1,778</b>

\*Contingent consideration is in respect of future earn out payments in respect of acquisitions.

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The group considers that the above liabilities approximate to their fair value.

## Digital Unlimited Group Ltd

### Notes to the consolidated financial statements continued

#### 16. Provision for other liabilities and charges

	£'000
Dilapidation provisions	
At 1 April 2019	730
Additions	37
Provisions utilised	(72)
<b>At 31 March 2020</b>	<b>695</b>

Dilapidation provisions represent the unavoidable costs of restoring leasehold properties to the condition specified in the lease at the end of the contractual term. The amount of each provision has been determined based on management's best estimate. During the year a credit of £72,000 (2019: debit of £4,000) was recognised in the consolidated income statement in relation to dilapidation repairs.

The Group considers that the above liabilities approximate to their fair value.

#### 17. Deferred taxation

The deferred taxation asset of £385,000 (2019: £891,000) recognised in the financial statements is set out below:

	2020 £'000	2019 £'000
Accelerated capital allowances	341	357
Short-term timing differences	44	385
Losses and other deductions	-	149
<b>At 31 March</b>	<b>385</b>	<b>891</b>

The movement in the year is analysed as follows:

	2020 £'000	2019 £'000
Opening balance	891	760
Income statement	(132)	(48)
Assumed on acquisition	-	19
Disposal of subsidiary	(374)	-
Foreign exchange (to other comprehensive income)	-	160
<b>At 31 March</b>	<b>385</b>	<b>891</b>

The Company has recognised deferred tax assets where there are forecast profits in the next 12 months from which the future reversal of the underlying timing differences can be deducted. Unrecognised deferred tax assets in respect of brought forward losses total £1,654,000.

## Digital Unlimited Group Ltd

### Notes to the consolidated financial statements continued

#### 17. Deferred taxation continued

The deferred taxation liability of £734,000 (2019 £2,083,000) recognised in the financial statements is set out below:

	2020	2019
	£'000	£'000
Business combinations	734	2,083

There are no material unprovided deferred tax liabilities.

#### 18. Called-up share capital

Group and Company	2020	2019
	£'000	£'000
Authorised:		
11,100,001 ordinary Shares of £1 each, 430 A ordinary shares of £10 each <sup>2</sup> , 100 C ordinary shares of £1 each <sup>3</sup> , £9,035,616 preference shares of £1 each <sup>4</sup> , (2019: 11,100,001 ordinary Shares of £1 each, 765 A ordinary shares of £10 each <sup>2</sup> , 100 C ordinary shares of £1 each <sup>3</sup> )	5,996	5,996
Called-up and fully paid:		
11,100,001 ordinary Shares of £1 each, 430 A ordinary shares of £10 each <sup>2</sup> , 100 C ordinary shares of £1 each <sup>3</sup> , £9,035,616 preference shares of £1 each <sup>4</sup> , (2019: 11,100,001 ordinary Shares of £1 each, 765 A ordinary shares of £10 each <sup>2</sup> , 100 C ordinary shares of £1 each <sup>3</sup> )	5,996	5,996

<sup>1</sup> Full voting, dividend and capital distribution rights.

<sup>2</sup> No voting rights, no dividend rights, capital distribution rights.

<sup>3</sup> No voting rights, no dividend rights, capital distribution rights.

<sup>4</sup> Full voting, dividend and capital distribution rights.

## Digital Unlimited Group Ltd

### Notes to the consolidated financial statements continued

#### 19. Discontinued operations

On 1 October 2019 the group disposed of Creston US Holdings Inc and its subsidiary Health Unlimited LLC. The profit on disposal of Creston US holdings LLC has been calculated as follows:

	£'000
<b>Consideration:</b>	
Cash proceeds	21,170
Future consideration	5,504
	<b>26,674</b>
<b>Less: net assets disposed of:</b>	
Tangible fixed assets	407
Debtors	2,559
Cash	864
Creditors	(1,253)
Deferred tax asset	403
Deferred tax liability	(824)
Goodwill	4,335
	<b>6,492</b>
Less: Associated disposal costs	1,921
<b>Profit on disposal</b>	<b>18,261</b>

The net inflow of cash in respect of the sale of Creston US Holdings Inc is as follows:

	£'000
Cash consideration	21,170
Cash disposed of	(864)
<b>Net inflow of cash</b>	<b>20,306</b>

#### 20. Commitments under operating leases

As at 31 March the Group had future aggregate minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020		2019	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Not later than one year	1,481	-	2,865	8
Later than one year and not later than five years	11,992	-	3,276	-
Later than five years	-	-	-	-
	<b>13,473</b>	<b>-</b>	<b>6,141</b>	<b>8</b>

Operating lease commitments represent rentals payable by the Group primarily for its office properties.

## Digital Unlimited Group Ltd

### Notes to the consolidated financial statements continued

#### 21. Directors' interests in transactions and shares and other related party transactions

The immediate parent of the Group is Unlimited Marketing Finco Limited.

The ultimate parent company incorporated in the United Kingdom is Unlimited Marketing Group Limited.

The ultimate controlling party of the Group is RedWhiteBlue Champion Limited (incorporated in the Cayman Islands).

The Group has a related party relationship with its subsidiaries and with its Directors. Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

During the year £nil (2019: £1,000,000) in trade receivables were sold to, and £nil (2019: £1,000,000) in trade receivables were factored with, DBay Advisors Limited.

## Digital Unlimited Group Ltd

### Company balance sheet

as at 31 March 2020

	Note	31 March 2020 £'000	31 March 2019 £'000
<b>Non-current assets</b>			
Property, plant and equipment	2	553	772
Investments	3	22,579	22,458
		<b>23,132</b>	<b>23,230</b>
<b>Current assets</b>			
Debtors (due after one year £10,768,000 (2019: £188,000))	4	13,015	5,466
Deferred tax asset	7	20	22
Corporation tax receivable		561	202
		<b>13,596</b>	<b>5,690</b>
<b>Current liabilities</b>			
Trade and other payables	5	(3,206)	(4,470)
Bank overdraft	6	(2,277)	(9,092)
		<b>(5,483)</b>	<b>(13,562)</b>
Net current asset / (liability)		<b>8,113</b>	<b>(7,872)</b>
Total assets less current liabilities		<b>31,245</b>	<b>15,358</b>
<b>Non-current liabilities</b>			
Trade and other payables	5	(28,897)	(11,049)
Provisions for other liabilities and charges	8	(394)	(394)
		<b>(29,291)</b>	<b>(11,443)</b>
<b>Net assets</b>		<b>1,954</b>	<b>3,915</b>
<b>Equity</b>			
Called-up share capital		5,997	5,997
Share premium account		35,944	35,944
Other reserves		30,960	30,960
Retained earnings		(70,947)	(68,986)
<b>Total equity</b>		<b>1,954</b>	<b>3,915</b>

Company registered number: **00210505**

The notes on pages 39 to 42 form an integral part of these financial statements. The Directors consider that all results derive from continuing activities.

The financial statements, which comprise the Company statement of financial position, the Company statement of changes in equity and the related notes, were approved by the Board of Directors on 24 March 2021.



**Edward Guest**  
CFO

## Digital Unlimited Group Ltd

### Company statement of changes in equity

for the year ended 31 March 2020

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Changes in equity for 2020	£'000	£'000	£'000	£'000	£'000
At 1 April 2019	5,997	35,944	30,960	(68,986)	3,915
Loss for the financial year	-	-	-	(1,961)	(1,961)
<b>Total comprehensive loss for the financial year</b>	-	-	-	<b>(1,961)</b>	<b>(1,961)</b>
<b>At 31 March 2020</b>	<b>5,997</b>	<b>35,944</b>	<b>30,960</b>	<b>(70,947)</b>	<b>1,954</b>

The notes on pages 39 to 42 form an integral part of these financial statements. The Directors consider that all results derive from continuing activities.

### Company statement of changes in equity

for the year ended 31 March 2019

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Changes in equity for 2019	£'000	£'000	£'000	£'000	£'000
At 1 April 2018	5,997	35,944	30,690	(7,166)	65,465
Loss for the financial year	-	-	-	(61,820)	(61,820)
Foreign exchange differences	-	-	270	-	270
<b>Total comprehensive loss for the financial year</b>	-	-	<b>270</b>	<b>(61,820)</b>	<b>(61,550)</b>
<b>At 31 March 2019</b>	<b>5,997</b>	<b>35,944</b>	<b>30,960</b>	<b>(68,986)</b>	<b>3,915</b>

The notes on pages 39 to 42 form an integral part of these financial statements. The Directors consider that all results derive from continuing activities.

# Digital Unlimited Group Ltd

## Notes to the company financial statements continued

### 1. Accounting policies

#### Basis of preparation

The Company financial statements have been prepared in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102. The Company's domicile and country of incorporation is England and Wales. Its registered office is Creston House, 10 Great Pulteney Street, London W1F 9NB.

The financial statements have been prepared in Sterling, the currency in which the majority of the Company's transactions are denominated, on the historical cost basis, except where UK Accounting Standards require a fair value adjustment, and on a going concern basis.

The principal accounting policies applied in the preparation of these financial statements are consistent with the policies adopted by the Group as set out on pages 18 to 25.

The additional accounting policies that are relevant to the Company but not the Group are:

#### Investments

Investments are stated at cost less provision for any impairment in value.

#### Impairment of investments

The Company assesses annually whether an investment may be impaired or more frequently if events or changes in circumstances indicate that an investment may be impaired. If any such indicator exists, the Company tests for impairment by estimating the recoverable amount. If the recoverable amount is less than the carrying value of an investment, an impairment loss is required.

### 2. Property, plant and equipment

	Software development and licences £'000	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost</b>				
At 1 April 2019	774	200	185	1,159
Additions	-	8	60	68
Disposals	(12)	-	-	(12)
<b>At 31 March 2020</b>	<b>762</b>	<b>208</b>	<b>245</b>	<b>1,215</b>
<b>Accumulated depreciation</b>				
At 1 April 2019	182	148	57	387
Charge for the year	168	46	61	275
<b>At 31 March 2020</b>	<b>350</b>	<b>194</b>	<b>118</b>	<b>662</b>
<b>Net book amount</b>				
<b>At 31 March 2020</b>	<b>412</b>	<b>14</b>	<b>127</b>	<b>553</b>
At 31 March 2019	592	52	128	772

## Digital Unlimited Group Ltd

### Notes to the company financial statements continued

#### 3. Investments

	Shares in subsidiary undertakings £'000
At 31 March 2019	22,458
Additions	121
<b>At 31 March 2020</b>	<b>22,579</b>

The carrying values of all investments as at 31 March 2020 were tested for impairment and, as a result, there were no indications of impairment.

#### 4. Debtors

Due after one year	2020 £'000	2019 £'000
Amounts owed by Group undertakings	10,768	188
Due within one year	2020 £'000	2019 £'000
Amounts owed by Group undertakings	1,232	2,909
Other receivables	19	1,129
Prepayments	996	1,240
	2,247	5,278

The trade and other receivables do not contain any impaired assets. The Directors consider that the carrying amounts of trade and other receivables approximate to their fair value.

The carrying amounts of the current trade and other receivables are denominated in Sterling.

#### 5. Trade and other payables

Due within one year	2020 £'000	2019 £'000
Trade payables	483	1,753
Amounts owed to Group undertakings	1	797
Social security and other taxes	282	167
Accruals	1,682	1,380
Contingent consideration*	672	25
Other payables	86	348
	3,206	4,470

\*Contingent consideration is in respect of future earn out payments in respect of acquisitions.

## Digital Unlimited Group Ltd

### Notes to the company financial statements continued

#### 5. Trade and other payables continued

Due after one year	2020 £'000	2019 £'000
Amounts owed to group undertakings	27,711	9,279
Contingent consideration	1,186	1,770
	<b>28,897</b>	<b>11,049</b>

\*Contingent consideration is in respect of future earn out payments in respect of acquisitions.

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

#### 6. Bank overdraft

Current	2020 £'000	2019 £'000
Bank overdraft	(2,277)	(9,092)

The balances drawn against the Company's bank facility at 31 March 2020 are deemed to be at their fair value.

The Company bank overdraft forms part of the Group's multi-currency pooling facility with Barclays.

Included within the cash balance is £11,495 (2019: £12,240) of tenant deposits, these are protected under the TDS.

#### 7. Deferred taxation

The deferred taxation asset of £20,000 (2019: £22,000) recognised in the financial statements is set out below:

	2020 £'000	2019 £'000
Timing differences	20	22
	<b>20</b>	<b>22</b>

The movement in the year is analysed as follows:

	2020 £'000	2019 £'000
As at 1 April 2019	22	18
Income statement	(2)	4
<b>As at 31 March 2020</b>	<b>20</b>	<b>22</b>

The Company has recognised deferred tax assets where there are forecast profits in the next 12 months from which the future reversal of the underlying timing differences can be deducted. Unrecognised deferred tax assets in respect of brought forward losses total £536,000.

The tax rate for the year is different from the standard rate of corporation tax in the UK, i.e. 19 per cent (2019: 19 per cent).

## Digital Unlimited Group Ltd

### Notes to the company financial statements continued

#### 8. Provisions

Dilapidation provisions	£'000
At 1 April 2019	394
<b>At 31 March 2020</b>	<b>394</b>

#### 9. Ultimate controlling party

The Company is a subsidiary undertaking of Unlimited Marketing Group Ltd which is the ultimate parent company incorporated in the United Kingdom. The ultimate controlling party is RedWhiteBlue Champion Limited (incorporated in the Cayman Islands).

The largest group in which the results of the Company are consolidated is that headed by Unlimited Marketing Group Ltd, Unlimited House, 10 Great Pulteney Street, London, W1F 9NB.

The consolidated financial statements of these groups may be obtained from the company's registered address at Unlimited House, 10 Great Pulteney Street, London, W1F 9NB.

#### 10. Loss for the financial period

As permitted by section 408 of the Companies Act 2006, the Company has not presented its own income statement and statement of comprehensive income. The loss for the financial period relating to the Company amounted to £1,961,000 (2019: £61,823,000).

#### 11. Related party transactions

The Company does not actively trade with its subsidiary companies. Dividends received from subsidiaries amounted to £0.6 million (2019: £3.1 million).