Company Registration No. 03872790

CSC Brand Protection Limited

Annual Report and Financial Statements
For the year ended 31 December 2022

CSC Brand Protection Limited

Annual report and financial statements for the year ended 31 December 2022

Contents | Page

CSC Brand Protection Limited

Annual report and financial statements for the year ended 31 December 2022

Officers and professional advisers

Directors

P Ashworth
J Stoltzfus

Registered Office

5 Churchill Place
10th Floor
London
England
E14 HU

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Bankers

JP Morgan Chase Bank N.A. London
25 Bank Street
London
E14 5JP

CSC Brand Protection Limited

Strategic report

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Results and dividends

During the year, as part of a wider intercompany rationalisation project, several previously held intercompany positions were reviewed for recoverability in accordance with the applicable accounting policies. As a result, the Company has recognised income totalling £1,200,000 on the write back of intra-group balances in the Income Statement. In addition, any related provisions held against the intercompany positions were released to the Income Statement.

The profit for the financial year is £1,419,000 (2021: £251,000).

The Company paid no dividends in the year (2021: £nil) and the Directors do not recommend the payment of a dividend (2021: £nil).

On 10 February 2022, the share capital of the company was transferred to Netnames Holdings Limited, a company incorporated in the United Kingdom, and a wholly owned group company. There was no change in ultimate parent company. On the same date, 40,773 shares, with a nominal value of 10p each, were issued at £73.32 per share.

At the end of the financial year, the Company has net assets of £5,731,000 (2021: £1,314,000).

Principal activities

The principal activity of the Company continues to be the provision of Brand Protection services to third party customers on behalf of CSC Corporate Domains, Inc.; a US intermediate parent company of the Group. The Group is defined as the consolidated group with the ultimate parent; WMB Holdings Inc., a privately held corporation in Wilmington, Delaware, USA.

Key performance indicators

The Directors measure the performance of the business based on EBITDA. In addition to revenue, this metric is considered to be the Key Performance Indicator of the business. EBITDA, which is defined as operating profit before depreciation and amortisation for the year ending 31 December 2022 is £469,000 (2021: £517,000). See note 17 for more details.

Business review and future developments

The Directors consider the results for the year to be satisfactory. The Directors have considered the impact of Brexit on the Group, and do not expect there to be any significant impact on future trading.

Following the implementation of the new transfer pricing policy on 1 January 2020, the Directors do not foresee any further material change in the activities of the Company.

Business risks

The Directors of the Company consider business and financial risks on a group basis.

The Directors believe that the principal business risks faced by the group arise in the areas of the services provided, the technology platforms used and the staff employed.

The group's services are primarily delivered over the internet through a complex technical infrastructure, the availability and security of which are critical in delivering the services. Processes, plans and safeguards are in place to the extent it is reasonable or feasible to deliver those services. The internet and related technologies continue to develop fast.

CSC Brand Protection Limited

Strategic report (continued)

Business risks (continued)

Given this operating environment, there may be rapid changes in the market, technology and operational methodologies. The group has an ongoing programme of market and competitive review, service development and infrastructure enhancement.

The brand protection market is large with substantial competition and the Company differentiates its offering by combining cost effective solutions with higher levels of service.

The group's services and infrastructure are supported by skilled staff; from account management and fulfilment, through to technical support. The group is therefore reliant upon their ability to attract, train and retain the right mix of staff.

Financial risks

The Company complies with the group's objectives, policies and processes for managing financial risks and the methods used to measure them as described in the financial statements of WMB Holdings Inc. The overall objective of these policies is to reduce risk as far as possible, without unduly affecting the Group's competitiveness and flexibility.

The financial statements of WMB Holdings Inc., include detailed analysis of these risks. There have been no substantial changes to the Company's objectives, policies, processes and methods used to measure these risks.

The financial instruments of the Company at 31 December 2022 comprised: trade and other receivables; cash and cash equivalents; trade and other payables. All these financial instruments are carried at amortised cost and the Directors believe that there is no material difference between the book and fair value of its financial instruments due to the instruments being of a short-term nature.

Directors' section 172 statement

The directors, together with management from the ultimate parent company, make long term decisions for the Group. These range from changes in internal systems to external acquisitions. The Group's employees are either consulted or communicated to when there are decision likely to affect them. There are regular updates provided by management to the entire organisation and employees are encouraged to ask questions and suggest process involvement.

Business relationships with customers and suppliers are key to the Group's success so maintaining a good reputation and high standards of business conduct is extremely important. Whenever there are key changes to process or services, customers and suppliers are consulted or communicated in advance of any such changes.

The Group recognises the importance of its environmental responsibilities and designs and implements policies to reduce any damage that might be caused by the Group's activities. Initiatives designed to minimise the Company's impact on the environment include improving our energy use, efficiency, paper use and recycling.

CSC Brand Protection Limited

Strategic report (continued)

Going concern

The Company has obtained a letter of support from its ultimate parent company, WMB Holdings Inc., which guarantees the company any future funds required to continue as a going concern for no less than 12 months from the date these financial statements are approved. Therefore, the Company will have adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 December 2022.

Approved by the Board of Directors and signed on its behalf by:

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paul ashworth
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Paul Ashworth
Director
26 September 2023

CSC Brand Protection Limited

Directors' report

The Directors present their annual report together with the audited financial statements and independent auditors' report for the year ended 31 December 2022.

Details relating to going concern, principal activities, business and financial risks, dividends, events after the balance sheet date and future developments have been included in the strategic report, which forms part of this report by cross reference.

Directors

The Directors of the Company who served during the year and up to the date of this report are shown below;

P Ashworth
J Stoltzfus

Qualifying third-party and pension scheme indemnity provisions

The Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

A directors' and officers' liability insurance policy was maintained by the WMB Holdings Inc. Group throughout the financial year, at the date of approval of the financial statements and is in force for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law.

Employees

The Group offers a wide range of services to companies and relies on the knowledge and expertise of its staff. The Group endeavours to ensure that it consistently improves the Group's performance by attracting and retaining the right people and by developing the skills of its staff through training and development programs.

Performance is rewarded on merit without regard to gender, age, race, colour, religion, sexual orientation or marital status. The Group encourages the involvement and participation of staff in building a successful business. Communication plays a key part in creating an environment in which all staff can contribute and develop to their full potential.

Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or alternative position and to provide appropriate training to achieve this aim.

Future developments

Details can be found in the Strategic Report, which forms part of this report by cross reference.

CSC Brand Protection Limited

Directors' report (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Directors' confirmations
In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The financial statements of CSC Brand Protection Limited, registered number 03872790, on pages 10 to 25 were approved by the Board of Directors and authorised for issue on 26 September 2023.

Signed on behalf of the Board of Directors

DocuSigned by:
paul ashworth
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Paul Ashworth
Director

Independent auditors' report to the members of CSC Brand Protection Limited

Report on the audit of the financial statements

Opinion

In our opinion, CSC Brand Protection Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2022; the Income statement and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Independent auditors' report to the members of CSC Brand Protection Limited

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

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 year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance, including consideration of any known or suspected instances of non-compliance with laws and regulations and fraud
- Performing procedures over any unusual journal entries
- Challenging assumptions made by management in determining their judgements and accounting estimates; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements.

Independent auditors' report to the members of CSC Brand Protection Limited

Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

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Nicola Adlington (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 September 2023

CSC Brand Protection Limited

Income statement for the year ended 31 December 2022

	Note	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Revenue	4	2,958	3,143
Write back of intra-group balance		1,200	-
Administrative expenses		(2,725)	(2,901)
Operating profit	5	1,433	242
Finance costs		(14)	(10)
Profit before taxation		1,419	232
Taxation	8	-	19
Profit and total comprehensive income for the financial year		1,419	251

All amounts relate to continuing activities.

There are no other sources of comprehensive income, therefore no separate 'Statement of Comprehensive Income' has been prepared.

CSC Brand Protection Limited

Balance sheet
As at 31 December 2022

	Note	31 December 2022 £'000	31 December 2021 £'000
Fixed assets			
Tangible assets	9	-	63
Right-of-use assets	10	700	146
Deferred tax asset	11	76	72
		776	281
Current assets			
Trade and other receivables	12	4,844	4,840
Cash at bank and in hand		951	624
		5,795	5,464
Trade and other payables: amounts falling due within one year			
Lease liabilities	10	(140)	(147)
Trade and other payables	13	(31)	(4,203)
		(171)	(4,350)
Net current assets		5,624	1,114
Trade and other payables: amounts falling due after more than one year			
Lease liabilities	10	(588)	-
Provisions	14	(81)	(81)
Net assets		5,731	1,314
Capital and reserves			
Called up share capital	15	14	10
Share premium account		4,076	1,091
Share-based payments reserve		42	33
Profit and loss account		1,599	180
Total equity		5,731	1,314

The financial statements of CSC Brand Protection Limited, registered number 03872790, on pages 10 to 25 were approved by the Board of Directors and authorised for issue on 26 September 2023.

Signed on behalf of the Board of Directors

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Paul Ashworth

Director

CSC Brand Protection Limited

Statement of changes in equity for the year ended 31 December 2022

	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	Profit and loss £'000	Total £'000
Year ended 31 December 2022					
Balance at 1 January 2022	10	1,091	33	180	1,314
Share rights issue	4	2,985	-	-	2,989
Share-based payment expense	-	-	9	-	9
Total comprehensive income for the year	-	-	-	1,419	1,419
Balance at 31 December 2022	14	4,076	42	1,599	5,731
Year ended 31 December 2021					
Balance at 1 January 2021	10	1,091	25	(71)	1,055
Share-based payment expense	-	-	8	-	8
Total comprehensive income for the year	-	-	-	251	251
Balance at 31 December 2021	10	1,091	33	180	1,314

CSC Brand Protection Limited
Notes to the financial statements for the year ended 31 December 2022

1. General information

CSC Brand Protection Limited is a private company limited by shares, it is incorporated in the United Kingdom and registered and domiciled in England and Wales. The address of its registered office is 5 Churchill Place, 10th Floor, London, England, E14 5HU. The registered number of the Company is 03872790.

The principal activity of the Company is the provision of Brand Protection services on behalf of CSC Corporate Domains, Inc., a wholly owned US parent company

2. Accounting policies

Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council. Accordingly, these financial statements have been prepared in accordance with FRS 101.

The financial statements have been prepared for the year ended 31 December 2022. The comparative period is the year ended 31 December 2021.

In preparing its individual financial statements under FRS 101, the Company has taken advantage of the following disclosure exemptions permitted by FRS 101;

- IFRS 7 'Financial instruments: Disclosures';
- paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurements of assets and liabilities;
- the following paragraphs of IAS 1 'Presentation of financial statements';
  16 – statement of compliance with all IFRS,
  38A – requirement for minimum of two primary statements, including cash flow statements,
  38B-D – additional comparative information,
  111 – cash flow statement information,
  134-136 – capital management disclosures,
- IAS 7 'Statement of cash flows';
- paragraphs 30-31 of IAS 8 'Accounting policies, changes in accounting estimates and errors';
- paragraphs 17 and 18A of IAS 24 'Related party disclosures'.

Where relevant, equivalent disclosures have been given in the group financial statements of WMB Holdings Inc., which can be obtained from Companies House, see note 16 for details.

The financial statements have been prepared under the historical cost convention, as modified for the fair value of certain assets and liabilities, and in accordance with the Companies Act 2006, as applicable to companies using FRS 101.

The principal accounting policies adopted are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Going concern

The Company has obtained a letter of support from its ultimate parent company, WMB Holdings Inc., which guarantees the company any future funds required to continue as a going concern for a period of no less than 12 months from the date these financial statements are approved.

After making enquiries, including taking into account the Group's forecasts, the Directors consider it appropriate to prepare these financial statements on a going concern basis.

Revenue

Revenue is recognised in line with the recognition of costs to perform sales, customers support and administrative services, and is calculated monthly in arrears. Revenue for continuing operations is calculated in accordance with the transfer pricing agreement and is based upon cost plus calculations.

CSC Brand Protection Limited
Notes to the financial statements for the year ended 31 December 2022

2. Accounting policies (continued)

Share-based payments

WMB Holdings Inc., the Company's ultimate parent company, provided shadow stock and share appreciation rights to employees in the Company, and are subject to certain vesting conditions. These have been accounted for as equity-settled share-based payments. The fair value of the instruments are estimated at the grant date and an equal amount is charged to the income statement throughout the life of the instrument, with annual adjustments to the expected number of units expected to vest. A capital contribution from the ultimate parent company is recognised in equity for the issuance of these instruments.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and provision for impairment. The cost of a tangible fixed asset comprises its purchase price and any costs directly attributable to bringing the asset into use. Depreciation is calculated to write down the cost of all tangible fixed assets to their estimated residual value over their expected useful economic life as follows:

Computer equipment	-	2 to 4 years
Fixtures, fittings and equipment	-	3 years
Leasehold property improvements	-	over the period of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Right-of-use assets and lease liabilities

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentives receivable;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are discounted using the interest rate implicit in the lease. As this rate cannot be determined, the Company's incremental borrowing rate is used. As the company does not have any 3rd party financing, the incremental borrowing rate of the parent is used.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2. Accounting policies (continued)

Right-of-use assets and lease liabilities (continued)

Right-of-use assets are measured at cost comprising the following:

- The amount of initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any incentives received;
- Any initial direct costs;
- Restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases (term of 12 months or less) and all leases of low-value assets (IT equipment and small items of office furniture) are recognised on a straight-line basis as an expense in the statement of comprehensive income.

Taxation

The tax expense represents the aggregate of the tax currently payable and movement in deferred tax. The tax currently payable is based on taxable profit for the period. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also charged or credited directly to equity.

However, deferred tax is not provided for temporary differences that arise 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 profits or loss; and on the initial recognition of goodwill.

Investments and other financial assets

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- Those to be measured at amortised cost.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Purchases and sales of financial assets are recognised on trade date (that is, the date on which the group commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

CSC Brand Protection Limited
Notes to the financial statements for the year ended 31 December 2022

2. Accounting policies (continued)

Investments and other financial assets (continued)

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as a separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

The Company 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 and amounts due from Group undertakings, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. In the event that a parent company forgives a balance from a subsidiary, this is assessed as a capital contribution. In the event that a subsidiary forgives a parent company or other group company, this is assessed as a distribution.

Cash and cash equivalents

Cash and cash equivalents includes 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, when applicable, are shown within borrowings in current liabilities.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

CSC Brand Protection Limited
Notes to the financial statements for the year ended 31 December 2022

2. Accounting policies (continued)

Provisions

Provisions are recognised by the Company when it has a present legal or constructive obligation as a result of a past event; when it is probable that a transfer of economic benefits will be required to settle the obligation; and when a reliable estimate can be made of the amount of the obligation.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Pensions

The Company makes contributions to a defined contribution plan for Directors and employees. The amount charged to the income statement in respect of pension costs is the contributions payable in the period.

Adoption of new and revised IFRSs

No Standard or Interpretations have been issued that have had or are expected to have an impact on the financial statements of the Company.

The International Accounting Standards Board and IFRS Interpretations Committee have issued a number of new accounting standards, interpretations, and amendments to existing standards and interpretations. There are no interpretations that are not yet effective that would be expected to have a material impact on the Company.

3. Critical accounting estimates and judgements

In preparing the Financial Statements, the Directors have to make judgements on how to apply the Company's accounting policies and make estimates about the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Revenue

The transfer pricing agreement considers the advice of external experts and contains a narrow percentage range that can be used for the calculation of revenue. The actual percentage used is within this range but is subject to management judgement.

Share-based payments

Management have considered the valuation of the share-based payments at the grant date to be appropriate. Further details can be seen in note 7.

4. Revenue

Revenue is attributable to intercompany transfer pricing for Brand Protection service performed on behalf of the parent company and originates from the USA.

CSC Brand Protection Limited
Notes to the financial statements for the year ended 31 December 2022

5. Operating profit

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Profit before tax is stated after charging:		
Depreciation of owned assets	63	102
Depreciation of right-of-use assets	173	173
Fees payable to the Company's auditors		
For the audit of the Company's financial statements	33	22
For other services to the company;		
Taxation advice and compliance services	5	5

6. Staff costs

Staff costs incurred in the year were as follows:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Wages and salaries	1,870	2,018
Social security costs	231	224
Other pension costs	62	62
Share-based payment expenses	9	8
	2,172	2,312

Average monthly number of employees during the year:

	Year ended 31 December 2022 Number	Year ended 31 December 2021 Number
Operations	34	43

Key management remuneration

Key management has been defined as the Directors of CSC Brand Protection Limited. No Directors received any emoluments in respect of services to the Company (2021: £nil). The Directors are employed and remunerated by other group companies; CSC Administrative Services Limited and Corporation Service Company. It is not possible to allocate their remuneration and therefore no recharge occurs.

7. Share-based payments

WMB Holdings Inc., the ultimate parent company, issued shadow stock to employees in the Company.

These instruments are issued to employees for no consideration and vest over 11 years, whereby there is no vesting in year 1 and years 2-11 vest evenly over the period, as long as the employees remain employed within the CSC Group. The charge is recognised evenly in the statement of comprehensive income over 11 years. The instruments are exercisable upon leaving the Company and will be settled in cash with responsibility for settlement lying with the ultimate parent company.

The fair value of these instruments at grant date are calculated by a 3rd party using a discounted cash flow model using a 2022 discount rate of 10.0% (2021: 10.4%).

The exercisable charge to the statement of comprehensive income in the year is £9,000 (2021: £8,000). The weighted average settlement price of instruments settled in the year was £32,000 per unit (2021: £24,000).

	2022 Number of instruments	2021 Number of instruments
As at 1 January	**3.36**	1.99
Granted during the year	**0.49**	1.64
Exercised during the year	**(0.05)**	(0.10)
Forfeited during the year	**(0.44)**	(0.17)
As at 31 December	**3.36**	3.36
Vested and exercisable at 31 December	-	-

8. Taxation

(a) Tax charge / (credit)

	Year ended 31 December 2022 £'000	**Year ended 31 December 2021 £'000**
Current tax		
UK corporation tax charge on profit for the year	-	48
Adjustments in respect of prior periods	4	-
Total current tax	4	48
Deferred tax		
Origination and reversal of timing differences	-	(50)
Change in tax rates	-	(17)
Adjustments in respect of prior periods	(4)	-
Total deferred tax	(4)	(67)
Total tax on profit	-	(19)

CSC Brand Protection Limited
Notes to the financial statements for the year ended 31 December 2022

8. Taxation (continued)

(b) Factors affecting the tax charge / (credit)

The tax assessed for the year is lower (2021: lower) than that resulting from applying the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Profit before taxation	1,419	232
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	269	44
Effects of:		
Expenses not deductible for tax purposes	-	4
Non taxable income	(228)	
Group relief	(41)	-
Depreciation in excess of capital allowances	-	(50)
Adjustments in respect of prior periods	-	-
Change in tax rates	-	(17)
Tax charge / (credit) for the year	-	(19)

(c) Unrecognised deferred tax assets

The Company has no unrecognised potential deferred tax assets (2021: £nil).

In the Budget held on 3 March 2021, the Government announced that the corporation tax rate would increase to 25% from 1 April 2023. This was substantively enacted on 24 May 2021 and therefore has been reflected in the measurement of any relevant deferred tax balances.

CSC Brand Protection Limited
Notes to the financial statements for the year ended 31 December 2022

9. Tangible assets

	Computer equipment £'000	Fixtures, fittings and equipment £'000	Leasehold property improvements £'000	Total £'000
Cost or valuation				
At 1 January 2022	327	155	286	768
Disposals	(163)	(14)	(19)	(196)
At 31 December 2022	164	141	267	572
Accumulated depreciation				
At 1 January 2022	299	155	251	705
Disposals	(163)	(14)	(19)	(196)
Charge for the year	28	-	35	63
At 31 December 2022	164	141	267	572
Net book value				
At 31 December 2022	-	-	-	-
At 31 December 2021	28	-	35	63

CSC Brand Protection Limited
Notes to the financial statements for the year ended 31 December 2022

10. Right-of-use assets

	2022 £'000	2021 £'000
Cost or valuation		
At 1 January	635	635
Revaluation	727	-
At 31 December	1,362	635
Accumulated depreciation		
At 1 January	489	332
Reclassification	-	(16)
Charge for the year	173	173
At 31 December	662	489
Net book value		
At 31 December	700	146
At 1 January	146	303

Lease liabilities	31 December 2022 £'000	31 December 2021 £'000
Amounts falling due within one year	140	147
Amounts due after more than one year	588	-
	728	147

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Interest expense on lease liabilities	14	9

All right-of-use assets relate to office leases.

During the year, the company extended the existing office lease, now ending in September 2027, and performed a revaluation of the Right-of-use asset to reflect this.

CSC Brand Protection Limited
Notes to the financial statements for the year ended 31 December 2022

11. Deferred tax asset

	31 December 2022 £'000	31 December 2021 £'000
Deferred tax asset	76	72

	2022 £'000	2021 £'000
At 1 January	72	5
Origination and reversal of timing differences	-	50
Change in tax rates	-	17
Adjustment in respect of prior years	4	-
At 31 December	76	72

12. Trade and other receivables

	31 December 2022 £'000	31 December 2021 £'000
Amounts owed by Group undertakings	4,458	4,442
Corporation tax	257	261
Other taxation	34	12
Prepayments and accrued income	95	125
	4,844	4,840

All amounts shown under trade and other receivables fall due for payment within one year.

There is no provision against amounts owed by Group undertakings (2021: £33,000). All amounts are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13. Trade and other payables: amounts falling due within one year

	31 December 2022 £'000	31 December 2021 £'000
Trade payables	6	7
Amounts due to Group undertakings	-	4,190
Accruals and deferred income	25	6
	31	4,203

Amounts due to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

14. Provisions

	31 December 2022 £'000	31 December 2021 £'000
Provision for dilapidations	81	81

During the year, the company extended the existing office lease, now ending in September 2027. The provision as at 31 December 2021 related to the original lease, which ended in September 2022.

The provision relates to a 5 year office lease which states that the occupier has an obligation to return the property to its original condition.

15. Called up share capital

	31 December 2022 £'000	31 December 2021 £'000
Authorised		
143,745 (2021: 102,972) ordinary shares of 10p each	14	10
Issued and fully paid		
143,745 (2021: 102,972) ordinary shares of 10p each	14	10

On 10 February 2022, the company issued 40,773 shares, with a nominal value of 10p each, at £73.32 per share.

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

CSC Brand Protection Limited
Notes to the financial statements for the year ended 31 December 2022

16. Immediate and ultimate controlling party

At 31 December 2022 and at the date of approval of the financial statements, the Company's immediate parent company was Netnames Holdings Limited, a company incorporated in England and Wales, and the ultimate parent company and controlling party was WMB Holdings Inc., a privately held corporation located 251 Little Falls Drive, Wilmington, Delaware, 19808, USA.

The smallest and largest consolidation which includes the Company's financial information is the consolidation of WMB Holdings Inc., a privately held corporation located 251 Little Falls Drive, Wilmington, Delaware, 19808, USA, which are publicly available on Companies House, filed as an appendix to the financial statements of Corporation Service Company (Europe) Limited, registered number 03647310, an intermediate holding company to the Group.

17. EBITDA reconciliation

	Year ended 31 December 2022 £'000	Year ended 31 December 2014 £'000
Operating profit	1,433	242
Effects of:		
Write back of intra-group balance	(1,200)	-
Depreciation of owned assets	63	102
Depreciation of right-of-use assets	173	173
EBITDA (as reported)	469	517