Company number: 04691908

Adstream (UK) Limited

Amending Annual Report and Financial

Statements 31 December 2021

Company Information

Directors

T. Conley
S. Streeter

Independent Auditors

PricewaterhouseCoopers LLP
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London
WC2N 6RH

Registered Office

7th Floor, Berkshire House
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London
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Contents

Strategic report

The directors present their strategic report for the 18 months ended 31 December 2021.

Principal activities

The principal activities of the company are:

- The provision of technology solutions to validate, transmit and provide intelligence on all forms of digital media from short form to long form content; and
- The provision of advice, outsourced services and technology solutions to the advertising industry to reduce the costs of the advertising supply chain.
- The company provides management services to other group companies which is recharged.

At 31 December 2021, Adstream (UK) Limited was part of the group headed by Extreme Reach Inc. ('ER'). Prior to 31 May 2021, the company was part of the group headed by Adstream Holdings Pty Limited ('Adstream Holdings').

Business review and future developments

The 2021 profit for the period, after taxation, is £2,669,199 (2020 – profit £519,385). The directors are not proposing a dividend this period.

The Company's key financial and other performance indicators during the period were as follows:

	18 mths 2021 £	12 mths 2020 £	Change %
Revenue - external	14,222,565	7,739,605	83.8 %
Management services	20,529,682	16,565,117	23.9%
Total revenue	34,752,247	24,304,722	43.0%
Gross Profit margin	38.2%	30.8%	7.4%
Profit before taxation	3,122,037	928,944	236.1%

The key driver for the growth in external revenue is the improvement in trading and economic conditions after the first period of lockdowns in the UK caused by the Coronavirus (Covid-19) pandemic in early 2020. The improvement in the gross profit margin and profit before taxation is due to the full period impact of cost savings enacted in the financial year ended 30 June 2020, along with the growth in revenue. On a like for like basis, the management services revenue has declined due to a reduction in the cost of services provided to other group companies.

The Company intends to continue to provide technological solutions to the media industry and will focus on growing revenue and improving profitability during the next financial year.

At 31 December 2021, Adstream (UK) Limited was part of the group headed by Extreme Reach Inc. ('ER'). Prior to 31 May 2021, the company was part of the group headed by Adstream Holdings Pty Limited ('Adstream Holdings').

Strategic report (continued)

Principal risks and uncertainties

In common with all other businesses, Adstream (UK) Limited is exposed to risks that arise from its use of financial instruments. There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note. The main financial risks arising from the company's operating activities are credit risk, foreign exchange risk and liquidity risk. All the risks are monitored by the board of directors and the senior management team and none of the risks were considered to be significant at the period end.

There is no significant concentration of credit risk with respect to current receivables in the company. The directors manage credit risk through the company's credit control and customer service teams, the enforcement of credit limits, timely reviews of outstanding debtor balances and regular communication with customers. Based on the diverse range of customers and the lack of concentration of credit with any one customer the directors do not believe that credit checks for new customers provide sufficient benefit for the costs arising. Management has increased focus on credit risk management as there is an increased risk of customers failing to continue trading as a result of the Coronavirus pandemic.

The company is exposed to foreign currency risk through its overseas based customers and suppliers along with intercompany balances and funding received from other group entities located overseas. The company benefits from a natural hedge for an element of its foreign currency requirements as the cash received from overseas customers is used to pay overseas suppliers in the same currency. The company also operates in the spot market enabling it to benefit from any upside but also exposing it to any downside as exchange rates fluctuate. The directors regularly review cash requirements of the business, the source and currency of funds along with forecast exchange rate movements and make decisions accordingly. The intercompany payable balance existing at the period-end are fully exposed to fluctuations in exchange rates and the company will recognise a gain or loss on the settlement of these balances.

The company terminated the invoice discounting facility in May 2021 and now manages liquidity risk by obtaining funding from other group entities to ensure the company has sufficient funds for operations. The cash deposits are held in a mixture of short-term deposits and current accounts that earn interest at a floating rate. The interest rate on the invoice discounting facility is at a floating rate.

The company places considerable value on the involvement of its employees and has continued to keep them informed of matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings, briefings and through Group and company communications. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

The company maintains high standards of business conduct focusing on business ethics, anti-bribery and anti-corruption. All employees are required to read and agree with all policies in regard to the Group's code of conduct, right to speak and anti-bribery. These are communicated on an annual basis by HR.

Corporate responsibility, including human rights, environmental stewardship and use of resources are monitored to help the company plan for future actions to be taken in order for the business to help the local community and the environment.

Approved by the Board on 20 April 2023 and signed on its behalf by:

Shawn Streeter

Shawn Streeter
Director

Directors' report

The directors present their Directors' report for the period ended 31 December 2021.

Results

The results for the period are set out on page 11 and shows the profit for the period.

Acquisition of the Adstream Group

On 1 June 2021, the Adstream Group, of which the company is a member, headed by Adstream Holdings Pty Limited ('Adstream Holdings'), a company incorporated in Australia, was acquired by ER International Holding Corp. II, a wholly-owned subsidiary of Extreme Reach, Inc., a US-based advertising technology and services company that provides a unique cloud-based video platform that enables advertisers and their agencies to activate, measure and optimize television, connected TV and online video campaigns, including talent rights management and payment, across any video screen or device. ER is headquartered in Needham, Massachusetts, and the Company maintains a presence with offices across the U.S., Canada, and the United Kingdom.

Future developments

The Company intends to continue to provide technological solutions to the media industry and will focus on growing revenue and improving profitability during the next financial year.

Directors

The directors of the company who served during the period and up to the date of the signing these financial statements, are listed below:

T. Conley (appointed 1 June 2021)
S. Streeter (appointed 17 October 2022)
C. Mitchell (appointed 1 June 2021; resigned 17 October 2022)
D. Mark (resigned 1 June 2021)
W. Syphers (resigned 1 June 2021)
T. Emly (resigned 1 June 2021)

The group to which the company belongs has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Post Balance Sheet Events

On 1 September 2022, Gamut Capital Management, L.P., a New York based middle market private equity firm, through its wholly owned subsidiaries GCM Digital Parent, Inc. and GCM Digital Merger Sub, Inc. (together "Gamut Capital" or "Gamut"), entered into a definitive agreement and plan of merger to acquire Extreme Reach, Inc., the company's ultimate parent, a U.S. based advertising, technology, and services company specializing in omnichannel marketing campaigns and production payroll and accounting solutions for brands, agencies, and content producers. Gamut Capital, headquartered in New York, NY, is a private investment firm managing in excess of $2 billion in assets focused on the middle market. It partners with management to improve financial flexibility through creative structuring, supplying strategic resources to help fuel growth, and access to proprietary transactions. The acquisition was completed on 17 October 2022.

Directors' report (continued)

Going concern

The Company had net current assets as well as net assets as at 31 December for both 2021 and 2020. The Company is dependent for its working capital from both the group headed by Adstream Holdings Pty Limited and the group headed by Extreme Reach, Inc. Group. The Company has received undertakings from both Adstream Holdings Pty Limited and Extreme Reach Inc. that, for at least 12 months from the date of approval of these financial statements, they will continue to make available such funds as are needed by the Company and in particular not seek repayment of the amounts currently made available.

Independent Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

On behalf of the Board

Shawn Streeter

Shawn Streeter
Director
Date: 20 April 2023

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and 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; 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 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' confirmation

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.

On behalf of the Board

Shawn Streeter

Shawn Streeter
Director
Date: 20 April 2023

Independent auditors' report to the members of Adstream (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Adstream (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the 18 month period 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: Statement of financial position as at 31 December 2021; Income statement, Statement of comprehensive income and Statement of changes in equity for the period 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.

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 period ended 31 December 2021 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 relevant 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 management bias in accounting estimates and potential inappropriate journal posting. Audit procedures performed by the engagement team included:

- challenging assumptions and judgements made by management in their significant accounting estimates and judgements;
- identifying and testing journal entries, in particular journal entries posted with unusual account combinations; and
- Discussions with management and the Company's legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.

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. 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.

Jennifer Dickie

Jennifer Dickie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 April 2023

Income statement

for the 18 months ended 31 December 2021

	Note	18 mths ended 31 Dec 2021 £	12 mths ended 30 Jun 2020 (Restated – Note 2) £
Revenue	4	34,752,247	24,304,722
Cost of sales		(21,472,874)	(16,824,378)
Gross Profit		**13,279,373**	**7,480,344**
Distribution costs		(561,977)	(550,978)
Administrative expenses		(1,839,464)	(3,055,139)
Other income	6	17,473	85,027
Other expenses		(8,769,144)	(2,852,557)
Operating profit	5	**2,126,261**	**1,106,697**
Finance income	9	1,213,008	169,554
Finance costs	10	(217,232)	(347,307)
Profit before income tax		**3,122,037**	**928,944**
Income tax expense	11	(452,838)	(409,559)
Profit for the financial period		**2,669,199**	**519,385**

Statement of comprehensive income

for the 18 months ended 31 December 2021

	18 mths Ended 31 Dec 2021 £	12 mths ended 30 Jun 2020 £
Profit for the financial period	2,669,199	519,385
Total comprehensive income for the period	**2,669,199**	**519,385**

Statement of changes in equity

for the period ended 31 December 2021

	Note	Ordinary shares £	Retained earnings £	Total £
At 30 June 2019	20,21	**10,000**	**12,816,955**	**12,826,955**
Adoption of IFRS 16		-	260,968	260,968
At 1 July 2019		**10,000**	**13,077,923**	**13,087,923**
Profit for the financial year		-	519,385	519,385
Total comprehensive income for the year		**-**	**519,385**	**519,385**
At 30 June 2020	20,21	**10,000**	**13,597,308**	**13,607,308**
Profit for the financial period		-	2,669,199	2,669,199
Total comprehensive income for the period		**-**	**2,669,199**	**2,669,199**
At 31 December 2021	20,21	**10,000**	**16,266,507**	**16,276,507**

Statement of financial position
at 31 December 2021

	Notes	31 Dec 2021 £	30 Jun 2020 £
Fixed assets			
Intangible assets	12	8,695	65,640
Property, plant and equipment	13	284,290	485,564
Right of use assets	14	1,301,755	2,127,613
Investments in subsidiaries	15	2,588,371	1,156,351
		4,183,111	**3,835,168**
Current assets			
Trade and other receivables	16	27,324,597	26,004,899
Cash and cash equivalents		864,108	667,522
		28,188,705	**26,672,421**
Creditors: amounts falling due within one year			
Trade and other creditors	17	(13,734,822)	(12,870,064)
Financial liabilities	18	(579,920)	(987,618)
Provisions for liabilities	19	(831,217)	(1,226,473)
		(15,145,959)	**(15,084,155)**
Net current assets		**13,042,746**	**11,588,266**
Total assets less current liabilities		**17,225,857**	**15,423,434**
Creditors: amounts falling due after more than one year			
Financial liabilities	18	(949,350)	(1,816,126)
Net assets		**16,276,507**	**13,607,308**
Equity			
Ordinary shares	20	10,000	10,000
Retained earnings	21	16,266,507	13,597,308
Total shareholders' funds		**16,276,507**	**13,607,308**

These financial statements on pages 11 to 38 were approved by the board of directors on 20 April 2023 and were signed on its behalf by:

Shawn Streeter

Shawn Streeter

Director

Registered No. 04691908

Notes forming part of the financial statements

for the period ended 31 December 2021

1 Authorisation of financial statements

The financial statements of Adstream (UK) Limited for the 18 months ended 31 December 2021 were authorised for issue by the board of directors as indicated on the statement of financial position.

The company have extended the accounting year to the period ended 31 December 2021 to align with the group accounting reference date. Therefore, the comparatives presented in the financial statements including the related notes are not entirely comparable.

The company is a private limited company limited by shares and is incorporated in United Kingdom and domiciled in England & Wales. The address of its registered office is 7th Floor, Berkshire House, 168 – 173 High Holborn, London, WC1V 7AA.

2 Accounting policies

Basis of preparation

The financial statements of Adstream (UK) Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 31 December 2021. The accounting policies have been applied consistently, other than where new policies have been adopted.

The financial statements are presented in sterling and all values are rounded to the nearest pound (£) except where otherwise indicated.

The company has taken advantage of the exemption under s401 of the Companies Act 2006 not to prepare group financial statements as it is a wholly owned subsidiary of Adstream Holdings Pty Limited whose consolidated financial statements are available as per note 26.

Notes forming part of the financial statements

for the period ended 31 December 2021 (continued)

2 Accounting policies (continued)

Basis of preparation (continued)

The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) IAS 7, Preparing a cash flow statement and related notes;

(b) IFRS 7, Financial instruments and financial risk disclosures;

(c) IAS 24, Disclosure of compensation for key management personnel and amounts incurred by an entity for the provision of key management personnel services that are provided by a separate management entity;

(d) IAS 24, Disclosure of related party transactions entered into between members of the group, providing that any subsidiaries party to the transaction are wholly owned;

(e) IAS 8, The listing of new or revised standards that have not been adopted (and information about the likely impact);

(f) Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)

(g) The following paragraphs of IAS 1, 'Presentation of financial statements':

i. 10(d) (statement of cash flows)

ii. 10(f) (a statement of financial position as at the beginning of the proceeding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in these financial statements).

iii. 38B-D (additional comparative information); and

iv. 134-136 (capital management disclosures)

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 3. In light of these factors and the long-term nature of customer relationships, the diverse number of customers and the strategic relationships with major brands, the directors believe that the company is well placed to manage its business risks successfully despite the current challenging economic situation causing considerable uncertainty and concern. Furthermore, following the acquisition of Adstream Holdings by ER, the company is able to benefit from the financial resources and support of its new ultimate parent company.

The Directors have obtained a letter of support from its immediate parent company, Adstream Holdings Pty Limited and its ultimate parent undertaking, Extreme Reach, Inc. In assessing the parent's ability to provide such support the Directors have performed an assessment of the Extreme Reach, Inc. Group (the Group).

The Directors have performed a detailed review of future performance and associated cash flows along with capital repayments, expected capital expenditure and settlement of tax liabilities. Based on this review the Directors of Extreme Reach, Inc., are satisfied that there is sufficient liquidity in the Group to provide the letter of support to the Directors of Adstream (UK) Limited.

Notwithstanding this, the Directors expect that the business will continue to be a going concern. These financial statements have been prepared on a going concern basis and do not contain adjustments that would result if the company were unable to continue as a going concern.

Notes forming part of the financial statements

for the period ended 31 December 2021 (continued)

2 Accounting policies (continued)

Foreign currencies

a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the income statement within 'Other (expenses)/income'

Tangible fixed assets

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Depreciation is charged at rates to write off the cost of the asset (to its residual value) on a straight-line basis over the estimated useful life of the assets. The applicable annual rates are:

Leasehold property	–	33% or over the life of the lease whichever is shorter
Plant and machinery	–	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Right-of-use assets are depreciated over the shorter of the assets expected useful life and the lease term on a straight-line basis unless the lease is expected to transfer ownership of the underlying asset to the Group in which case the asset is depreciated to the end of the useful life of the asset.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and they are recognised within 'Other (expense)/income' in the income statement.

Notes forming part of the financial statements

for the period ended 31 December 2021 (continued)

2 Accounting policies (continued)

Intangible assets

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial period end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Amortisation is charged at rates to write off the cost of the asset (to its residual value) on a straight-line basis over the estimated useful life of the assets. The applicable annual rates are:

Intellectual property and trademarks – 33%

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Impairment of non-financial assets

Non-financial assets with a finite useful life are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Investments in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

Impairment of financial assets

The company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Notes forming part of the financial statements

for the period ended 31 December 2021 (continued)

2 Accounting policies (continued)

Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trad/e receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables is 2.0%.

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. In the balance sheet, bank overdrafts are shown within borrowings in creditors: amounts falling due within one year.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Taxation

Current tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Notes forming part of the financial statements

for the period ended 31 December 2021 (continued)

2 Accounting policies (continued)

Taxation (continued)

Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or 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 profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Under FRS101, deferred tax is calculated at the tax rate that has been enacted or substantively enacted at the balance sheet date. Legislation was enacted in June 2021 to increase the UK corporation tax from 19.0% to 25.0% with effect from 1 April 2023. On 23 September 2022 the UK government announced that the planned rate rise to 25.0% would not take place. However, this change was not substantively enacted at the balance sheet date. Accordingly, the deferred tax balances are measured at 25.0% unless the temporary difference is expected to reverse before 1 April 2023, in which case the rate used is the one applicable at the expected time of reversal.

Government grants

Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the company recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the company with no future related costs are recognised in profit or loss in the period in which they become receivable.

Provisions

Provisions for restructuring costs and legal claims are recognised where: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.

Notes forming part of the financial statements

for the period ended 31 December 2021 (continued)

2 Accounting policies (continued)

Provisions (Continued)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Revenue recognition

The principles in IFRS 15 are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Revenue is measured at the fair value of the consideration received. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised as follows:

- Revenue relating to the delivery of video and print assets along with ancillary services relating to these deliveries is recognised at a point in time. Revenue is recognised upon transfer of risk or completion of services to third parties this is deemed to be when the asset has been delivered to the final playout / print destination. In practice this means that Adstream (UK) Limited validation and transmission volume transactions are recognised as incurred;

- Revenue from selling the access to the company's technological solutions is recognised over the life of the contract.

- Revenue arising from the provision of consultancy and professional services is recognised over the life of the contract as and when milestones have been delivered. Revenue from the provision of consultancy and services is recognised in the accounting period in which the services are rendered

- Revenue arising from management services provided to other group companies, is recognised over the period in which the services are provided. Revenue from the provision of management services is recognised in the accounting period in which the services are rendered

- Rebates to customers are recognised in the year in which they are agreed with the customer. These amounts are deducted from net sales;

All revenues are reported net of sales taxes (e.g. VAT or GST).

Dividend income

Dividend income is recognised when the right to receive payment is established.

Notes forming part of the financial statements

for the period ended 31 December 2021 (continued)

2 Accounting policies (continued)

Prior Period Adjustment

During the year the Directors have recognised prior period adjustments relating to following:

a. Reclassification of intercompany recharges disclosed in Other income to Revenue and corresponding costs disclosed in Administrative expenses to Cost of Sales. This is because provision of management services to parent undertaking is a principal business activity and should be accounted for as revenue under IFRS 15 and corresponding costs under Cost of Sales. The reclassification resulted in increasing revenue by £16,565,117; increasing cost of sales by £15,843,344; decreasing other income by £16,565,117 and decreasing administrative expenses by £15,843,344.

b. Netting off of Pass through costs incurred on behalf of parent entity and the related income received from the parent entity for these costs in cost of sales and administrative expenses and corresponding income disclosed in other income. This is because these costs are incurred on behalf of parent undertaking and should be eliminated from the income statement. The adjustment resulted in a decrease in other income of £4,690,602; a decrease in administrative expenses of £2,213,913; and a decrease in cost of sales of £2,476,689.

The above restatements have resulted in restating revenue, cost of sales, administrative expenses and other income/(expense) as follows:

- The administrative expense for the year ended 30 June 2020 has been restated from £21,112,396 to £3,055,139, a decrease of £18,057,256;
- Other income for the same period has been restated from £18,403,162 to (£2,852,557), a decrease of £21,255,719. Accordingly, this line item is renamed other expenses in the income statement.
- Revenue for the same period has been restated from £7,739,605 to £24,304,722, an increase of £16,565,117; and
- Cost of sales for the same period has been restated from £3,457,723 to £16,824,377, an increase of £13,366.654.

Leases

For accounting policy for right-of-use assets, refer to property, plant and equipment.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term, discounted using the interest rate implicit in the lease. Where this rate is not determinable, the incremental borrowing rate is used, which is the interest rate the Group would have to pay to borrow the amount necessary to obtain an asset of similar value, in a similar economic environment with similar terms and conditions.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs..

Notes forming part of the financial statements

for the period ended 31 December 2021 (continued)

3 Judgements and key sources of estimation uncertainty

The following judgements (apart from those involving estimates) have had the most significant effects on amounts recognised in the financial statements:

Determination of the incremental Borrowing rate - IFRS 16 requires lease liabilities to be discounted at the interest rate implicit in the lease, however if this cannot be readily determined, the lessee shall use the lessee's Incremental borrowing Rate ("IBR"). Management have applied the interest rate implicit in the lease when readily available, when this is not, management have applied the IBR to the relevant leased asset.

As management have elected the modified retrospective approach, the IBR is required to be calculated at the date of initial application of IFRS 16 rather than at each lease commencement date.

Management have used the following methodology to calculate the applicable IBR:

- determined the risk-free interest rate taking into account relevant factors such as term of the lease and economic environment;
- adjusted the risk-free interest rate to reflect the level of indebtedness of the entity party to the lease and, where available, reflected recent third-party financing used in the entity; and
- the length of the lease was factored into the correlation between the term of the risk-free rate and term of the lease.

Taxation – management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 11.

4 Revenue

The proportion of revenue that is attributable to markets outside the United Kingdom is 4.5% (2020 – 5.8%).

Revenue by destination	**18 mths ended 31 Dec 2021 £**	**12 mths ended 30 Jun 2020 £ (Restated – Refer Note 2)**
United Kingdom	12,648,170	6,322,041
Europe (excluding UK)	1,426,992	828,704
United States of America	240,370	573,054
Middle East	7,023	21,892
Australasia and Asia	20,398,527	16,544,509
South and Central America	31,165	14,522
	34,752,247	24,304,722

Notes forming part of the financial statements

for the period ended 31 December 2021 (continued)

5 Operating profit

This is stated after charging / (crediting):

		18 mths ended 31 Dec 2021	12 mths ended 30 Jun 2020 (Restated)
		£	£
Audit fee		93,675	30,000
Depreciation of tangible fixed assets		335,785	295,108
Depreciation of right-of-use assets		825,858	479,930
Amortisation of intangible fixed assets		56,945	97,754
Exchange differences		(534,476)	(71,781)
Operating leases	- plant and machinery	-	240,540
	- other assets	22,848	2,040
Other expenses		8,769,144	2,852,557

The amount relating to exchange differences arises from the movement in foreign exchange rates in the period and amounts to a gain of £534,476 (2020 gain - £71,781). The Directors consider the gain arising on foreign exchange rates to be exceptional due to their size and non-trading nature. The gain arises due to significant intercompany balances denominated in foreign currencies.

6 Other income

	18 mths ended 31 Dec 2021	12 mths ended 30 Jun 2020
	£	£
Coronavirus Job Retention Scheme	17,473	85,027
	17,473	85,027

The UK government on 20 March 2020 announced the introduction of the Coronavirus Job Retention Scheme as part of a comprehensive set of grants offered to companies to ensure business continuity throughout national lockdowns and other social restrictive measures. The company was awarded the grant to furlough employees as required, during the period the scheme remained active and the company remained eligible.

Notes forming part of the financial statements

for the period ended 31 December 2021 (continued)

7 Directors' remuneration

	18 mths ended 31 Dec 2021 £	12 mths ended 30 Jun 2020 £
Directors' remuneration	766,505	560,599
Company contributions to money purchase pension schemes	17,799	18,985
	784,304	579,584
Number of directors	2	2

The remuneration of the highest paid director was £508,256 (2020 – £381,035), and company pension contributions of £9,167 (2020 – £10,000) were made to a money purchase scheme on his behalf.

	18 mths ended 31 Dec 2021	12 mths ended 30 Jun 2020
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	2	2

The emoluments of T. Conley are paid by Extreme Reach Inc. which makes no recharge to the company. He is a director of Extreme Reach Inc. and a number of fellow subsidiaries, and it is not possible to make an accurate apportionment of his remuneration in respect of each of the subsidiaries. Accordingly, the above note includes no remuneration in respect of T. Conley.

The emoluments of C. Mitchell are paid by Spectrum Equity Management, L.P. which makes no recharge to the company. His services to the company and a number of fellow group subsidiaries are of a non-executive nature and his emoluments are deemed wholly attributable to the Company in which they are paid. Accordingly, the above details include no remuneration in respect of C. Mitchell.

The emoluments of W. Syphers are paid by Adstream Holdings Pty Ltd which makes no recharge to the company. W. Syphers is a director of Adstream Holdings Pty Ltd and a number of fellow subsidiaries, and it is not possible to make an accurate apportionment of his remuneration in respect of each of the subsidiaries. Accordingly, the above note includes no remuneration in respect of W. Syphers. His total remuneration is included in the aggregate of directors' remuneration disclosed in the financial statements of Adstream Holdings Pty Ltd.

Notes forming part of the financial statements

for the period ended 31 December 2021 (continued)

8 Staff costs

	18 mths ended 31 Dec 2021 £	12 mths ended 30 Jun 2020 (Restated) £
Wages and salaries	14,558,010	10,428,568
Social security costs	1,611,790	1,175,141
Other pension costs	530;283	467,011
	16,700,083	12,070,720

The prior year wages and salaries figure has been increased by £500,000, from £9,928,568 to £10,428,568, the increase represents the R&D claim that had been netted off against the amount of wages and salaries. There were no changes made to the primary financial statements.

The average monthly number of employees (including directors) during the period was made up as follows:

	18 mths ended 31 Dec 2021 Nos	12 mths ended 30 Jun 2020 Nos
Selling, distribution and production	102	142
Administration	20	24
	122	166

9 Finance income

	18 mths ended 31 Dec 2021 £	12 mths ended 30 Jun 2020 £
Interest receivable from group undertakings	776,014	-
Equity dividends received	436,994	169,554
	1,213,008	169,554

Notes forming part of the financial statements

for the period ended 31 December 2021 (continued)

10 Finance expense

	18 mths ended 31 Dec 2021 £	12 mths ended 30 Jun 2020 £
Bank interest payable	7,295	37,460
Interest payable under lease liabilities	183,447	118,115
Other interest payable	26,490	191,732
	217,232	347,307

11 Income Tax

(a) Tax charged in the income statement

The tax charge is made up as follows:

	18 mths ended 31 Dec 2021 £	12 mths ended 30 Jun 2020 £
Current tax		
UK corporation tax on the on the profit for the period	730,078	69,612
Adjustments in respect of prior periods	(130,642)	-
Provision for uncertain tax position	-	250,000
Other tax	-	25,080
Total current tax	599,436	344,692
Deferred tax		
(Reversal) / origination of timing differences	(76,072)	98,773
Effect of tax rate change on opening balance	(70,526)	(33,906)
Total deferred tax	(146,598)	64,867
Tax on profit (note 11(b))	452,838	409,559

Notes forming part of the financial statements

for the period ended 31 December 2021 (continued)

11 Income Tax (continued)

b) Factors affecting the current tax charge for the period

Tax expense for the year is lower (2020: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2021 of 19% (2020: 19%). The differences are explained below:

	18 mths ended 31 Dec 2021 £	12 mths ended 30 Jun 2020 £
Profit before tax	3,122,037	928,944
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2020 – 19 %)	593,187	176,500
Effects of		
Expenses not deductible for tax purposes	256,605	6,331
Income not assessable for tax purposes	-	(32,215)
R&D expenditure credits	(94,500)	24,773
Change in tax rate	(88,783)	(32,004)
Adjustments in respect of prior periods	(130,642)	-
Deferred tax not recognised	-	16,174
Provision for uncertain tax position	-	250,000
Exempt ABGH distributions	(83,029)	-
Tax charge	452,838	409,559

c) Deferred taxation

The elements of deferred taxation are as follows:

	18 mths ended 31 Dec 2021 £	12 mths ended 30 Jun 2020 £
Deferred tax asset		
At opening balance	223,328	288,195
Deferred tax credit/(debit) in income statement	146,598	(64,867)
At closing balance	369,926	223,328

Notes forming part of the financial statements

for the period ended 31 December 2021 (continued)

11 Income Tax (continued)

	18 mths ended 31 Dec 2021 £	12 mths ended 30 Jun 2020 £
Deferred tax liability		
At opening balance	-	-
Deferred tax credit/(debit) in income statement	-	-
At closing balance	-	-

	31 Dec 2021 £	30 Jun 2020 £
Provision for deferred tax		
Accelerated capital allowances	(252,628)	(165,139)
Short term temporary differences	(117,298)	(58,189)
Total deferred tax asset	(369,926)	(223,328)

d) *Factors that may affect future tax charges*

Deferred tax assets and liabilities on all temporary differences have been calculated at 25%, being the rate at which the timing differences are expected to reverse.

The deferred tax asset relates to deferred capital allowances and other timing differences. As at 31 December 2021 the company had £nil (30 June 2020 – £nil) of tax losses, none of which were recognised as a deferred tax asset.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes forming part of the financial statements

for the period ended 31 December 2021 (continued)

12 Intangible assets

	Intellectual property and trademarks £	Total £
Cost		
At 1 July 2020	322,421	322,421
Additions	-	-
At 31 December 2021	322,421	322,421
Accumulated Amortisation		
At 1 July 2020	256,781	256,781
Charge for the period	56,945	56,945
At 31 December 2021	313,726	313,726
Net book value		
At 31 December 2021	8,695	8,695
At 30 June 2020	65,640	65,640

Notes forming part of the financial statements

for the period ended 31 December 2021 (continued)

13 Property, plant, and equipment

	Leasehold property £	Plant and machinery £	Total £
Cost			
At 1 July 2020	916,204	6,477,950	7,394,154
Additions	-	134,510	134,510
At 31 December 2021	916,204	6,612,460	7,528,664
Accumulated Depreciation			
At 1 July 2020	670,146	6,238,443	6,908,589
Charge for the period	144,525	191,260	335,785
At 31 December 2021	814,671	6,429,703	7,244,374
Net book value			
At 31 December 2021	101,533	182,757	284,290
At 30 June 2020	246,058	239,506	485,564

Notes forming part of the financial statements

for the period ended 31 December 2021 (continued)

14 Right-of-use assets

	Leasehold Land and buildings £	Plant and machinery £	Total £
Cost			
At 1 July 2020	2,109,697	549,500	2,659,197
Additions	-	-	-
At 31 December 2021	2,109,697	549,500	2,659,197
Accumulated Depreciation			
At 1 July 2020	421,939	109,645	531,584
Charge for the period	632,910	192,948	825,858
At 31 December 2021	1,054,849	302,593	1,357,442
Net book value			
At 31 December 2021	1,054,848	246,907	1,301,755
At 30 June 2020	1,687,758	439,855	2,127,613

Notes forming part of the financial statements

for the period ended 31 December 2021 (continued)

15 Investments in subsidiaries

	2021 £	2020 £
Cost or valuation		
At opening balance	1,156,351	1,156,351
Addition	1,432,020	-
At closing balance	2,588,371	1,156,351

	Country of incorporation **or registration**	*Proportion of voting rights and ordinary* **share capital held**
Adstream (Italy) S.r.l.	Italy	99%
Adstream France S.A.S	France	100%
Adstream Espania S.L.	Spain	100%
Adstream B.V.	Netherlands	100%
Digital Transfer Kft	Hungary	100%
Adstream Hellas	Greece	100%
Adstream Nordic ApS	Denmark	100%
Digital Adstream Czech Republic s.r.o	Czech Republic	100%
Pelagon Limited	United Kingdom	100%
Adstream MENA DMCC	United Arab Emirates	100%
Adstream Argentina	Argentina	50%

Notes forming part of the financial statements

for the period ended 31 December 2021 (continued)

16 Trade and other receivables

	2021 £	2020 £
Trade receivables (a)	1,918,864	1,439,289
Amounts owed by group undertakings	23,833,811	23,594,663
Other receivables	306	3,842
Prepayments and accrued income	1,201,690	743,777
Deferred tax asset	369,926	223,328
	27,324,597	26,004,899

	2021 £	2020 £
(a) Trade receivables	1,918,864	1,439,289

Trade receivables are stated after provisions for impairment of £539,244 (2020: £260,371).

	2021 £	2020 £
Trade receivables	2,458,108	1,699,660
Less provision for impairment (b)	(539,244)	(260,371)
Trade receivables - net	1,918,864	1,439,289

The fair value of the trade and other receivables is equal to their carrying value.

Amounts owed by group undertakings are unsecured, both interest bearing (interest rate of 4%) and interest free, have no fixed date of repayment and are repayable on demand.

Notes forming part of the financial statements

for the period ended 31 December 2021 (continued)

16 Trade and other receivables (continued)

Movements on the provision for impairment of trade receivables are as follows:

(b) Provision for impairment	**2021** £	**2020** £
Opening balance	260,371	111,801
Amount recognised in income statement	(9,781)	(28,837)
Provision for doubtful receivables	288,654	177,407
Closing balance	539,244	260,371

17 Trade and other creditors: amounts falling due within one year

	2021 £	**2020** £
Trade creditors	1,078,548	1,545,133
Amounts owed to group undertakings	10,323,897	9,919,705
Other creditors	98,073	70,155
Taxation and social security	487,310	144,529
Accruals and deferred income	1,746,994	1,190,542
	13,734,822	12,870,064

18 Financial liabilities

	2021 £	**2020** £
Current		
Invoice discounting	-	418,456
Lease liabilities	579,920	569,162
	579,920	987,618
Non current		
Lease liabilities	949,350	1,816,126
Present value of minimum lease payments	1,529,270	2,803,744

Notes forming part of the financial statements

for the period ended 31 December 2021 (continued)

18 Financial liabilities (continued)

Invoice discounting

In the prior year the company entered into a confidential invoice discounting arrangement with their local bankers. An interest charge of 2.5% per annum is incurred in addition to a service charge of £16,248.

The invoice discounting facility was secured by way of a fixed and floating charge on the assets of the company. The invoice discounting facility was terminated on 31 May 2021, prior to the acquisition by Extreme Reach, Inc. on 1 June 2021 and all charges satisfied.

Lease liabilities

As at 30 June 2019, the Company leased property, plant and equipment where it substantially has all the risks and rewards of ownership. On 1 July 2019, the Company adopted IFRS 16 leases, capitalising those leases that meet the recognition criteria.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2021	2020
Future minimum lease payments due	£	£
Not later than one year	682,857	684,606
After one year but not more than five years	981,857	1,983,143
	1,664,714	2,667,749
Less finance charges allocated to future periods	(135,444)	(282,461)
Present value of minimum lease payments	1,529,270	2,385,288

The present value of minimum lease payments is analysed as follows:

	2021	2020
	£	£
Within one year	579,920	569,162
After one year but not more than five years	949,350	1,816,126
	1,529,270	2,385,288

Notes forming part of the financial statements

for the period ended 31 December 2021 (continued)

19 Provisions for liabilities

	Annual holiday and long service £	Provision for tax settlement £	Total £
At 1 July 2020			
Current	299,167	927,306	1,226,473
Non-current	-	-	-
	299,167	927,306	1,226,473
Arising during the period:			
Additional provision during the period	704,812	15,317	720,129
Utilisation of provision	(851,065)	(264,320)	(1,115,385)
	(146,253)	(249,003)	(395,256)
At 31 December 2021			
Current	152,914	678,303	831,217
Non-current	-	-	-
	152,914	678,303	831,217

Annual holiday and long service

The company's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. Employee benefits expected to be settled together with benefits arising from wages and salaries, annual leave and long service leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs.

Provision for tax settlement

During 2020, the directors received notification from the United Kingdom tax authority of historic payroll taxes arising on the treatment of certain employee benefits, which has been fully provided for. During the period an adjustment was made to reflect the final amount of the provision and payments were made to HMRC in respect of settling the amount outstanding.

Notes forming part of the financial statements

for the period ended 31 December 2021 (continued)

20 Share capital

Authorized, allotted, called up and fully paid	No.	2021 £	No.	2020 £
Ordinary shares of £1 each	10,000	10,000	10,000	10,000

21 Retained earnings

	Profit loss account £
At 1 July 2020	13,597,308
Profit for the financial period	2,669,199
At 31 December 2021	16,266,507

22 Other financial commitments

At 31 December 2021 the company had future minimum rentals payable under non-cancellable operating leases as set out below:

	31 Dec 2021 Land and buildings £	31 Dec 2021 Operating & office equipment £	30 June 2020 Land and buildings £	30 June 2020 Operating & office equipment £
Not later than one year	-	7,739	-	2,040
After one year but no more than five years	-	-	-	-
After five years	-	-	-	-
	-	7,739	-	2,040

Notes forming part of the financial statements

for the period ended 31 December 2021 (continued)

23 Related party transactions

The company is controlled by Extreme Reach Inc., As 100% of the company's voting rights are controlled within the group headed by Adstream Holdings Pty Limited, the company has taken advantage of the exemptions from IAS 24 contained in FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

There are no transactions with directors other than remuneration disclosed in Note 7 (year ended 30 June 2020 – no transactions). The company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

24 Events after the reporting period

On 1 September 2022, Gamut Capital Management, L.P., a New York based middle market private equity firm, through its wholly owned subsidiaries GCM Digital Parent, Inc. and GCM Digital Merger Sub, Inc. (together "Gamut Capital" or "Gamut"), entered into a definitive agreement and plan of merger to acquire Extreme Reach, Inc., the company's ultimate parent, a U.S. based advertising, technology, and services company specializing in omnichannel marketing campaigns and production payroll and accounting solutions for brands, agencies, and content producers. Gamut Capital, headquartered in New York, NY, is a private investment firm managing in excess of $2 billion in assets focused on the middle market. It partners with management to improve financial flexibility through creative structuring, supplying strategic resources to help fuel growth, and access to proprietary transactions. The acquisition was completed on 17 October 2022.

25 Ultimate parent undertaking and controlling party

The immediate parent undertaking and smallest group to consolidate these financial statements is Adstream Holdings Pty Limited. Copies of the Adstream Holdings Pty Limited consolidated financial statements can be obtained from the registered office address at Tower 2, Suite 2, Level 7, 475 Victoria Avenue, Chatswood NSW 2067, Australia. As at 31 December, 2021, the ultimate parent undertaking, controlling party and the largest group to consolidate these financial statements is Extreme Reach Inc., a company registered in the United States of America. Copies of the Extreme Reach Inc. consolidated financial statements can be obtained from 850 New Burton Road, Suite 201, Dover, DE 19904 , USA. From 17 October 2022, the ultimate controlling party is GCM Digital Topco, L.P., a partnership registered in the United States of America, on behalf of funds under its management. Its registered office address is 251 Little Falls Drive, Wilmington, DE 19808.